

## ASX RELEASE

24 October 2022

### SUSTAINABILITY REPORT 2022

HMC Capital (ASX: HMC) is pleased to provide its Sustainability Report 2022 as attached.

This announcement is authorised for release by the Board.

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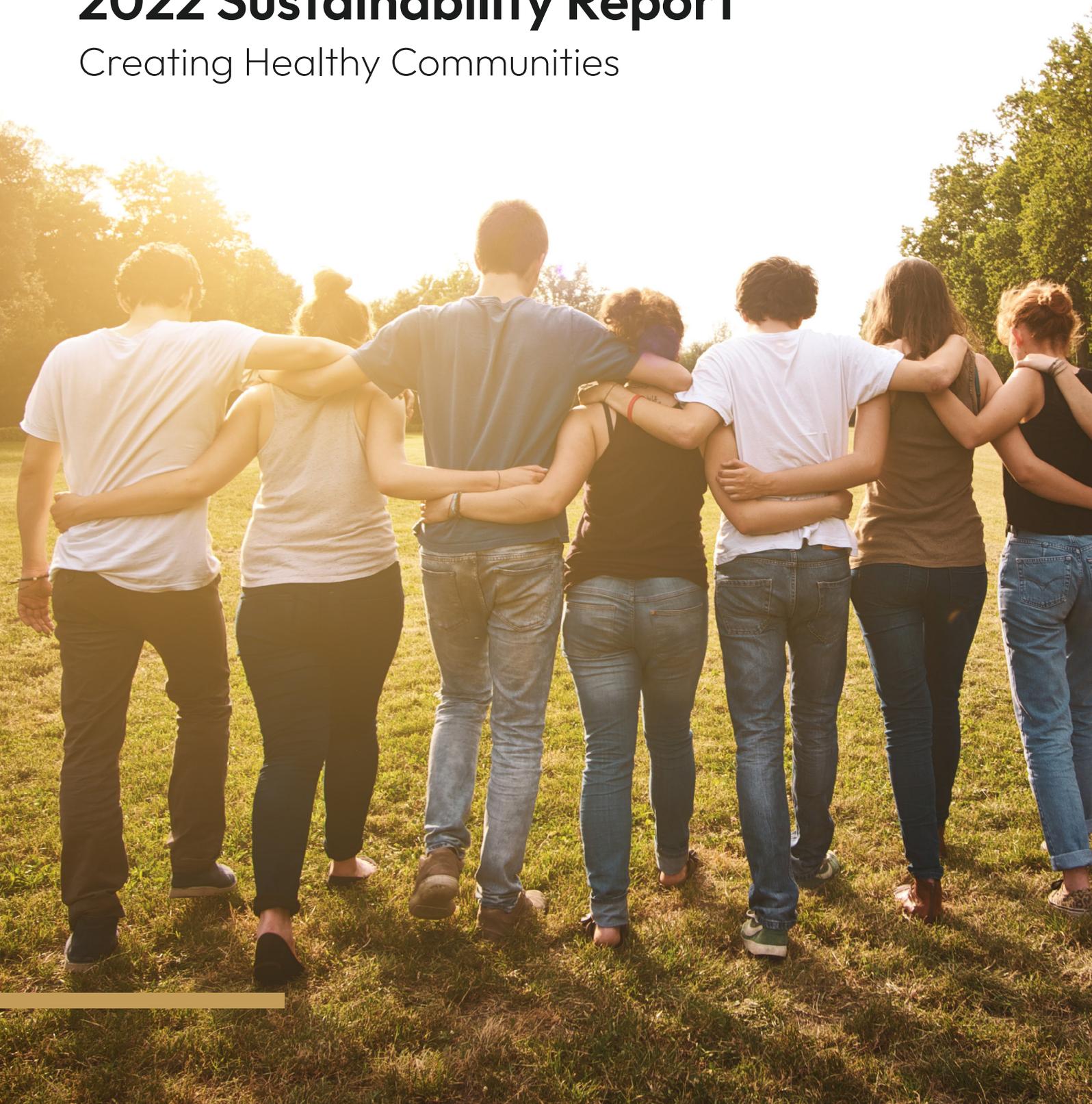
### *About HMC Capital*

*HMC Capital is an ASX-listed diversified alternative asset manager which invests in high conviction and scalable real asset strategies on behalf of individuals, large institutions, and super funds. HMC Capital is the manager of HomeCo Daily Needs REIT (ASX: HDN), HealthCo Healthcare and Wellness REIT (ASX: HCW) and HMC Capital Partners Fund I with external AUM of \$5.8 billion.*

*In August 2022, HMC established HMC Capital Partners Fund I, an open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns. HMC Capital Partners Fund I targets public and private companies in Australia and New Zealand with real asset backing where there is potential to unlock 'trapped' value through improved capital allocation and portfolio management.*

# 2022 Sustainability Report

Creating Healthy Communities



CEO and Chair Letter	1
About HMC Capital	2-5
ESG Strategy and Materiality	6-7
Climate Action	10-14
Green Future	15-19
Connection	22-27
Respect	28-29
Accountability	32-33
Alignment	34-35
Sustainability Policies and Procedures	36-41
GRI Index	42-49

### About this report

Our Sustainability Report sets out our ESG strategy, which has been endorsed by the Board, as well as a review of our sustainability performance for the financial year ended 30 June 2022. This report demonstrates how we have applied our ESG strategy in addressing the sustainability issues identified as being material to our business and stakeholders.

This report has been prepared with reference to the Global Reporting Initiatives (GRI) standards (2021). In future years we aim to align with reporting standards and guidance as set out by the International Sustainability Standards Board (ISSB).



### Acknowledgement of Country

HMC Capital acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land on which we operate throughout Australia and celebrates their diverse culture and their connections to land, sea, and community.

We pay respect to their Elders past, present, and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

# CEO and Chair Letter

## We are pleased to report that the last twelve months have been transformative as we implement our sustainability framework across the business following the release of our inaugural Sustainability Report and commitments in 2021.

This Sustainability Report outlines how we strive to create long-term value by focusing on the environmental, social, and governance matters that are most important to our business and stakeholders. The HMC Capital Board, along with the Boards of our managed funds (HomeCo Daily Needs REIT, HealthCo Healthcare and Wellness REIT and HMC Capital Partners Fund I) and the management team, understand the importance of environmental, social and governance impacts across all parts of our business, and are committed to progressing the ESG journey we have begun.

Our key strategic ESG objective as a growing alternative asset manager of the future remains to create “Healthy Communities”. We strive to do this by servicing the needs of communities through our network of assets, by delivering lasting positive social outcomes for those local communities, and by taking responsibility for environmental impacts.

## Environmental

It remains our goal to drive high-performance building design and operations to reduce carbon emissions and mitigate climate-related risk in our managed real estate portfolio. We have made a commitment to achieve net zero emissions for our Scope 1 and 2 emissions, by 2028. Pleasingly, we have already made considerable progress in executing on our decarbonisation strategy as detailed in this report.

We have also committed to implement the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) which provides a framework to effectively disclose climate-related risks and opportunities through our existing reporting processes.

## Social

Our social impact strategy is supported by both the establishment of the HMC Capital Foundation (Foundation) and through CommunityCo. The HMC Capital Foundation is a standalone public ancillary fund which will distribute funding to support the social impact ambitions of the business. Furthermore, CommunityCo aims to work with partners to provide support for the needs of youth in our communities.

We have continued to provide COVID-safe retail spaces for our retailers and customers and have consolidated our own workspace in the Sydney CBD.

As part of our social and governance commitments, we are proud to have already achieved our 2025 diversity target of a workforce of 50% women, and we continue to make progress on other diversity measures. We are also committed to creating an HMC Capital Reconciliation Action Plan (RAP) and will work with partners over the next year to create and submit a RAP for approval with Reconciliation Australia.

We also will be publishing our first Modern Slavery statement imminently for the HomeCo Daily Needs REIT and are pleased to report that we have now joined the United Nations Global Compact as we firmly support its ten key principles across our business.

## Governance

As our business grows, we continue to ensure that there are strong governance frameworks to ensure effective, independent, responsible, and transparent decision making in the best interests of our stakeholders and all our investors across our various platforms.

We have responded to the Global Real Estate Sustainability Benchmark (GRESB) for HDN this year, and as first-time participants we are reporting under the grace period. We look forward to sharing our results and progress next year. We are also undertaking third party ratings and benchmarks for the design and performance of our real estate assets, using systems such as NABERS, Green Star and WELL. We have commissioned performance ratings on all rateable real estate assets under NABERS and Green Star Performance by the end of calendar 2022. Rating results to date are included in this report.

## Looking Ahead

Finally, while we are proud of the steps we have taken and our achievements to date, we recognise that it is vital to continue aiming for higher levels of ESG and sustainability performance.

Once again, we thank you for taking an interest in our ESG journey and for your ongoing support of our initiatives.



**David Di Pilla**

Managing Director and Group CEO  
HMC Capital



**Chris Saxon**

Chair  
HMC Capital





# About HMC Capital

HMC Capital is an ASX-listed diversified alternative asset manager which invests in high conviction and scalable real asset strategies on behalf of individuals, large institutions and super funds.

HMC Capital (ASX: HMC) is the manager of HomeCo Daily Needs REIT (ASX: HDN) and HealthCo Healthcare and Wellness REIT (ASX: HCW). In August 2022 HMC also established HMC Capital Partners Fund I, an open-ended unlisted fund providing exposure to high-conviction investment strategies across equities and private equity investments.

HMC currently manages approximately \$6 billion of external AUM across its three funds.



## HomeCo Daily Needs REIT

HomeCo Daily Needs REIT (HDN) is an Australian Real Estate Investment Trust listed on the ASX with a mandate to invest in convenience-based assets across the target sub-sectors of Neighbourhood Retail, Large Format Retail and Health & Services.

HDN aims to provide unitholders with consistent and growing distributions. HDN is Australia's leading daily needs REIT with a combined portfolio size

of approximately \$4.6bn (as at 30 June 2022). Its portfolio spans across approximately 2.5 million square metres of land in Australia's leading metropolitan growth corridors of Sydney, Melbourne, Brisbane, Perth, and Adelaide.

In March 2022, HDN merged with Aventus Group to become the leading Large Format Retail asset manager in Australia.

“ HomeCo Daily Needs REIT has built a portfolio of strategic last mile infrastructure assets focused on daily needs and services, supporting omni-channel retailing, while advancing toward a green, low carbon economy and Net Zero by 2028.

