



ARENA REIT

# 2022 SUSTAINABILITY REPORT

Better Communities. Together.



Arena





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## ARENA'S SUSTAINABILITY REPORT

Arena REIT (Arena) is a triple stapled entity comprising Arena REIT No. 1 (ARSN 106 891 641) (ARF1), Arena REIT No. 2 (ARSN 101 067 878) (ARF2) and Arena REIT Limited ACN 602 365 186 (ARL). Arena REIT Management Limited ACN 600 069 761 (ARML) is the responsible entity of ARF1 and ARF2. ARL is the ultimate holding company of ARML and its other wholly owned subsidiaries.

ARL and ARML have separate boards of directors. A coordinated approach is undertaken by ARL and ARML to the corporate governance of Arena. Arena applies the same corporate governance framework to the wholly owned subsidiaries of ARL and its employees.

The information contained in this report is current as at 30 June 2022 or as otherwise stated. This is not investment or financial product advice. Arena has not considered the investment objectives, financial circumstances or particular needs of any reader. Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this document.

This report provides an overview of Arena's approach to Sustainability (including environmental, social and governance or ESG matters, and a review of Arena's key initiatives and achievements during financial year 2022. It is intended that Arena will release its Sustainability Report annually. The report is only available online to reduce paper. Please consider the environmental impact before printing this report.

*Arena REIT acknowledges the Traditional Custodians of the lands on which our business and assets operate, and recognises their ongoing connection to land, waters and community.*





# CHAIR & MANAGING DIRECTOR'S MESSAGE

We are pleased to present Arena's 2022 Sustainability Report (Report), which provides detail on our commitment to strategies that address sustainability challenges faced by Arena and Arena's stakeholders and identifies opportunities to progress positive change. We have made good progress on our goals over the year and have detailed additional short and medium term goals for ongoing action and future reporting.

Sustainability is integral to Arena's investment approach and best positions Arena to achieve positive long term commercial and community outcomes.

Arena's portfolio facilitates access to essential community services with positive social impact:

- ▶ Early learning centres provide early childhood education and care which allow parents and carers the opportunity to remain in, join or re-join the workforce.
- ▶ Medical centres provide local, community-based primary health care services.
- ▶ Specialist disability accommodation is designed to provide a better quality of life for residents with high physical support needs.

Given the environmental and social footprint of our assets, Arena has an opportunity to leverage its own sustainability initiatives to create a multiplier effect on its sustainability impacts by partnering with our tenants. Accordingly, Arena's overarching approach to sustainability is to actively seek out 'Partnerships for Change.' Our partnership approach delivers mutually beneficial outcomes for our communities, team, tenant partners and ultimately, our investors.

This Report covers Arena's sustainability initiatives, strategies and performance across our Australian operations for the year ended 30 June 2022 (FY22). The Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) framework, the Task Force for Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UN SDGs) were used to inform the content and scope of the Report.

Key sustainability outcomes achieved during FY22 include:

- ▶ Active collaboration with tenant partners on sustainability initiatives.
- ▶ Solar renewable energy systems installed on 80% of Arena's property portfolio.
- ▶ Climate action plan including greenhouse gas inventory of Arena's financed emissions.
- ▶ Inaugural TCFD-aligned climate risks and opportunities disclosures.
- ▶ Arena REIT certified carbon neutral by Climate Active for business operations in 2021-2022.
- ▶ Analysed operations and supply chains to voluntarily opt into Modern Slavery reporting.

The COVID-19 pandemic continued to present challenges during FY22 and more recently a rapidly changing economic environment arising from inflationary pressures, interest rate increases, wages pressures and staff shortages have combined to create further uncertainty.

We acknowledge these challenges and express our gratitude to our tenant partners for their continued resilience and ability to deliver essential services to Australian communities and our team for their commitment and performance during FY22.

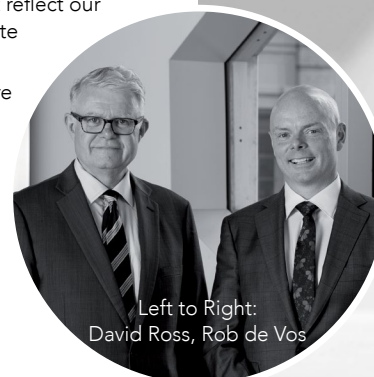
Looking forward, your Board remains focused on the achievement of sustainable business outcomes and behaviours that reflect our purpose, values and community expectations to create long-term value for our stakeholders.

We welcome feedback from all stakeholders to ensure that we direct future sustainability initiatives appropriately and continue to build upon our disclosures.

Yours sincerely,

David Ross  
Chair

Rob de Vos  
Managing Director



Left to Right:  
David Ross, Rob de Vos

*Sustainability is integral to Arena's investment approach and best positions Arena to achieve positive long term commercial and community outcomes.*





# 2022 HIGHLIGHTS

## 2022 HIGHLIGHTS

### PARTNERSHIPS FOR CHANGE

Collaborated with tenant partners on appropriately identified sustainability initiatives.

Our annual tenant partner survey indicates a **POSITIVE AND IMPROVING VIEW OF ARENA** as compared to other landlords.

Two tenant partner workshops were held in order to **SHARE LEARNINGS ON APPROPRIATE SUSTAINABILITY ISSUES**

### ENVIRONMENT

Ongoing improvement in our actions, disclosures and commitments to material environmental issues.

**SOLAR RENEWABLE ENERGY SYSTEMS INSTALLED ON 80% OF ARENA'S PROPERTY PORTFOLIO**

**DEVELOPED CLIMATE ACTION PLAN** including greenhouse gas inventory of Arena's financed emissions

**DISCLOSED INAUGURAL TCFD-ALIGNED CLIMATE RISKS AND OPPORTUNITIES**

Arena REIT **CERTIFIED CARBON NEUTRAL** by Climate Active for business operations in 2021-2022

### SOCIAL

Continued to implement and report on improvements in support of our material social issues.

**STRONG PERFORMANCE IN EXTERNALLY BENCHMARKED TEAM ALIGNMENT AND ENGAGEMENT SURVEY**

- Scored in the top decile for Alignment; and
- Scored in the top quartile for Engagement.

### GOVERNANCE

Continued to review and refine company policies and procedures for managing risks in support of our material governance issues.

Analysed operations and supply chains to **VOLUNTARILY OPT INTO MODERN SLAVERY REPORTING**

Continued to review and refine company specific **POLICIES AND PROCEDURES FOR MANAGING ESG RISKS** including introduction of

- Anti-Bribery and Corruption Policy; and
- Information Technology Security Policy





## ABOUT ARENA REIT





# ABOUT ARENA REIT

## ARENA'S SUSTAINABILITY REPORT

Arena REIT is an internally managed Australian Real Estate Investment Trust (REIT) listed on the ASX (ASX code: ARF) and included in the S&P/ASX 200, the MSCI Global Small Cap, GPR/APREA Investable REIT 100 and FTSE EPRA NAREIT indices with a market capitalisation of \$1.48 billion as at 30 June 2022.

Arena has nine employees, with a corporate office located in Melbourne, Victoria. Arena has outsourced registry, custodian and IT services and there have been no significant changes to the size, structure, ownership or supply chain during FY22.

Arena strives to be a respected developer, owner and manager of a diverse portfolio of social infrastructure properties that deliver benefits to the community and predictable distributions to investors.

Social infrastructure is the real property from which governments, not-for-profit organisations and corporations deliver essential services to the community.

Arena's portfolio of 263 social infrastructure properties is located across all Australian states and the Northern Territory and provides access to essential community services in three sectors:

- ▶ 252<sup>1</sup> Early Learning Centres (ELCs), providing early childhood education and care;
- ▶ 8 multi-disciplinary medical centres, providing healthcare services to local communities; and
- ▶ 3 specialist disability accommodations (SDAs), providing high-needs disability enabled residential accommodation.

Arena's portfolio is comprised of 174,232 square metres (m<sup>2</sup>) (1,875,432 square feet (ft<sup>2</sup>)) of net lettable area as follows:

- ▶ ELCs (or specialty property) 158,065 m<sup>2</sup> (1,701,410 ft<sup>2</sup>); and
- ▶ Healthcare property 16,167 m<sup>2</sup> (174,020 ft<sup>2</sup>).



1. Includes 15 ELC development projects





## BETTER COMMUNITIES. TOGETHER.

Arena's social infrastructure properties facilitate access to services which provide material benefits, both social and financial, to local communities and society more generally.