**Simon Shakesheff**

Independent Non-Executive Chair, HomeCo Daily Needs REIT



### Attractive portfolio attributes for omni-channel

**92%**  
located on Eastern Seaboard<sup>1</sup>

**~13m**  
people within 10km radius<sup>2</sup>

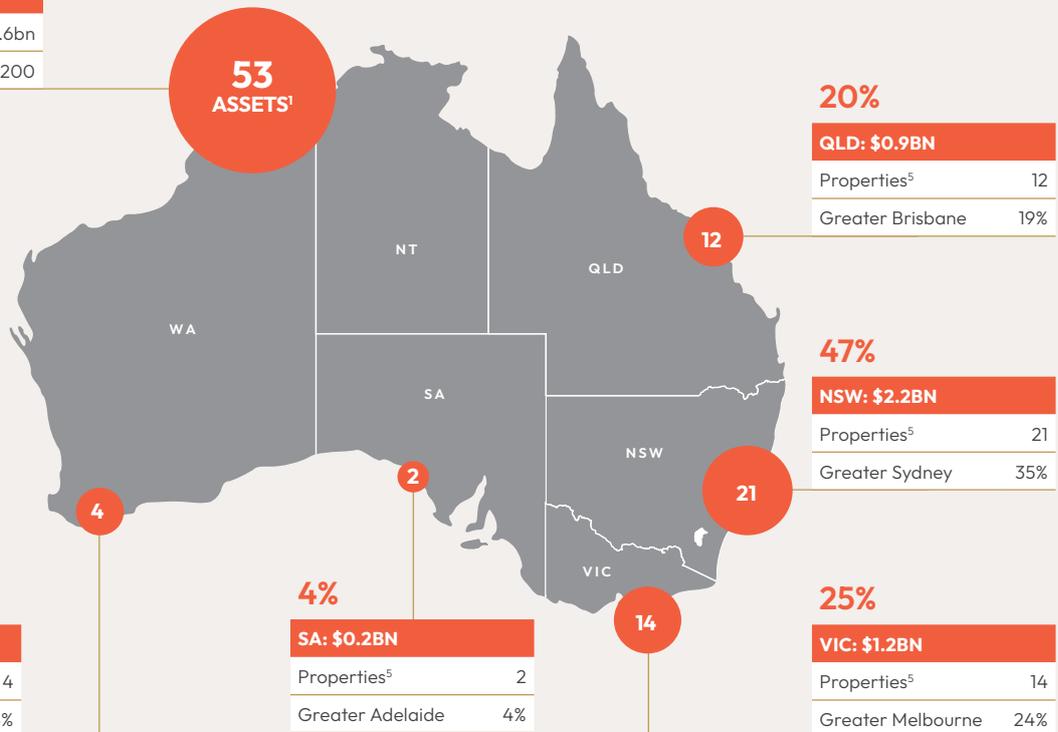
**~73%**  
of tenants have click & collect<sup>3</sup>

**1.9%**  
population growth<sup>4</sup>  
(vs. 1.5% national avg.)

**~79%**  
metro located

#### TOTAL PORTFOLIO

Portfolio value	\$4.6bn
Tenants	>1,200



Notes: Numbers may not add due to rounding. All FY22 metrics as at 30-Jun-22, including McGraths Hill on a 100% basis (\$57.8m) and excluding ROU assets at Parafield and Caringbah (\$11.5m). Metrics also adjusted for sale of Sunshine Coast Home (\$136.7m Jun-22 book value), which settled in Aug-22.

1. Weighted by Value
2. Australian Bureau of Statistics, 2016.
3. Weighted by gross income. Excludes fuel and services tenants.
4. Australian Bureau of Statistics, 2021 – 2026. Based on catchment area.
5. Richlands land parcels (108 Pine Road & 159-177 Progress Road) and Armstrong Creek Pad site are consolidated into the adjacent head property.



## HealthCo REIT

HealthCo Healthcare & Wellness REIT (HCW) is an Australian Real Estate Investment Trust listed on the ASX focused on owning healthcare and wellness property assets. The REIT's objective is to provide exposure to a diversified portfolio underpinned by healthcare sector megatrends, targeting stable and growing distributions, long-term capital growth and positive environmental and social impact.

HCW comprises 39 properties and \$0.7 billion AUM (as at 30 June 2022) and has a mandate to invest in hospitals; aged care; childcare; government, life sciences and research; and primary care and wellness property assets, as well as other healthcare and wellness property adjacencies.

“HealthCo has continued to grow its high quality and diversified portfolio to become Australia’s leading diversified Healthcare REIT. We are guided by our purpose to create healthy Australian communities through the provision of essential community infrastructure and services, which have a positive environmental and social impact.”

**Joseph Carrozzi AM**

Independent Non-Executive Chair,  
HealthCo Healthcare & Wellness REIT”

**\$722m**  
Value<sup>1</sup>

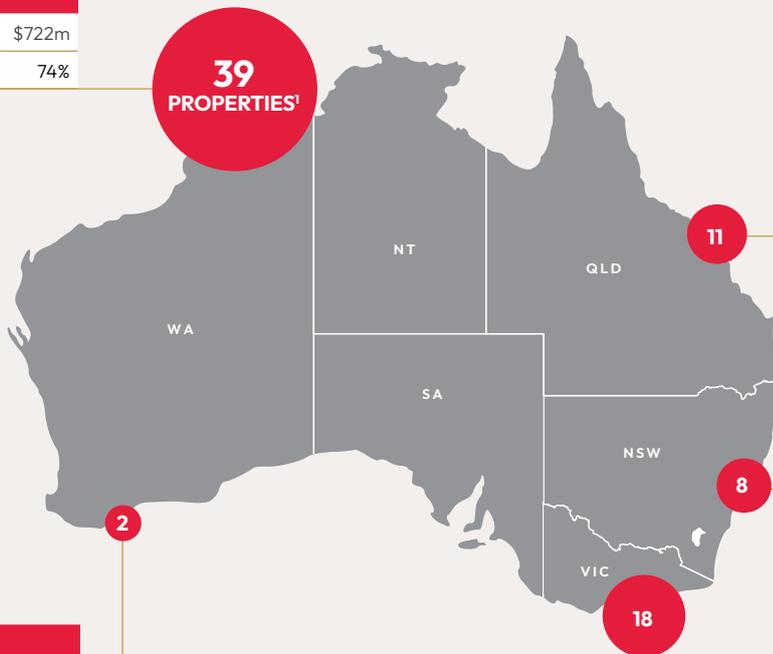
**3.0%**  
WARR<sup>1,2</sup>

**10.2yr**  
WALE<sup>1</sup>

### TOTAL PORTFOLIO

Portfolio value	\$722m
Metro	74%

**39**  
PROPERTIES<sup>1</sup>



**43%**

### QLD: \$311M

Properties	11
Greater Brisbane	30%

**25%**

### NSW: \$178M

Properties	8
Greater Sydney	19%

**28%**

### VIC: \$205M

Properties	18
Greater Melbourne	21%

**4%**

### WA: \$28M

Properties	2
Greater Perth	4%

1. Proforma for contracted pending acquisitions and contracted divestments (St Marys).  
2. Weighted Average Rent Review.

# ESG Strategy and Materiality

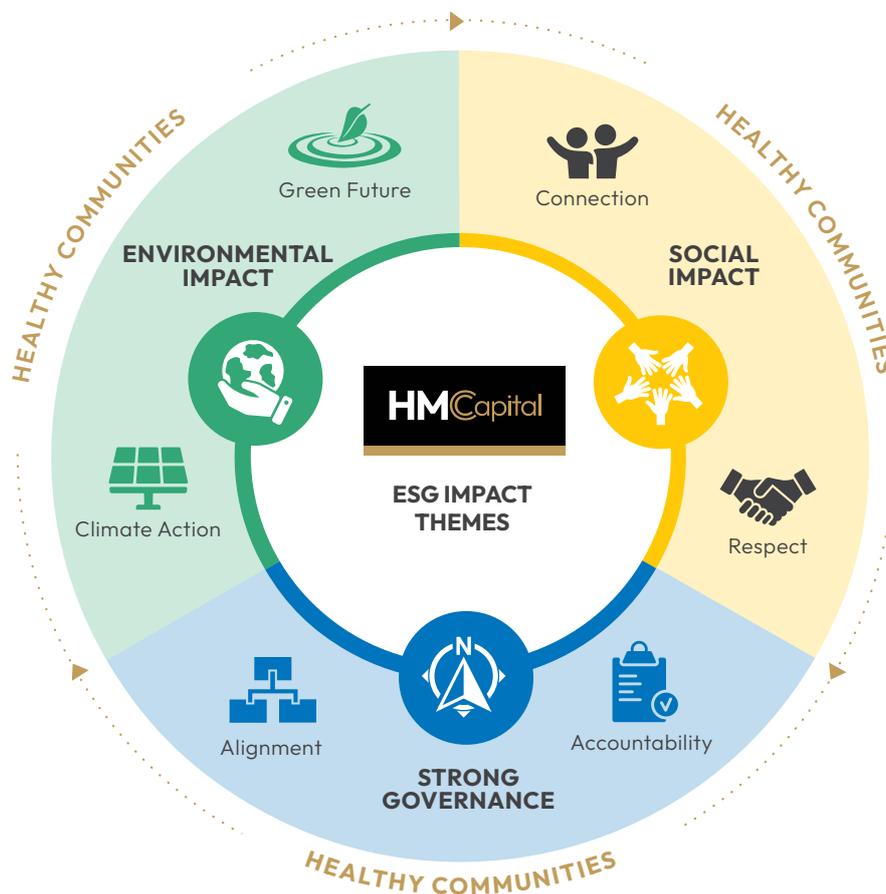
**HMC Capital’s sustainability focus is on the creation of Healthy Communities, where people have access to products, services, and experiences to live healthy lives.**

We create Healthy Communities by driving change across six impact themes: Climate Action, Green Future, Connection, Respect, Alignment, and Accountability. These themes encompass the most important environmental, social and governance topics, as indicated through our materiality assessment.

Our sustainability commitments frame how we view sustainability throughout our investment strategy and asset management. We report against the commitments that support each theme and will continue to develop our reporting as our approach matures into the future.

## Our material topics

HMC Capital’s ESG strategy is based on a thorough materiality assessment that identified the ESG topics considered to be most important to us and our external stakeholders. Our materiality assessment involved engaging with current and prospective investors, tenants, operating partners, our employees, and HMC board members. It is our intention to undertake a materiality review in FY23.





## ENVIRONMENT

### CLIMATE ACTION

- Reduce carbon emissions and intensity
- Achieve environmentally efficient and resilient infrastructure
- Adopt renewable energy resources

#### FY22 Highlights

- ✓ Decarbonisation roadmap established
- ✓ Envizi environmental performance data platform implemented
- ✓ Continued the rollout of Smart Energy Management Systems resulting in energy savings of >20%

### GREEN FUTURE

- Role model waste minimisation and use influence to mitigate waste
- Enhance water efficiency
- Deploy environmentally friendly building materials and practices

#### FY22 Highlights

- ✓ Design of new assets and refurbishments to achieve green ratings
- ✓ Waste strategy under development
- ✓ 16 properties rated under NABERS Energy and Water
- ✓ Green Star Performance ratings underway



## SOCIAL

### CONNECTION

- Engage deeply with communities to create connection and understanding
- Strengthen equitable access to essential products and services
- Provide safe spaces for communities

#### FY22 Highlights

- ✓ Established the charitable foundation "HMC Capital Foundation"
- ✓ Developed our CommunityCo initiatives to respond to community needs, with a focus on youth under 18

### RESPECT

- Ensure all employees enjoy wellbeing, safety, and equal opportunity to reach their full potential
- Show respect for human rights, including taking action against modern slavery
- Invest in the development of our people to drive engagement and values alignment

#### FY22 Highlights

- ✓ Exceeded our target of 50% representation by women across the organisation.
- ✓ Joined the UN Global Compact to signify our commitment to sustainable development
- ✓ Finalised Modern Slavery report for HDN.



## GOVERNANCE

### ACCOUNTABILITY

- Leverage business relationships to promote responsible business practices
- Commit to robust and transparent sustainability-related governance standards and processes
- Hold strong and transparent relationships with investors

#### FY22 Highlights

- ✓ Development of Group sustainability reporting with 2022 sustainability report prepared in reference to GRI standards
- ✓ All HDN assets included in GRESB submission
- ✓ Green ratings for design and performance underway
- ✓ Committed to TCFD alignment

### ALIGNMENT

- Establish strong Board diversity, independence, and skillset
- Build an organisational culture that drives sustainable outcomes
- Embed sustainability objectives in KPIs, remuneration and incentive structures

#### FY22 Highlights

- ✓ Sustainability performance embedded in short-term incentives for key executives
- ✓ Continued integration of our ESG strategy across the business, overseen by our independent Sustainability Committee





# Environment

HMC has an active role to play in the transition to a greener and low carbon economy. Technology, regulation, industry goals, and expectations are fast-moving in the global shift towards net-zero. By setting ambitious, yet achievable, environmental targets that are focused on rapid decarbonisation rather than offsetting, we are taking responsibility for futureproofing and transitioning our business.