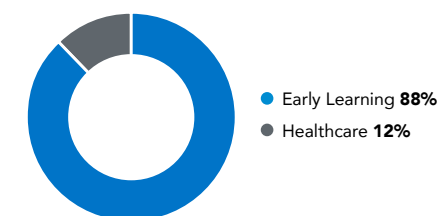
### ELC attendance benefits all of society - children, parents, communities and business

- ▶ Interactions with other children help social, emotional and behavioral development. "Early childhood presents an incomparable window of opportunity to make a difference in a child's life. Access to quality care and education programmes outside the home provides children with the basic cognitive and language skills they need to flourish in school."<sup>2</sup>.
- ▶ There is a significant positive relationship between preschool attendance and Year 3 NAPLAN results<sup>3</sup>.
- ▶ Early childhood development programs can produce long-term improvements in school attainment, help reduce delinquency and crime, improve employment chances and increased earnings<sup>4</sup>.
- ▶ The correlation coefficient between the rates of Australian female workforce and long day care participation is 0.98<sup>5</sup>.
- ▶ Additional family income provides additional income tax receipts for the Commonwealth Government. Conversely, time out of the workforce caring for young children can have a longer lasting negative impact on the earnings of parents and carers<sup>6</sup>.
- ▶ ELCs offer a significant return on investment of 1:2. For every dollar invested now, Australia receives \$2 back over a child's life<sup>6</sup>.

Arena's 237 operating ELC properties offer a total of 22,151 licensed places across Australia. The average quality rating of Arena's rated ELC portfolio is "Meeting the standard<sup>7</sup>" of the National Quality Framework (NQF); these services provide quality education and care in all 7 quality areas of the NQF.

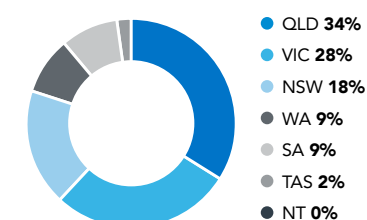
### Sector Diversification

By value (%)