# Climate Action

**CLIMATE ACTION** is an environmental theme encouraging us to actively minimise carbon emissions.

We achieve emissions reductions by integrating climate-related issues into every aspect of our investment strategy – from acquisition due diligence to development design and construction, through to ongoing operations.

Climate change presents real risks to our business and Australian communities, and we are committed to contributing to Australia’s transition to a low carbon economy. We aim to exceed emerging regulatory and industry expectations by rapidly deploying technological solutions to reduce our carbon footprint.

## Transition to Net Zero by 2028

In keeping with HMC Capital’s mission to drive genuine positive impact for people and our environment, our 2028 net zero emissions target contributes to the decarbonization efforts that are needed to prevent the worst effects of climate change. Reducing our emissions now helps make HMC Capital more resilient to the potential risks and expenses associated with the transition to a net zero economy – like carbon pricing or unpredictable energy prices. This in turn allows us to continue delivering value to all our stakeholders well into the future.

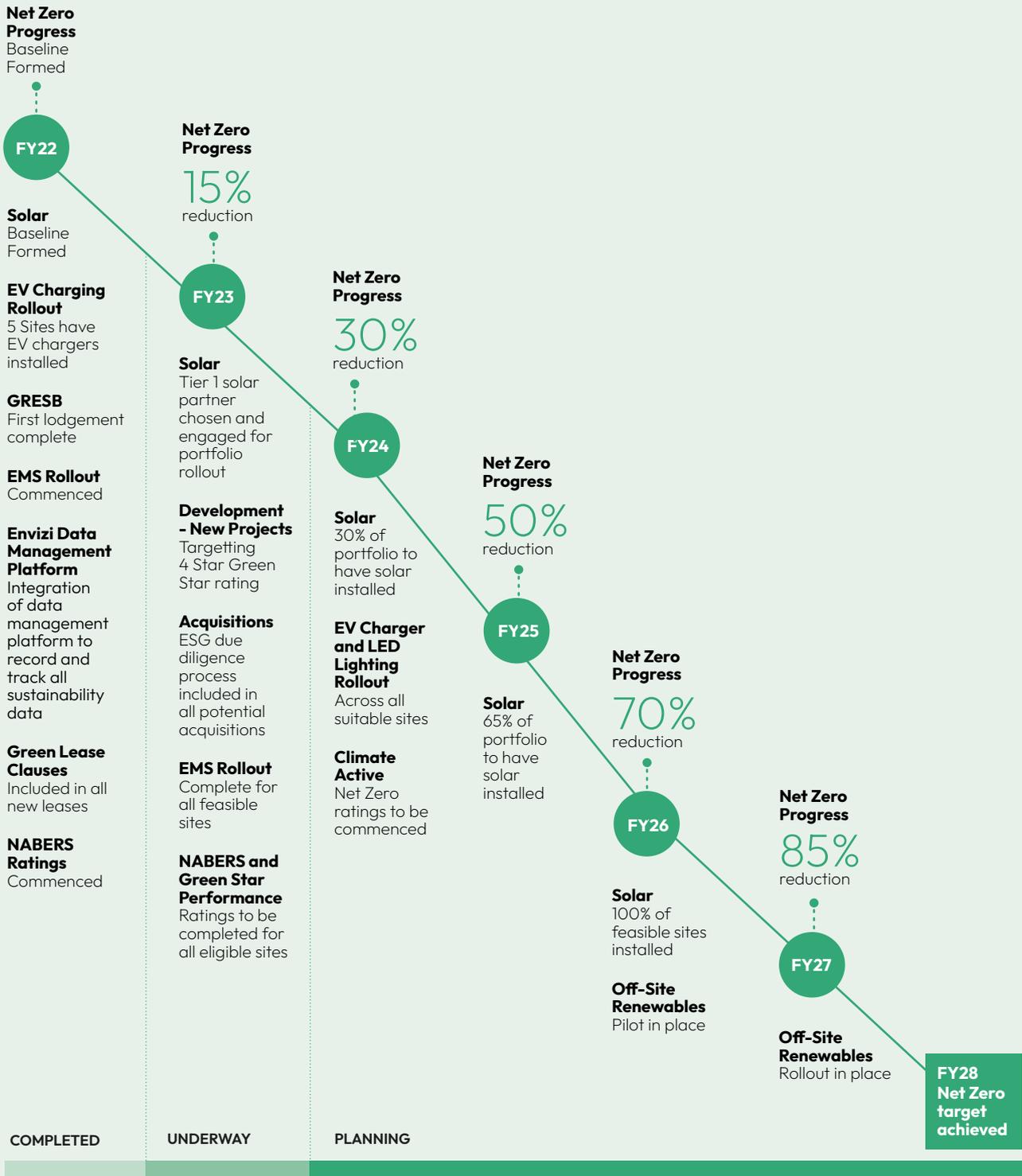
In FY21, HMC Capital committed to achieve net zero emissions by 2028 across its Scope 1 and 2 emissions, consistent with our aim to exceed expectations and contribute to Australia’s transition to a low carbon economy.

Over the past year, we have made progress in several areas of our net zero strategy in-line with our 2028 target, which are detailed in this section of the report.

HMC Capital is committed to collating comprehensive environmental performance data across its portfolio to inform management action and continuously improve performance over time. In this regard it has implemented a robust financial grade data management system by subscribing to the IBM platform, Envizi.

METRIC (SCOPE 1 & 2 EMISSIONS)	FY22	2028 TARGET
Emissions (tCO2e)	28,189	Net zero
Emissions intensity (kg CO2e/sqm)	29.92	Net zero
Electricity consumption (kWh)	35,176,364	n/a
Electricity intensity (kWh/sqm)	35.22	15% over FY21 baseline
Apportioned area (sqm)	941,991	n/a

# Energy Roadmap





### Energy efficiency

Energy efficiency is a key component of our wider ambition to reach net zero emissions by 2028. In FY22, we began implementation of our Smart Energy Management System (EMS) which uses artificial intelligence technology to facilitate energy efficient management of lighting, heating, ventilation, and air conditioning (HVAC) controls. The system is also futureproofed to allow for further expansion and integration of renewable energy and storage technologies.

The EMS rollout began with pilot installations across three locations, which resulted in higher than predicted reductions in energy use, demand, and maintenance. The installation of monitoring cameras within the HVAC systems has reduced physical planned maintenance inspections.

As it stands, eight assets have the new system installed and are being remotely monitored, with another seven assets under installation with completion expected by the end of October 2022.

All other assets that are able to have EMS installed, will be complete by the end of the financial year. Results from current EMS installations have exceeded expectations, with energy consumption savings of over 20% - equivalent to a 20% Scope 2 emission saving.

We have also commenced the rollout of LED lighting in many of our large format retail assets to drive further energy efficiency gains across our assets. In addition, six sites in NSW and seven sites in Victoria have had LED upgrades to carpark lighting.

Plans are also in place for the ongoing optimisation of building management systems (BMS) at assets. This project will see the introduction of analytics to reduce demand and create soft start-ups, night purge, and switching off plant and lighting in unoccupied areas.

Importantly, the reduced energy usage from these initiatives will not impact tenant and customer experience, instead maximising efficiency, and minimising waste.



**Smart Meters currently being installed across all assets**



**Proof of Concept shows average usage reduction of ~20%**



**Expected scope 2 emissions reduction of ~20%**

FUND	ELECTRICITY CONSUMPTION (KWH)	ELECTRICITY INTENSITY (KWH/SQM)
HDN	31,003,661	34.80
HCW <sup>1</sup>	3,044,739	59.70
Other <sup>2</sup>	1,127,964	N/A
HMC total	35,176,364	37.34
Apportioned area (sqm)	941,991	n/a

1 Assets where the tenant is responsible for electricity consumption are excluded from the dataset

2 Assets held by HMC not in HDN and HCW

## Renewable energy, microgrids and storage

Installing solar photovoltaics (PV) and shifting to renewable energy on site is a key component of HMC Capital's net zero by 2028 strategy and follows in the footsteps of HMC Capital's Smart Energy Management Systems upgrades. Solar installations will be designed to accommodate microgrids and battery storage, preparing properties to incorporate future technological advances and reducing our reliance on offsets to reach net zero carbon emissions. We expect renewable energy investment to contribute to a 50% portfolio reduction in grid electricity consumption by 2026.

The solar PV systems will be designed to provide electricity, in the main, to reduce HMC Capital's scope 2 emissions, and to work in harmony with the EMS system currently being installed across properties.

In situations where there are embedded networks in place, the solar PV will supply electricity behind the meter to the embedded network, enabling both the tenants and landlord to benefit from renewable electricity being generated on site. The widespan roof infrastructure at our properties presents a great opportunity to generate power through solar PV installations.

We have advanced our efforts to install solar PV systems at eligible sites by issuing an expression of interest to several major solar PV suppliers and installers in the market. We are currently assessing pilot proposals, to commence a roll-out in Q3 FY23, with the project expected to take approximately 30 months to complete.

## Climate-related strategy and disclosure

We are continuing to progress the sophistication of our approach to identifying and managing our climate-related risks and opportunities, in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Our climate strategy will evolve over the coming three years as outlined in the roadmap on page 14. The roadmap details the steps we are taking to comprehensively understand the potential impacts of climate change and embed appropriate responses across the business.

FY23 will see HMC undertake a Discovery phase focused on identifying climate-related risks and opportunities most relevant to the business, implementing management strategies to address these risks and opportunities, and determining the most appropriate metrics to measure progress. During this phase we will also work to incorporate our climate-related risks into existing risk management practices, and further embed these across the business.

During FY24 we will further develop our strategy through the introduction of climate change scenario analysis. Using scenario analysis to test the resilience of our climate strategy and business model under a range of possible future climate outcomes will enable us to better identify and manage a range of likely impacts, risks, and opportunities. More detailed target setting and further implementation of governance processes across the business will also take place during this phase.

Following from the scenario analysis, in FY25 we will seek to integrate the outcomes into our strategic and financial planning. From FY25 onwards, we will conduct regular reviews of our climate strategy, performance against targets, and the quality and completeness of our climate-related disclosures.



Prestons, NSW



## Climate-related disclosure roadmap

	DISCOVERY (FY23)	SCENARIO ANALYSIS (FY24)	CHECK AND ADJUST (FY25)
Governance	Increase climate-related awareness across key organisational levels.	Incorporate climate-related issues into relevant governance and management bodies.	Ongoing review and approval of climate-related issues by appropriate governance and management bodies.
Strategy	Identify exposure, management strategies and high-level financial impacts of material risks and opportunities.	Explore qualitative and quantitative scenarios to update issues, management strategies and financial impacts.	Integrate climate-related scenario analysis into our strategic and financial planning.
Risk Management	Incorporate climate-related risk into our Risk Management framework.	Embed climate-related risks into our Risk Management Framework.	Ongoing monitoring and risk management of climate-related issues.
Metrics and Targets	Determine metrics associated with climate-related risks and opportunities.	Analyse metrics trends to develop targets, assess our strategic position and their financial impact.	Ongoing analysis of metrics and targets performance to assess our strategic position and their financial impact.
Disclosure	Disclose identified risks and opportunities with associated governance and risk management arrangements.	Disclose our scenarios, assumptions, time frames and associated governance, risk management and metrics and targets.	Ongoing comprehensive disclosure against all pillars.