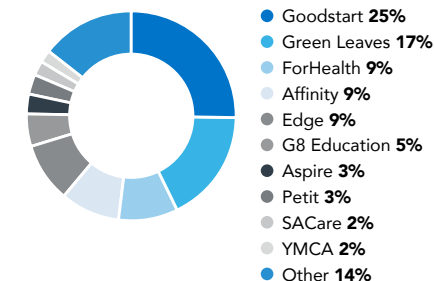
### Geographic Diversification

By value (%)\*



### Tenant Diversification

By income (%)\*

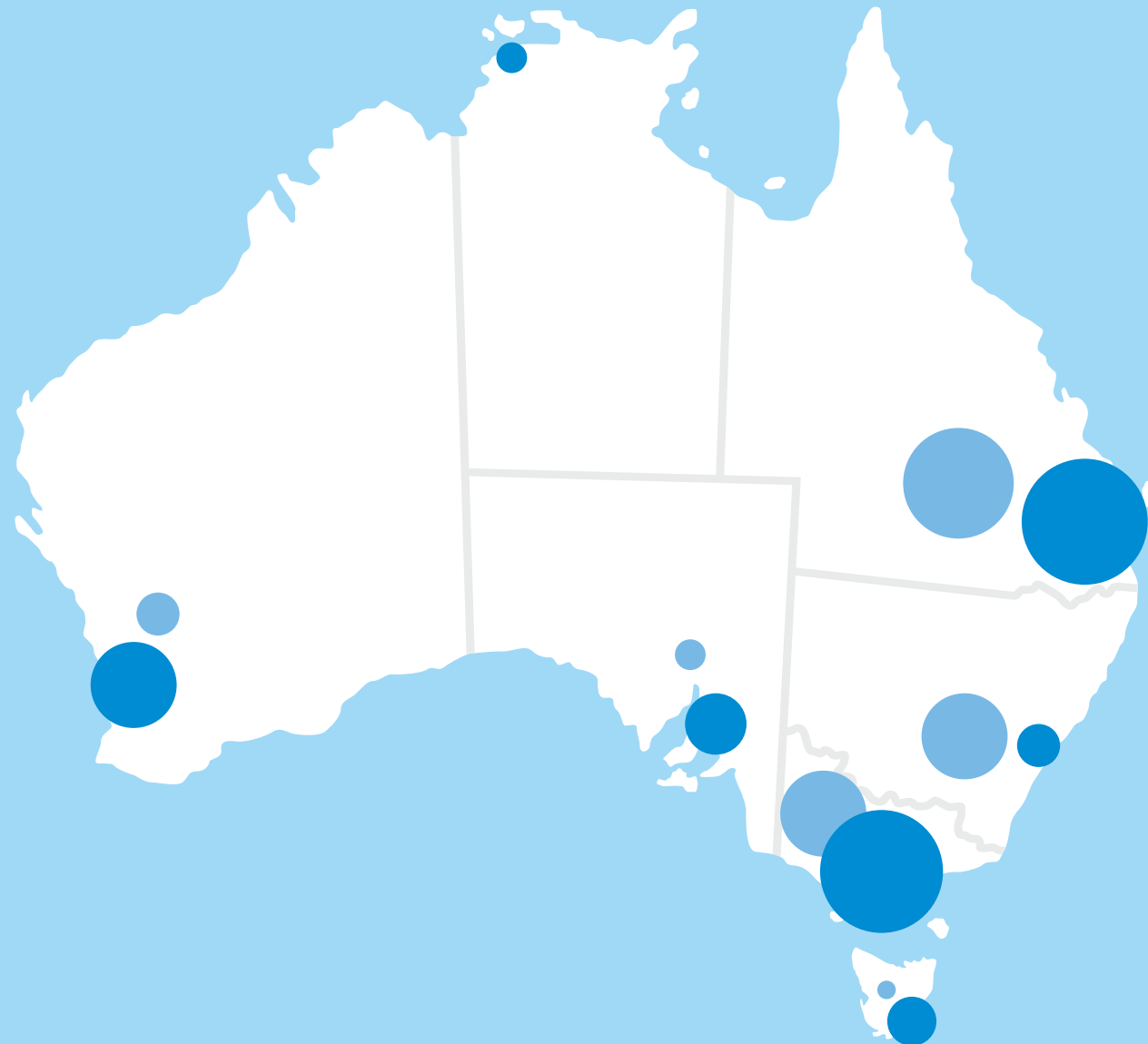
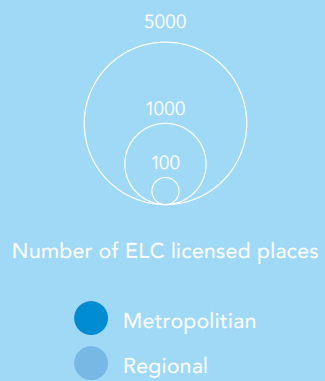


\*Totals may not sum due to rounding

2. <https://www.unicef.org/eap/early-learning> ; <https://www.pc.gov.au/inquiries/completed/childcare#report>;  
<https://www.unicef-irc.org/publications/pdf/where-do-rich-countries-stand-on-childcare.pdf>  
3. <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/education/early-childhood-education-and-care>  
4. <https://www.unicef-irc.org/publications/pdf/WP%202019-06.pdf>  
5. Arena analysis of ABS Female Labour Force Participation Rate (aged 20-74 at least one dependent child of ELC age);  
Australian Government 'Early Childhood and Child Care in Summary' Reports 2012-2020  
6. [https://www.thefrontproject.org.au/images/downloads/ECO\\_ANALYSIS\\_Full\\_Report.pdf](https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf)  
7. <https://www.acecqa.gov.au>



## LOCATION OF ARENA'S ELC LICENSED PLACES ACROSS AUSTRALIA







#### Medical general practitioners are Australia's most trusted members of the community<sup>8</sup>

- ▶ The pandemic has shown the vital importance of relationship-based healthcare and the value Australians place on having their own general practitioner (GP), primary care nurse and general practice<sup>9</sup>.
- ▶ For medical conditions manageable in general practice, seeing a GP can have numerous benefits. GPs often have background medical information, can follow up and have skills and training covering a much broader range of conditions than many smaller emergency departments can treat. They are also more confident managing issues like multimorbidity, uncertainty or co-morbid mental illness<sup>10</sup>.
- ▶ General practice teams provide services to match a wide range of patient needs. As such, the makeup of practice teams varies considerably from practice to practice. In addition to GPs, general practices often employ allied health professionals, nurses, pharmacists and administrative staff. A well-resourced general practice team facilitates collaborative care<sup>11</sup>.