### Environmental considerations related to our assets

We understand that acting to address climate change involves more than renewable and efficient energy, which is why we ensure that broader environmental factors are taken into consideration in the acquisition, development, and maintenance of our assets. A list of the factors that are considered during our acquisition due diligence can be found in the Sustainability Policies and Procedures section of this report.

### Green leasing

As part of HMC Capital’s ongoing efforts to align our business practices with our ESG goals, we developed a Green Lease clause that is included in all new HMC leasing contracts. The aim of these clauses is to foster close cooperation between landlord and tenant for facilitating ESG and sustainability outcomes in the performance of the assets. The clauses allow for facilitating the achievement and maintenance of design, development, and performance ratings (e.g. Green Star and NABERS ratings) as committed to by the landlord. These performance rating are aimed at the efficient operation and comfort of the building for tenants, customers, and visitors alike. The clauses also allow for sharing of utility consumption data, and other information for the recording of asset energy, water, and greenhouse gas measurements, together with waste and recycling data. The leases also specify fit-out requirements and material specifications for new and retrofitting of tenant spaces.

### EV charging

We have plans in place over the coming year to expand the provision of EV charging stations at our assets around the country to service the growing demand for charging services as the take-up of electric vehicles increases. We have entered into agreements with multiple suppliers who have been incentivised by government grants to roll-out charging networks across the country. We ultimately would like to see these services supplied by renewable energy and aligned to our decarbonisation strategy.



# Green Future

**GREEN FUTURE** is an environmental theme that focuses on how we champion the preservation and restoration of the natural environment.

By operating in a way that sources, consumes, and manages resources more sustainably, we are driving better outcomes for our business, our stakeholders, and the planet.

Through incorporating circular economy principles into our waste management practices, employing water efficiency initiatives at our properties, and seeking opportunities to enhance nature, we are playing our role in delivering sustainable development, whilst future-proofing our assets and business. We are pleased to report there were no environmental compliance violations across our assets for the reporting period.

## Waste reduction

We see waste management as an opportunity to demonstrate leading practices in adaptive reuse and onsite waste reduction. During FY22 we commenced a programme to review the waste practices across our portfolio of assets (the below table shows the waste data collected to date from the HDN portfolio). The review will produce a high-level audit of practices, with the aim of reducing waste generation and increasing recycling. Once the review is complete, we will be able to set diversion from landfill targets across our assets.

WASTE*	FY22
HDN	3,389 tonnes
Landfilled waste	2,162 tonnes
Recycled waste	1,228 tonnes
% Diversion	36%

Note: \* Waste data is incomplete for FY22, as we refine our practices and develop a strategy.



Hawthorn East, VIC

## CASE STUDY: Progressing our adaptive reuse strategy

Sustainability has been a key focus for HomeCo since its launch in 2017. Our strategy from the start has been to minimise our resource use and ecological impact. Our approach to adaptive reuse of resources is part of a bigger vision and is the first step in a journey to embed circular thinking across the business.

Our adaptive reuse approach is driven by an understanding that the natural resources, which are key to the development and operation of our assets, are finite, and that the carbon footprint of using virgin materials will have a negative long-term impact on our ability to reduce emissions. Keeping resources in use is better for the planet, people, and business.

The building industry has a large ecological footprint and is one of the largest carbon emitting sectors in Australia. In recognition of this, we applied an approach to our developments that helped us to significantly reduce our waste-to-landfill ratio by refurbishing existing structures, rather than building new ones.

So far this year, we have continued to apply smart redesign practices which require minimal reconstruction at three of our sites including ex-Masters sites at Springfield in Queensland, and South Nowra in NSW, as well as an HDN asset in Hawthorn East, Victoria, in addition to the work done at all ex-Masters warehouses in prior years.

Upgrades or alterations were made with sustainability in mind:

- HVAC systems were retained, and layouts configured to ensure maximum utilisation of the existing systems
- LED lighting and skylights were retained for optimal lighting efficiency
- Tapware was replaced with low-flow efficiency fittings, including sensors
- Existing concrete slabs were reused – grinding, polishing, and repurposing as needed
- Electrical boards were reused to ensure efficient energy supply to tenancies

We are continuing our approach of repurposing rather than demolishing and rebuilding our assets. Our aim is to create spaces that not only serve the communities where our sites are located but also reduce our environmental footprint. We are conscious that we are in the early stages of circular thinking practices, but we are committed to making further progress in our adaptive reuse strategy to eliminate waste and reduce our carbon emissions.

## Water efficiency

WATER USE	FY22	WATER INTENSITY (KL/SQM)
HDN	366,623kl	0.41
HCW	49,291kl	0.97
Other *	1,139kl	n/a
HMC Total	417,053kl	0.44
Apportioned area (sqm)	941,991	n/a

Note: \* assets held by HMC not in HDN and HCW

### Restoring and enhancing nature

We understand the importance of the natural world and are continuing to seek ways to contribute to its sustainable management and preservation. For example, HDN is in a favourable position at Belrose, NSW to exercise our commitment to nature. We are the custodians of a natural bushland forest on title, which is the remnant of the Duffy's Forest Vegetation Community. A vegetation management plan is in place for rehabilitation and managing the retained bushland. This bushland provides vital natural habitat for flora and fauna in the area and enhances the presence of the property to tenants, visitors, customers, and the local community.

Elsewhere, at several our properties, we ensure the provision of adequate irrigation of flora by stormwater collection from roofs and hardstand areas.

### Green Building Performance Ratings

We are actively pursuing green building ratings for all our assets that are able to receive ratings and under our operational control. Regarding the operational performance of assets, we are endeavouring to rate all properties (able to be rated\*) by the end of 2022 for NABERS Energy and Water. Additionally, we have commissioned Green Star Performance ratings, which will also be completed in calendar year 2022. These performance ratings will help to establish a baseline against which we can measure progress and benchmark the performance of our assets against others annually. Insights from these ratings can help us drive efficiency and durability in our portfolios, contributing to stakeholder value over the long term.

Note: \* Large Format Retail assets which have no common mall areas are not able to be rated under NABERS, neither are childcare centers.

### NABERS Energy and Water

NABERS Energy ratings across the assets which have currently been rated vary between 0 and 6-stars, with an average rating of 3.3-stars (at 30 September 2022). This variation is caused by several factors, including the inherent energy efficiency of the building, the presence or absence of a solar photovoltaic system on the roof, the presence or otherwise of a gymnasium, and the individual air conditioning arrangements in place for different tenants.

NABERS Water ratings across the assets which have currently been rated vary between 0 and 6-stars, with an average rating of 4.8-stars (at 30 September 2022). This variation is caused by the specific mix of tenants at each site. Food retailers and large supermarket tenants have high water consumption which reduces the ratings at the sites where multiple tenants of this type are present. Alternatively, centres with only large format retail and no food preparation use little water and have much higher water ratings.



RATING TOOL	NUMBER OF ASSETS RATED	PERCENTAGE OF PORTFOLIO
NABERS Energy	16	28% HDN – 83%* coverage expected in FY23 2.5% HCW – 12%** coverage expected in FY23
NABERS Water	16	28% HDN – 83%* coverage expected in FY23 2.5% HCW – 12%** coverage expected in FY23

Note: \* Assets with no shared mall common area are not able to be rated by NABERS.

\*\* Only assets where HCW has operational control, and which are eligible for NABERS ratings can be rated.

PROPERTY	NABERS ENERGY RATING	NABERS WATER RATING
HomeCo Bundall	0	6
HomeCo Hawthorn East	2.5	5.5
HomeCo Keysborough	3	N/A
HomeCo Marsden Park NSW	5.5	6
HomeCo Mornington	5.5	2.5
HomeCo North Lakes	6	4.5
HomeCo Penrith	2.5	6
HomeCo Tingalpa	0	6
HomeCo Upper Coomera	1.5	6
HomeCo Coffs Harbour	3	6
HealthCo Rouse Hill	6	6
HomeCo Glenmore Park Town Centre	4.5	1.5
HomeCo Gregory Hills Town Centre	3.5	0
HomeCo Caringbah	5.5	6
HomeCo Prestons	5.5	2.5
HomeCo Vincentia	4.5	4
<b>Average rating</b>	<b>3.3</b>	<b>4.8</b>

## Green Building Design Ratings

All new developments or substantial redevelopments and refurbishments which are able to have Green Star Buildings ratings, will be rated during the development phase. We have three buildings which were rated during development under the previous Green Star design and as built tools. With the advent of the new Green Star Buildings tool, HDN has committed to rate its new developments, and the Mackay large format retail development will be, we believe, the first building of its kind to be registered to receive a Green Star Buildings rating. HDN have also committed to rate the new Glenmore Park development, and South Nowra re-development, both to commence in FY23.

In regard to existing developments committed to previously through external developers, we are retrospectively seeking to explore rating these assets under the WELL Building rating. The WELL Building rating system is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellbeing. In particular we are exploring The George private hospital development for HCW in Gregory Hills in partnership with Acurio Health Group.







# Social

Our aim is to provide Australians with access to quality local and regional infrastructure to enable the services they need to live their way. HMC's national footprint in the assets it manages, and the diversity of operators, mean that social impact can also be delivered through a partnership approach with key stakeholders in local communities.

# Connection

CONNECTION is a social theme that focuses on how we respond to essential local and regional community needs as they relate to health, wellness, and daily services.

HMC Capital's aim is to provide Australians with access to quality local and regional infrastructure to enable the services they need to live their way. Through partnering with key stakeholders in the communities where we operate, we can enhance our social impact across our national footprint.

## Social Impact Framework

Our focus on investments that meet community needs means that we can deliver a positive social impact through our operations. We recognise that real impact can be difficult to measure, but that doesn't mean the effort is unwarranted.

We devised a social impact framework that will underpin our investment and management decisions, helping to ensure that our actions are hitting the mark and are continuously enhanced over time.

We are continuing to progress the implementation of this framework, with detailed analysis in property acquisitions of the social needs in the communities in which our assets are located. During FY23, we will identify and engage with community partners (point 4 of the framework) and commence impact evaluation.

## Responding to community needs

HMC Capital recognises the importance of responding to essential community needs where our assets are located to develop targeted offerings that best ensure the community's needs are met. Needs assessments are carried out for new acquisitions, with a view to ensuring we respond to essential health, wellness, and daily needs of communities.

### Needs Assessment

We conduct in-depth needs assessments to understand the community and to assist in developing our investment strategy

### Investment Decisions

We factor strategic investments that align with community needs

### Impact and Evaluation

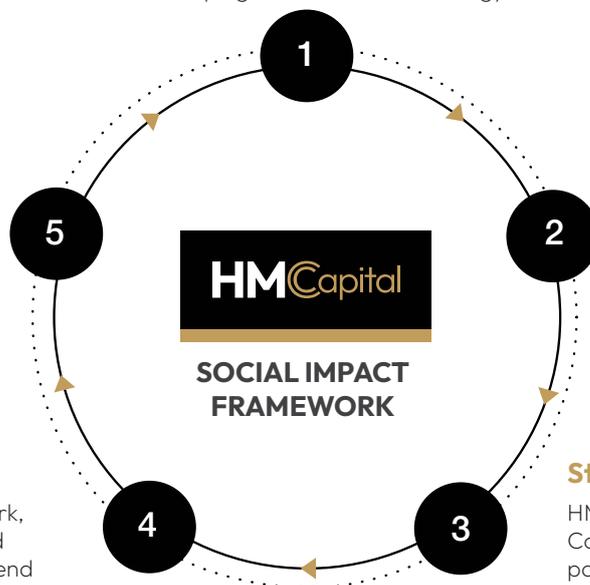
Our review and evaluation measures will ensure that we continuously evolve and identify further impact areas to focus on in future investments

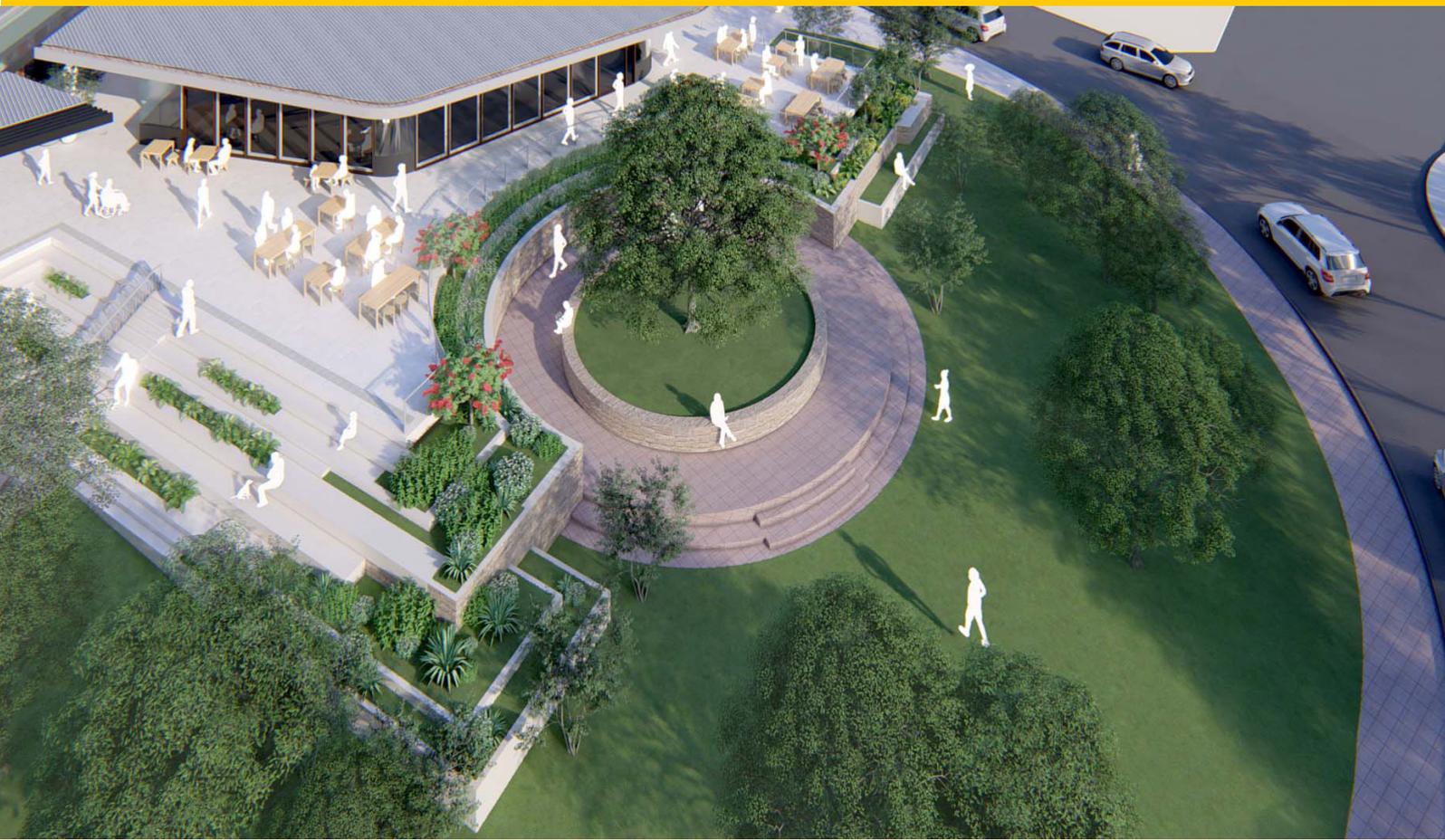
### Community Support

Once we have laid the groundwork, we rely on community uptake and support from our partners to extend the impact of our investments

### Strategic Partnerships

HMC Capital Foundation and CommunityCo will work with charities and partners that can help meet community needs and amplify our impact





## CASE STUDY: HomeCo Glenmore Park Town Centre Meeting community needs through future developments

Just over 18 months since HomeCo purchased the Glenmore Park Town Centre, plans are underway to revitalise the retail centre creating a service centre with a community hub where people can come together to work, shop and play.

HomeCo Glenmore Park Town Centre is a 16,000 square metre shopping centre located approximately 50 minutes' drive west of the Sydney CBD in the City of Penrith. Glenmore Park is a family-oriented suburb with 73% of the population being families. The Town Centre is a social hub for multiple generations, from local mums connecting over a coffee, teenagers grabbing a bite after a football match, or families dropping in to pick up the weekly groceries – the centre is a constant hive of activity.

It was the vision of enhancing this community atmosphere that compelled HomeCo to invest in improving the facilities at the centre. HDN CEO, Sid Sharma said “We are excited to further develop this much-loved Glenmore Park destination by bringing more restaurants, an outdoor eating precinct, a new medical centre, office suites and services to the centre while reinvigorating the community space.”

The HomeCo Glenmore Park Town Centre redevelopment will include a green community space with tiered seating areas, local sandstone feature wall and connectivity to Ched Towns Reserve – the home of the Glenmore Park Brumbies football club, and is adjacent to two local schools. Around the centre, HomeCo are also developing community spaces with murals depicting local iconic geography and activity.

The increased number of restaurants and eateries provides families the opportunity to enjoy social connection as well as participating in the complementary fortnightly HomeCo Kids Club activities. The community program at Glenmore Park includes the introduction of monthly ‘Community Catch-Up’ coffee mornings and the HomeCo Healthy Communities retailer partnership.

The Town Centre redevelopment is scheduled to commence in FY23 Q2 and represents a \$17 million investment in the local community, leading to the creation of 150 construction jobs. The redevelopment also aims to achieve a 4 Star Green Star Buildings rating from the Green Building Council of Australia.



## CASE STUDY: The George Bridging the gap in Southwestern Sydney's Health Services

Following a parliamentary inquiry in 2020 by the NSW Government into the adequate provision of health services in south-west Sydney, one of the key recommendations was for an immediate review of the number of maternity and paediatric services required to keep pace with the number of families living in the region. The inquiry uncovered that more than 50% of patients are required to travel outside of the area to access medical services. In response, and as part of our commitment to supporting the physical health and wellbeing of the communities in which we operate, HCW is partnering with Acurio Health Group to develop the Camden Medical Precinct Development Stage 1 - 'The George' - the State's first privately run paediatric and maternity hospital, due to open in 2023.

The \$100m precinct will be located at Gregory Hills and will be one of the most innovative health and wellbeing facilities in the APAC region. The broader Camden Medical Precinct will be completed in three stages totalling \$500m:

- The first stage is on track for completion in Q1 CY23 and will include a new 78-bed private hospital, operated by Acurio Healthcare Group, specialising in paediatrics and maternity to address the unique needs of young families in the Camden catchment.
- Planned stage two and three of the development aims to include a 250-bed general medical and surgical hospital, health research facility, and cancer centre.



## CASE STUDY: Supporting Healthy Communities

### Charity Trolley Challenge

The Covid-19 pandemic has exacerbated the challenges that many families face in meeting their daily needs. In December 2021, HDN organised a Charity Trolley Challenge across two Saturdays and nine HomeCo shopping centres. Customers were asked to donate grocery items in a challenge to fill as many trolleys as possible over a three-hour period. A total of fifty-eight trolleys of groceries and non-perishable items were donated by shoppers and provided to the Salvation Army and Combined Churches Caring Melton to assist local families at Christmas.

### HomeCo Kids Club

HMC Capital strives to meet the needs of our communities through close engagement with stakeholders to identify gaps where community needs are not being fully met. To support our communities and nurture opportunities for community connections, in December 2021 HDN established the HomeCo Kids Club at three centres: Glenmore Park, Armstrong Creek, and Woodlea Town Centre. The HomeCo Kids Club consists of a partnership between HDN and retailers to provide regularly scheduled free activities for kids at HomeCo shopping centres. So far, over 1,555 children have attended the activities, and we intend to continue developing community initiatives like Kids Club to support the needs of HDN communities.

### Seniors Community Day

It can sometimes be difficult for seniors to connect with their communities, which is why HomeCo Vincentia brought back its Seniors Community Day. In 2020, HDN was unable to carry out much of its community programming due to Covid-19 related restrictions on community gatherings. Thankfully, this year saw the return of Seniors Community Day which featured community displays, volunteer choir performances, and complementary free high tea sessions.



## Partnering with tenants and operators

We are focused on continuously improving our centres to differentiate the HMC shopping experience, and to exceed our customers' expectations. We recognise our unique position to influence best practice customer service amongst our retailers. We set the bar high, encouraging all retailers to adopt sustainable behaviour and thinking throughout their operations. This coordinated approach also enables our tenants to leverage the opportunities and benefits of group tendering and collaboration on key facilities and services.

## Customer and community wellbeing

Keeping our people and customers safe is a priority in everything that we do. As such, we have continuously adapted in response to the Covid-19 pandemic to support the safety and wellbeing of our tenants and the community. Through HMC Capital initiatives, which supplemented government-initiated tenant related support, together we provided over \$10m in pandemic related support, over 62 properties and 539 tenants.

During the pandemic, we extended our employee assistance program for staff, to tenants and in addition offered our inhouse accounting support services to assist tenants to work through the complexities of government and landlord pandemic support arrangements.

## Health and safety at our retail assets

At HMC Capital we take every safety incident seriously and work diligently to ensure prevention of work-related injuries. Throughout our business we ensure that all safety incidents are reported in a timely and transparent manner. Each month our WHS scorecard is shared at all levels of the organisation, denoting key lead and lag indicators, and identifying any related trends requiring further action.

The average incident rate across HMC retail assets during FY22 was 1 in 220,000 square meters. All these incidents were classified as minor. There were no major incidents at high severity levels.

## Extending our social impact

HMC Capital has established a charitable foundation known as "HMC Capital Foundation". Our CommunityCo initiatives also deliver positive social impacts beyond our operations.

## HMC Capital Foundation

We have made significant progress toward establishing the HMC Capital Foundation to accelerate the delivery of our social impact commitments. As part of our broader community strategy, the Foundation will be established as a standalone fund registered with the Australian Charities and Not-for Profit Commission to support the development and scale of initiatives for beneficiaries and charities that are aligned to HMC Capital's social impact areas.

## CommunityCo

This year, HMC Capital focused on developing its CommunityCo initiatives to further respond to community social needs. These initiatives will seed and support businesses and partners that share our ambitions. Importantly, the work of CommunityCo is additional to the core social impact that we strive to achieve through our investments.

Through a cross-divisional exercise, the operational teams located within the communities we serve worked to identify the greatest need and most suitable recipients of our charitable giving. After assessing local needs, we chose to channel our efforts toward youth under 18. In supporting the needs of youth under 18, HMC Capital seeks to break the cycles of inequality for future generations. Currently, we are seeking national and state-based partners to enhance local initiatives that will be rolled out in 2023.

Our youth-supporting initiatives will fall under three categories:

- access to education and health services
- upskilling, training, and further education
- health and wellbeing



# Respect

RESPECT is a social theme which relates to respecting the inherent dignity, safety, diversity, and human rights of all our stakeholders.

## As at 30 June 2021

Fulltime employees	N/A
Part time employees	N/A
<b>Total employees</b>	<b>34</b>

## As at 30 June 2022

Fulltime employees	75
Part time employees	3
<b>Total employees</b>	<b>78</b>

This includes our workforce, our suppliers, our tenants, their customers, and surrounding communities.

### Engaging and developing our people

Our people are key to our success and the value we create, which is why we believe in engaging with our team and supporting their development.

We are continuing to optimise our employee onboarding, training, and development processes as we grow. We aim to broaden the initiatives and opportunities for growth and development available to our people, in addition to already established compulsory training in the areas of Governance, Code of Conduct, Sustainability, and Workplace Health and Safety.

### Championing inclusion and diversity

HMC Capital recognises the importance of inclusion and diversity in the workplace. Focusing on inclusion and diversity helps us to attract the best talent and to create an environment where everyone can thrive.

### Gender diversity

HMC Capital is committed to 50% representation by women across the organisation by FY25, including Executive and Board Director positions. Over the past year, female representation in our entire organisation, and of Independent Board Director positions, has exceeded the 50% target. We continue to work toward the 50% target for senior executive roles, Board Director positions, and managed entity Board Director positions.



## Achieving gender diversity

RELEVANT OBJECTIVE	FY 20 HISTORICAL	FY 21 HISTORICAL	FY 22 ACTUAL	FY 25 TARGET
Women employed in whole organisation	33%	43%	<b>51%</b>	50%
Women in senior executive roles*	40%	40%	<b>45%</b>	50%
Women in HMC Capital Board Director positions	17%	29%	<b>29%</b>	50%
Women in managed entity Board Director positions (HDN, HCW and HMC Capital Partners Fund I)	N/A	36%	<b>41%</b>	50%
Women in independent Board Director positions across the Group (HMC, HDN, HCW and HMC Capital Partners Fund I)	25%	42%	<b>50%</b>	50%

\*Senior executives includes managers who hold roles designated as senior executive roles, as well as Key Management Personnel.

## Preventing discrimination

HMC Capital does not tolerate discrimination or harassment of any kind. There were no incidents of discrimination reported in FY22. We have policies in place to discourage such behaviour and have established mechanisms that encourage our people to speak up if they see or experience anything of concern. Our Diversity Policy outlines our specific company-level policies to prevent discrimination, while our Code of Conduct reinforces this commitment at the individual level for all employees. Additionally, HMC Capital maintains a Whistleblower Policy, which protects employees who speak up to report suspected misconduct, as well as a Complaints Resolution Policy, which provides a clear mechanism for employees to report complaints. All the policies mentioned are publicly available on HMC Capital's website and serve to reinforce our company culture of preventing and eliminating harassment and discrimination.

## Promoting responsible business practices

Our strategy and the way we operate is rooted in a commitment to responsible business practices. This means taking action to advance broader societal goals including addressing climate change and human rights.

We are proud to have joined the **UN Global Compact**. The UN Global Compact is a voluntary initiative that focuses on responsible business practices in the areas of human rights, labour, environment, and anti-corruption. Companies that join the UN Global Compact publicly signal a commitment to uphold ethical business practices and gain access to an extensive toolbox of resources to help businesses collaborate, share information, and advance sustainable outcomes. We look forward to applying the ten Global Compact principles and continuing to advance progress toward the UN Sustainable Development Goals. We intend to complete our first Communication on Progress to the UN Global Compact in 2023.

## Focus on employee health and safety

The physical and mental safety and wellbeing of our people remains a key priority for HMC Capital. Our continued aim is to attract and retain talent by providing the support required for team members to feel empowered to thrive in all aspects of their lives.

With the growth of HMC Capital following the merger of HDN with Aventus, we amalgamated our office-based workforce to one location and moved to a building in the Sydney central business district. The workspace is designed to ensure our team have a healthy work environment that is built for ease of collaboration.





# Governance

We are committed to ongoing, effective, and transparent governance. This is critical to ensure trust as custodians of assets on behalf of our shareholders and investors across the funds we manage. Our independent Sustainability Committee oversees HMC's ESG strategy and approach.



# Accountability

**ACCOUNTABILITY** is a governance theme which instructs us to earn and keep the trust of our key stakeholders through transparent communication and by doing what we say we will do.

HMC Capital's commitment to strong governance includes holding ourselves to high standards and demonstrating ethical business practices. We have developed comprehensive policies and procedures that govern our investment decision-making, our operations, and our engagements with external stakeholders. Many of our policies are available on our [website](#).

## **Processes to ensure independence in decision making**

Independence in decision making is an important characteristic of strong and effective corporate boards. HMC Capital has outlined requirements for independent directors in the Board Charter. We have further clarified independence in decision making through our Related Party Transactions Protocol, which can be viewed on our website along with the Board Charter.

The composition of our Board is designed to include Directors that bring diversity of thought and a level of skill and experience that helps deliver value and returns to our shareholders. Board oversight for sustainability initiatives at HMC Capital is conducted by the Sustainability Committee - one of the three sub-committees of the Board which met quarterly in FY22.

## **Clear, honest, and robust sustainability performance updates**

HMC Capital's first sustainability report was published last year for FY21, and we have continued to develop our sustainability reporting efforts since then. This year's report is compiled with reference to the Global Reporting Initiative's 2021 Standards, with which we will continue to enhance. Going forward, we will also be reporting against the framework of the Task Force for Climate-related Financial Disclosures (TCFD) and will incorporate reporting requirements related to our U.N. Global Compact commitment. We will also monitor the development of the International Sustainability Standards Board (ISSB) standards for sustainability and climate-risk reporting and consider reporting in alignment with them when they are finalised.



## Accountability through Global ESG Frameworks

HMC Capital is a signatory to the Principles for Responsible Investment (PRI), a United Nations supported network of investors who work to promote sustainable investment through the incorporation of ESG into investment and ownership decisions. As a signatory, we are committed to applying the PRI's six principles of responsible investment. In 2023, we will report on our progress in accordance with PRI reporting requirements and make these reports available publicly.

HMC Capital is committed to benchmarking using the Global Real Estate Sustainability Benchmark (GRESB). In 2022, HomeCo Daily Needs REIT participated in the GRESB Real Estate Assessment. The entire HDN portfolio, inclusive of properties resulting from the Aventus merger, was included in the submission. This enables the 2022 submission to serve as a meaningful baseline from which to enhance HDN's sustainability performance into the future. In addition to leveraging investor benchmarks such as GRESB and PRI, we report against regulatory frameworks as they apply to our business, such as the Modern Slavery Act.

Our commitment to green building ratings such as NABERS, Green Star and WELL provide valuable insight that helps shape the integration and advancement of sustainable building practices within our operations while communicating HMC Capital's commitment to responsible building practices.

HMC Capital has also become a member of the Asian Association for Investors in Non-listed Real Estate Vehicles (ANREV) and continues its membership with the Green Building Council of Australia (GBCA). ANREV allows organisations to support the growth and development of best practices within the industry, while GBCA provides Green Star ratings for buildings and fit outs and engages in education and advocacy around green building practices for industry and government stakeholders.



# Alignment

Alignment is a governance theme which includes having the skills, environment and culture that support and propel our ambition and sustainability commitments.

HMC Capital is committed to best practice corporate governance, which we consider essential for effective operations and maintaining stakeholder trust. Our commitment to strong governance includes the effective integration of our sustainability approach, which is overseen by our independent Sustainability Committee. Our Corporate Governance Statement and board committee charters are available on our [website](#).

## Effective board oversight

Independence and diversity are important for effective corporate board oversight. HMC Capital, HDN, HCW, and HMC Capital Partners Fund I each have an independent Board of Directors that provides oversight and sets strategic objectives. We have set a target for 50% gender diversity for all Boards as well as for the organisation as a whole and made considerable progress in FY22 as highlighted on page 29 of this report.

## Integrating sustainability into corporate governance

At HMC Capital, every one of our team owns sustainability, and every role in our business has a sustainability KPI as part of this focus. Additionally, our Short-Term Incentive Plan provides an opportunity for key executives and employees to be rewarded in part for progress against HMC Capital's sustainability commitments, which further embeds sustainable performance into every aspect of our business.



## HMC Capital Board



### Audit and Risk Committee

Oversees all risk, including non-financial risks

### Sustainability Committee

Oversees sustainability projects and initiatives

### Remuneration and Nomination Committee

Oversees remuneration and nomination matters

## Chief Executive Officer

Responsible for the day-to-day operations of HMC Capital

## Executive Leadership Team

Comprised of leaders from each area of Operations and Support including Asset Management, Leading and Development, Human Resources, Legal, Corporate and Finance, and Sustainability

### Sustainability and ESG Working Groups

- Social working groups: focusing on community support through CommunityCo
- Development working group: focusing on sustainable design standards, and achieving 3<sup>rd</sup> part ratings
- Asset and facilities working group: focusing on asset efficiency, EMS, green leasing and fit-out guides and a waste strategy
- Decarbonising working group: progressing the assessment of solar photovoltaic and renewable energy



# Sustainability Policies and Procedures

## Acquisitions

HMC Capital, as a signatory to the Principles for Responsible Investment (PRI), is committed to putting the six principles of responsible investment into practice. We believe that environmental, social, and governance (ESG) issues can affect the performance of our investments and consider the following ESG issues when performing due diligence on potential acquisitions:

- Biodiversity and habitat
- Building safety
- Climate change adaptation
- Compliance with regulatory requirements
- Contaminated land
- Energy efficiency
- Energy supply
- Flooding
- Greenhouse gas emissions
- Health and wellbeing
- Human rights
- Indigenous and traditional owners' rights
- Indoor environmental quality
- Infrastructure
- Natural hazards
- Socio-economic factors
- Transportation
- Waste management
- Water efficiency
- Water supply

If material ESG issues are found during the investment due diligence process, they may affect the price we would pay or lead to the abandonment of the prospect altogether. For investments that proceed, the identification of ESG issues during the due diligence process helps inform ongoing management. ESG issues can present opportunities for us, such as unlocking value by enhancing the sustainability performance of an underperforming asset.

## Developments

HMC Capital believes that the integration of ESG considerations into asset development is key to the long-term sustainability of our portfolio. We work closely with stakeholders in the communities where we operate to ensure that our developments add value for everyone involved and will continue to create value for years to come.

### Biodiversity and habitat

We work to restore and enhance the natural environment within and around our new developments. We consider and review as appropriate to our developments, local biodiversity and habitat and work to maintain a net positive impact on local biodiversity. Where our developments are judged to impact on ecosystem services or wildlife habitats, we work to incorporate mitigation strategies into our designs.

### Building safety

We require our development projects to uphold the highest level of safety, starting in the design phase and continuing through the operation of the asset. We incorporate industry leading safety standards into our building designs, including structural stability, fire safety, sanitation, safe wiring, and more. During the construction and operation of our assets, our ultimate goal is to provide an injury free working and living environment.

## Health and wellbeing

We recognise that properties developed by HMC Capital, and the products and services provided by our tenants contribute to the social determinants of health, which directly impact the stakeholders in our communities. We work to support the health and wellbeing of all our constituents by facilitating the delivery of high-quality, culturally appropriate health services in our communities. HMC Capital develops assets that address unmet and underserved community needs, which we identify through needs assessments. We encourage the development stakeholders in our communities to engage with these health services. To facilitate Healthy Communities, we engage through educational campaigns, promotions, and social media, with the goal of increasing the number of Australians that have integrated access to high-quality health services. During the COVID-19 pandemic, we have implemented safety measures throughout our assets, including implementing hand sanitiser stations at the front entrances and adding additional hospital-grade cleaning procedures. We have also increased the number of cleaning staff that we employ across our shopping centres.

## Indoor environmental quality

In recognition of the impact that indoor air quality has on the continued wellbeing of our tenants, we consider indoor air quality at every stage in our development process. HMC Capital starts by designing high quality ventilation and air exchange systems into all our developments. During the construction phase, we require our contractors to maintain indoor air quality. Throughout the operation of our properties, we require regular maintenance and testing of HVAC systems to ensure that air quality is maintained throughout the life of our assets.

## Renewable energy

The incorporation of renewable energy into our new development is an important part of our decarbonisation strategy. We aim to incorporate on-site renewable energy generation into all our new developments, such as photovoltaic panels, etc. We are also working to retrofit properties where appropriate to increase our renewable energy generation and reduce our reliance on conventional grid energy.

## Resilience to catastrophe/disaster

As part of our site selection process, we evaluate the existing and possible future threats of natural disaster. We work to mitigate these threats through measures such as incorporating resilience into the design of our assets, educating our tenants, and implementing policies that ensure we are ready to respond to climate-related catastrophes.

## Waste management

During development, we require our contractors to divert construction materials from landfill as much as possible. There are financial incentives for contractors to recover and reuse building materials. We also encourage our contractors to reuse or divert vegetation and soil from landfill. We monitor the disposal of hazardous and non-hazardous waste as appropriate.

## Operations

Integrating ESG considerations into the ongoing operation of our assets minimises risks while positioning the business to unlock value through sustainability-related opportunities. Through continuous improvement of our operations and minimising our carbon emissions, we are playing our part to move toward a greener future. The table below provides a detailed view of how we integrate ESG factors into asset operation.

## Climate/Climate change adaptation

We recognise that climate change impacts our properties through increased frequency and severity of extreme weather, and longer-term changes in climatic conditions. These changes introduce risks of property damage and requirements for changes in building management to maintain optimal operations. Actions that we can take to enhance our portfolio's adaptation to climate change, as appropriate, include:

- Structural adjustments designed to protect from natural hazards such as flooding, etc.
- Designing and operating our building management systems to accommodate increased extreme weather events
- Working with our suppliers to consider review of the supply chain to identify companies that may face disruptions themselves



### Energy consumption

Throughout our operations, we strive to reduce our energy intensity and reliance on non-renewable energy sources wherever possible. We seek to enhance energy efficiency through initiatives like LED lighting upgrades, installing high-efficiency heating, ventilation, and air conditioning (HVAC), and using occupancy sensors to match energy usage to demand appropriately. Moving forward, we have established a Smart Energy Management Systems (EMS) with AI to reduce energy consumption through integrating building systems and “flattening the load”. These systems are designed to allow us to easily incorporate new technologies as they become available (e.g., incorporating on-site solar power generation to reduce reliance on fossil fuels). We will also seek to attain asset-level energy ratings to benchmark our current performance and improve our energy efficiency going forward.

### Greenhouse gas emissions

We are committed to transitioning the real assets we manage and control to net zero carbon emissions by 2028. We are focused on rapidly decarbonising our operations through energy efficiency upgrades, on-site renewable energy generation, and microgrid technology, along with minimal use of offsets.

### Renewable energy

We are committed to producing solar energy on site within the next five years, with the initial goal of generating all the electricity used in common areas. These systems are designed to be expanded in the future as battery and power storage technology evolves.

### Waste management

We seek to reduce our waste generation in both the initial development and continued operation of our assets. In the operations of our standing assets, we engage with our waste management contractors to provide recycling facilities and track waste production across our portfolio. HMC Capital will seek to attain a NABERS Waste rating to benchmark our current performance and improve our resource recovery efforts following finalisation of our waste strategy.

### Water consumption

Australia is a land of floods and droughts, with climate change impacting rainfall patterns and water availability across the country. To minimise our impact on water availability in the communities where we operate, we action water efficiency, recycling, and reuse opportunities across our portfolio. Common water efficiency measures include, and will be considered for implementation:

- High efficiency fixtures such as efficient taps and water conserving toilets
- Water meter separation, and leak detection
- Drought resistant landscaping
- Rainwater collection systems

We track water use across our standing portfolio and will seek asset-level water ratings to inform continuous improvement over time.

### Approach to risk management for material ESG topics

The Audit Risk and Compliance Committee is responsible for the identification and management of risks. This is controlled through the Risk Management Framework and reviewed at least annually to ensure it is effective. This includes a regular audit program to test adequacy and compliance, with the implementation of remedial action where required to address any areas of weakness. In accordance with the precautionary principle, sustainability issues and risks are considered throughout our operations and integrated with our corporate goals and strategic planning.

# Looking after our people

**An engaged, motivated workforce is central to HMC Capital's sustainability objectives. Key aspects of our employee policies and procedures are described in the table below.**

## Employee engagement

We understand that our success is dependent on an engaged workforce that is motivated to deliver on our purpose. As a small and growing organisation, we informally survey our people about their employee experience to understand what works for them and to identify initiatives that can enhance the employee experience, over time this will be developed into an external independent process. All employees agree key performance indicators and targets with their respective managers and receive performance appraisals at least once per year to celebrate success and redefine role requirements as appropriate. Our people enjoy a variety of benefits related to leave entitlements and access to health, wellbeing, financial, and other services. Our people are expected to act with integrity and in accordance with the company's stated values. This includes performing their duties with care and dealing fairly with all clients, customers, suppliers, business partners and competitors. We hold our people accountable for their personal decisions and expect them to refrain from any illegal or unethical activity. The conduct that we expect from our employees is explicitly stated in our Code of Conduct.

## Inclusion and diversity

Our commitment to an inclusive and diverse workforce recognises the benefits of attracting a wide range of talent and creating an environment where our people are encouraged to bring their whole selves to work. We are committed to equal treatment of all our employees. This is provided by our Code of Conduct, which states that HMC Capital aims to provide a work environment in which all Employees can excel regardless of race, religion, age, disability, gender, sexual preference, or marital status. The Group will not tolerate any form of harassment, violence, bullying, victimisation, vilification, or discrimination in the workplace from any person working for or with HMC Capital.

Our people receive training on how to foster an inclusive workplace and how to report any concerns that they may have. These policies are laid out in the HMC Capital Diversity Policy. As part of our ongoing inclusion and diversity efforts, we have set a FY25 target of 50% gender balance across our workforce, including our leadership team and boards.

To learn more visit our [website](#).

## Health and Safety: employees

We support the health and safety of our employees. This includes our people who work from home, who are engaged to ensure that their home workplace is safe. When working collaboratively in an office setting, we apply relevant Australian COVID Safe protocols to protect our people from COVID-19 and other transmissible diseases.

## Whistleblower policy

HMC Capital has a stand-alone Whistleblower Policy that encourages all eligible whistleblowers to raise matters that are of legitimate concern, including in relation to a potential breach of any legal or regulatory requirement, or a Company policy.

Under the Whistleblower Policy, reports of actual or suspected misconduct are to be made confidentially or anonymously to the Group General Counsel. If it is not practical to raise concerns regarding actual or suspected misconduct internally, there is an independent external service that can be contacted. All whistleblower disclosures are reviewed and investigated, either internally or externally, as appropriate. Further information can be found in the Whistleblower Policy available on the [website](#).





# Looking after our communities

**Community development initiatives and supporting Healthy Communities are essential components of our social impact approach. Policies and procedures underpinning our community initiatives and community engagement are described below.**

## **Approach to retail partner support**

Providing support for our Retail Partners is a central part of our strategy. Retailer satisfaction is a priority to help us sustain a diverse mix of quality retailers, attract repeat customer visits, and meet investor expectations. We support our tenants in creating a retail environment that is aesthetically bright and attractive, that meets functional requirements, and offers the vibrancy and atmosphere required to deliver exceptional customer experience.

HMC Capital invests annually in the upgrade of our centres. As well as improving the aesthetics, we also seek to enhance functionality and the customer experience, listening to customer requests for better facilities such as carparking, toilet facilities and cafes. We work hard to create a retailer support system to help each one of our retailers maximise their potential. Each centre has a dedicated centre management team, that provides pro-active, hands-on, specialised management and a single contact point for tenant support. Our bespoke Retailer Portal is a secure online hub that allows retailers to get quick access to important centre specific information, contact details, and operational updates, at their convenience. Significant time is spent meeting personally with retailers to discuss the performance of their portfolio and their experience with our centres.

## **Community development**

Our community engagement and development approach is informed by needs assessments that identify critical gaps that our operations can address. For example, we provide space for community activities in the locations where we operate and use our social media and on-site advertising to raise awareness of our community partners' activities. CommunityCo initiatives support the development and scale of on-the-ground initiatives that address a range of issues in the communities where we operate, focusing on youth under 18. CommunityCo funding will be allocated based on the results of community needs assessments which are planned to be implemented regularly in the areas around our sites.

## **Health and Safety: community, tenants, and customers**

HMC Capital supports our tenants' and customers' Health and Safety, through active management of the operations in our assets. Regarding health we focus on indoor air quality during the design and operation of our assets. To enable our efforts to support the health of the communities around our assets, we complete community needs assessments when making investment decisions, and plan to implement reviews across operating assets. Through our Healthy Communities Initiative, we enable tenants and operators to access essential products and services within the community. We invest in assets that address an unmet or underserved need of the community, and work with tenants to provide convenient and appropriate services.



HMC Capital also works to protect the privacy of our stakeholders. The company engages cyber security experts to provide assessments of the IT infrastructure and improvements to the information security controls. All staff undergo security awareness training and regular phishing simulation. The training platform includes engaging content that keeps users more interested and more likely to retain the key messages. Training videos are delivered in 5 minutes or less each month. The platform includes powerful reporting functionality to identify potentially risky users and provide additional targeted training that might be needed to assist those users to understand how to reduce high-risk behaviour.

### Social enterprise partnering

HMC Capital is at an early stage of the implementation of its Social Impact Framework. Our social enterprise area of focus will be aimed at working with, and partnering with, service providers and “not-for-profits” where relevant for the communities in which we operate. We will further develop our detailed position on social enterprise partnering as part of this development phase, and relevant foreach of our operating funds.



### Partnering with suppliers

HMC Capital success is dependent on strong partnerships with suppliers, ranging from facilities managers to builders, through to the entities supplying corporate consumables and raw materials for our developments. We strive to partner with suppliers who share our commitment to sustainability and can demonstrate their capacity to deliver positive environmental and social impacts.

### Contractor health and safety

Contractors working at our sites are covered by our suppliers’ health and safety management systems and are properly inducted on site before works commence.

### Addressing modern slavery risk

HMC Capital is aware that modern slavery risks may be present in its supply chain. We are committed to upholding human rights in our operations and supply chain, and do not condone the use of child labour, forced or compulsory labour, or other forms of intimidation or coercion across our business and supply chain. We seek to ensure safe working conditions, including the elimination of discrimination and harassment. We will take a proactive approach to understanding modern slavery and other human rights risks across our supply chain, including collaborating with industry to address collective human rights challenges that we face.

# GRI Index

NUMBER	DISCLOSURE	REFERENCE/REMARKS
<b>GRI 2: General Disclosures</b>		
2-1	Details	HMC FY22 Sustainability Report: About HMC Capital, page 3
2-2	Entities included in the organisations's sustainability reporting	HMC FY22 Sustainability Report: About HMC Capital, page 3-5
2-3	Reporting period, frequency and contact point	HMC FY22 Sustainability Report, About this report
2-4	Restatements of information	No information restatements made during the reporting period.
2-5	External Assurance	No external assurance undertaken over the 2022 ESG report.
2-6	Activities, value chain and other business relations	HMC FY22 Sustainability Report: About HMC Capital, pages 2-5
2-7	Employees	HMC FY22 Sustainability Report: Social - Respect: Engaging and developing our people, page 28
2-9	Governance structure and composition	Corporate Governance Statement, pages 4, 5, 6, 8, 16
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement, page 7
2-11	Chair of the highest governance body	Corporate Governance Statement, page 5
2-12	Role of the highest governance body in overseeing management of impacts	Corporate Governance Statement, page 4
2-13	Delegation of responsibility for managing impacts	Corporate Governance Statement, page 4-6
2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Statement, page 4
2-15	Conflicts of interest	Corporate Governance Statement, page 17
2-17	Collective knowledge of the highest governance body	Corporate Governance Statement, page 6
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement, page 9
2-19	Remuneration policies	Corporate Governance Statement, page 10; Annual Financial Report, pages 10-32
2-20	Process to determine remuneration	Annual Financial Report, pages 10-32

NUMBER	DISCLOSURE	REFERENCE/REMARKS
2-22	Statement on sustainable development strategy	HMC FY22 Sustainability Report CEO Letter, page 1
2-23	Policy commitments	HMC FY22 Sustainability Report: Governance - Accountability: Clear, honest, and robust sustainability performance updates, page 32 HMC FY22 Sustainability Report: Governance - Accountability: Accountability through Global ESG Frameworks, page 33 HMC FY22 Sustainability Report: Social - Respect: Promoting responsible business practices, page 29 HMC FY22 Sustainability Report: Sustainability Policies and Procedures - Partnering with suppliers: Addressing modern slavery risk, page 41
2-24	Embedding policy commitments	HMC FY22 Sustainability Report: Governance - Accountability: Clear, honest, and robust sustainability performance updates, page 32 HMC FY22 Sustainability Report: Governance - Accountability: Accountability through Global ESG Frameworks, page 33 HMC FY22 Sustainability Report: Social - Respect: Promoting responsible business practices, page 29 HMC FY22 Sustainability Report - Sustainability Policies and Procedures: Partnering with suppliers: Addressing modern slavery risk, page 41
2-27	Compliance with laws and regulations	There were no incidents of non-compliance with laws and regulations.
2-28	Membership associations	HMC FY22 Sustainability Report: Governance - Accountability: Accountability through Global ESG Frameworks, page 33 HMC FY22 Sustainability Report: Social - Respect: Promoting responsible business practices, page 29
2-29	Approach to stakeholder engagement	HMC FY22 Sustainability Report: Social - Connection: Responding to community needs, page 22 HMC FY22 Sustainability Report: Sustainability Policies and Procedures - Developments: Health and Wellbeing, page 37
<b>GRI 302: Energy (2016)</b>		
302-1	Energy consumption within the organisation	HMC FY22 Sustainability Report: Environment - Climate Action: Transition to net zero by 2028, page 10-11
302-2	Energy consumption outside of the organisation	HMC FY22 Sustainability Report: Environment - Climate Action: Energy Efficiency page, 12
302-3	Energy intensity	HMC FY22 Sustainability Report: Environment - Climate Action: Net zero emissions by 2028, page 10-11
302-4	Reduction of energy consumption	HMC FY22 Sustainability Report: Environment - Climate Action: Transition to Net Zero by 2028, page 10-11
302-5	Reduction in energy requirements of products and services	HMC FY22 Sustainability Report: Environment - Climate Action: Transition to Net Zero by 2028, page 10-11

NUMBER	DISCLOSURE	REFERENCE/REMARKS
<b>GRI 303: Water and Effluents (2018)</b>		
303-5	Water consumption	HMC FY22 Sustainability Report: Environment – Green Future: Water efficiency, page 17
<b>305: Emissions (2016)</b>		
305-1	Direct (Scope 1) GHG emissions	HMC FY22 Sustainability Report: Environment – Climate Action: Net zero emissions by 2028, page 10
305-2	Energy Indirect (Scope 2) GHG emissions	HMC FY22 Sustainability Report: Environment – Climate Action: Net zero emissions by 2028 page, 10
305-4	GHG emissions intensity	HMC FY22 Sustainability Report: Environment – Climate Action: Net zero emissions by 2028 page, 10
<b>GRI 306: Waste (2020)</b>		
306-3	Waste generated	HMC FY22 Sustainability Report: Environment – Green Future: Waste reduction page, 15
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>		
405-1	Diversity of governance bodies and employees	Corporate Governance Statement, pages 5-6 HMC FY22 Sustainability Report: CEO and Chair Letter, page 1 HMC FY22 Sustainability Report: Social – Respect: Championing inclusion and diversity, page 28-29
<b>GRI 3: Material Topics (2021)</b>		
The following table lists our material topics, the potential impacts of the topics, and relevance of the topic to HMC Capital and its stakeholders.		
3-3	Management of material topics: reduce carbon emissions and intensity	Carbon emissions impact the natural environment, and by extension global societies and economies, by contributing to anthropogenic climate change.  Reducing carbon emissions is relevant for HMC Capital's own operations (including the operation of its real assets), as well as its supplier and customer/tenant operations.  Additional information on our management approach to this material topic is provided at:  – HMC FY22 Sustainability Report: Environment – Climate Action: Transition to net zero by 2028, page 10 – HMC FY22 Sustainability Report: Environment – Climate Action: Renewable energy, microgrids, and storage, page 13

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: achieve environmentally efficient and resilient infrastructure	<p>Infrastructure impacts the natural environment by using resources like water or energy. Focusing on resilience is also important to sustain infrastructure function in a changing climate.</p> <p>Environmentally efficient and resilient infrastructure is relevant for HMC Capital's own operations as a manager of real assets.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Social – Respect: Customer and community wellbeing, page 26</li> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Developments, page 36-37</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: adopt renewable energy sources	<p>Renewable energy sources help reduce greenhouse gas emissions and air pollution from fossil-fuel energy generation sources.</p> <p>Adopting renewable energy sources is relevant for HMC Capital's own operations (including the operation of its real assets), and customer/tenant operations in instances where customers/tenants have operational control over energy use.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Environment – Climate action: Net zero by 2028, page 10</li> <li>- HMC FY22 Sustainability Report: Environment – Climate action: Energy efficiency, microgrids and storage, page 13</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: role model waste minimisation and use influence to mitigate waste	<p>Landfilled or incinerated waste can have detrimental effects on the health of humans and ecosystems, both of which can subsequently have negative impacts on the economy.</p> <p>Waste minimisation is relevant for HMC Capital's own operations (including the operation of its real assets).</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Environment – Green Future: Waste reduction, page 15</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: enhance water efficiency	<p>As the world’s driest populated continent, Australia is particularly vulnerable to water shortages – enhancing water use efficiency contributes to resilience against the potential negative impacts of water overconsumption.</p> <p>Water efficiency is relevant for HMC Capital’s own operations (including the operation of its real assets) and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY22 Sustainability Report: Environment – Green Future: Water efficiency, page 17</li> <li>– HMC FY22 Sustainability Report: Sustainability Policies and Procedures - Operations: Water consumption, page 38</li> <li>– HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: deploy environmentally friendly building materials and practices	<p>The production of concrete, steel, and other building materials creates greenhouse gas emissions, and can be difficult to recycle.</p> <p>Environmentally friendly building materials and practices are relevant for HMC Capital’s development contractors and customers/tenants fitting out new spaces.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: engage deeply with communities to create connection and understanding	<p>Community engagement is an important element of understanding and mitigating actual or potential negative impacts of business activities and operations while maximising potential positive impacts.</p> <p>Community engagement is relevant for HMC Capital’s own operations (including the operation of its real assets), with impacts extending to the wider community.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>– HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Looking after our communities, page 40</li> <li>– HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: strengthen equitable access to essential products and services	<p>Failing to ensure equitable access to essential products and services can exacerbate existing societal inequality, which contributes to negative impacts for people, ecosystems, and economies.</p> <p>Strengthening equitable access to essential products and services is relevant for HMC Capital's own operations (including the operation of its real assets), with impacts extending to the wider community.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Social – Connection: Customer and community wellbeing, page 26</li> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Looking after our communities, page 40</li> <li>- HMC FY22 Sustainability Report: Social – Connection: Social impact framework, page 22</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: provide safe spaces for communities	<p>Providing safe spaces for communities to shop, play, and gather helps promote social cohesion, health, and wellbeing.</p> <p>Providing safe spaces for communities is relevant for HMC Capital's own operations (including the operation of its real assets).</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Looking after our communities, page 40</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: ensure all employees enjoy wellbeing, safety, and equal opportunity to reach their full potential	<p>Workplaces with robust employee safety, wellbeing, and equal opportunity are associated with positive economic and societal impacts through talent recruitment, retention, and development.</p> <p>Ensuring the safety and wellbeing of its employees is relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Looking after our people, page 39</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: show respect for human rights, including taking action against modern slavery	<p>Human rights and the elimination of modern slavery support the health and wellbeing of humans and the environment in part by ensuring that people are not exposed to unsafe, exploitative, or toxic environments and these protections for humans can subsequently benefit the environment in the similar ways.</p> <p>Human rights and modern slavery are relevant for HMC Capital's own operations, and the operations of its suppliers and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Addressing modern slavery risk, page 41</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> <li>- HMC Statement on Modern Slavery</li> </ul>
3-3	Management of material topics: leverage business relationships to promote responsible business practices	<p>Companies like HMC Capital are expected to promote wider adoption of responsible business practices through their business relationships.</p> <p>HMC Capital's capacity to leverage its business relationships is most relevant for its suppliers and customers/tenants.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Sustainability Policies and Procedures: Partnering with suppliers, page 41</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: establish strong Board diversity, independence, and skillset	<p>Lack of diversity, skills, and independence on corporate boards can result in poor oversight and performance.</p> <p>Board diversity, skillset, and independence are relevant to how HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC Capital Corporate Governance Statement FY22: Role of the Board of HMC Capital, pages 4-6</li> </ul>
3-3	Management of material topics: invest in the development of our people to drive engagement and values alignment	<p>Investing in employee development helps build skilled, resilient, and adaptable employees, who can carry those skills outside of the workplace to impact their community and society.</p> <p>Employee development is relevant to HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Social – Respect: Engaging and developing our people, page 28</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>

NUMBER	DISCLOSURE	REFERENCE/REMARKS
3-3	Management of material topics: build and organisational culture that drives sustainable outcomes	<p>Effective integration of sustainability requires an organisational culture that understands the importance of ESG to the company and its stakeholders.</p> <p>Organisational culture is relevant to HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: commit to robust and transparent sustainability-related governance standards and processes	<p>Transparent governance standards help ensure accountability for social, environmental, or economic impacts resulting from the organisation's activities and operations.</p> <p>Sustainability-related governance standards and processes are relevant for HMC Capital's own operations, as well as its suppliers and customer/tenant operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC FY22 Sustainability Report: Governance - Accountability: Clear, honest, and robust sustainability performance updates, page 32</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: Embed sustainability objectives in KPIs, remuneration and incentive structures	<p>Embedding sustainability objectives in performance management and incentive structures can help employees understand and execute on sustainability activities relevant to their roles.</p> <p>Sustainability-related performance incentives are relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC Capital Corporate Governance Statement FY22: Remuneration, page 10</li> <li>- HMC Capital FY22 Annual Financial Statement, pages 17-18</li> <li>- HMC FY22 Sustainability Report: ESG Strategy and Materiality: Our material topics, page 6</li> </ul>
3-3	Management of material topics: hold strong and transparent relationships with investors	<p>Strong and transparent relationships with investors helps HMC Capital understand the preferences of its ownership base while helping investors understand HMC Capital's approach to sustainability.</p> <p>Investor relationships are relevant for HMC Capital's own operations.</p> <p>Additional information on our management approach to this material topic is provided at:</p> <ul style="list-style-type: none"> <li>- HMC Capital Corporate Governance Statement FY22: Shareholder Communication, pages 18-19</li> </ul>