#### The benefits of Specialist Disability Accommodation include independence and greater life satisfaction

- ▶ SDA offers a greater range and choice of housing providers, types and options; the chance to realise personal goals and aspirations; opportunities for social and economic participation; independence and autonomy; greater access to informal supports and connection to the community<sup>12</sup>.
- ▶ Prior to the National Disability Insurance Scheme (NDIS) and the SDA market, housing and support for people with disability was a welfare model where they were expected to be grateful recipients of whatever was offered. In a market-based system, NDIS invests in people with disability to maximise independence and community inclusion and reduce the long-term liability of the scheme<sup>12</sup>.
- ▶ Households with members having a disability can find it difficult to secure suitably located accommodation and often must live on the urban fringe or in regional communities – some distance from public transport and other services<sup>13</sup>. Proximity to shops, transport and other services is critical to enabling people with disability to easily get about and have meaningful lives<sup>14</sup>.
- ▶ Being located near family and friends in a familiar community is essential for maintaining relationships, fostering community inclusion and adding to community diversity; ideally SDA's should be dispersed throughout the community<sup>13</sup>.

8. <https://www1.racgp.org.au/newsgp/professional/doctors-lead-international-most-trusted-profession>

9. <https://www1.racgp.org.au/ajgp/2021/december/general-practice-covid-vaccine-rollout>

10. <https://www1.racgp.org.au/newsgp/professional/why-do-patients-go-to-emergency-rather-than-to-the>

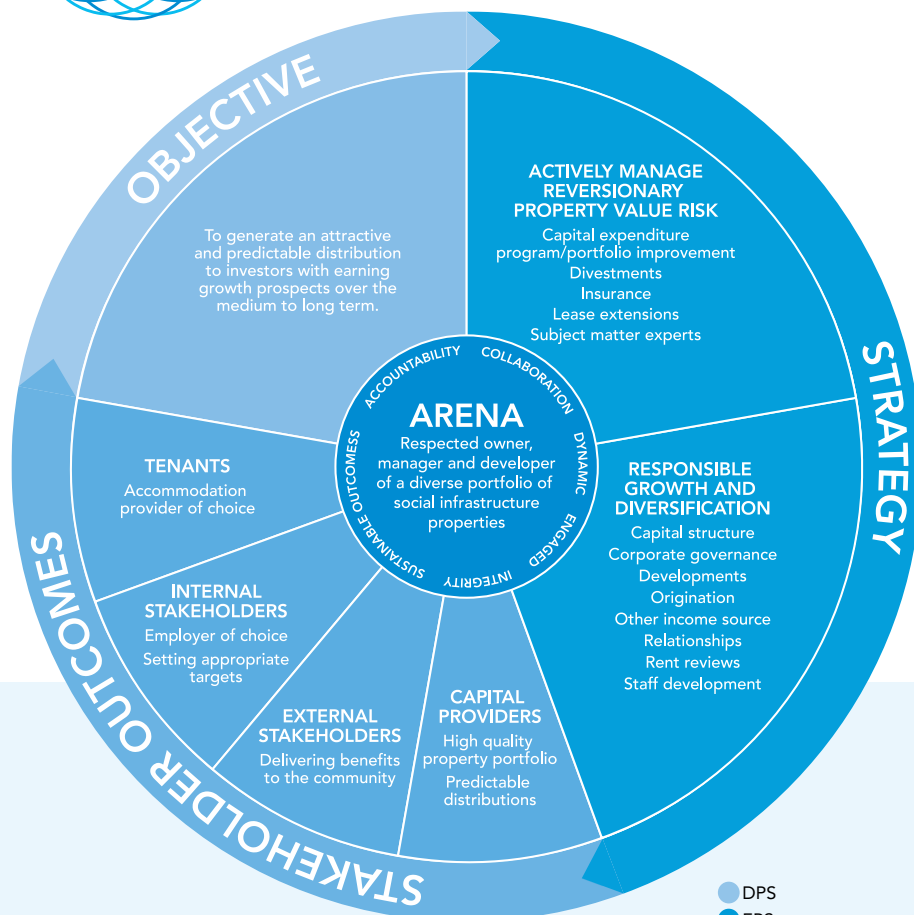
11. <https://www.racgp.org.au/getmedia/c2c12dae-21ed-445f-8e50-530305b0520a/Health-of-the-Nation-2020-WEB.pdf.aspx>

12. <https://www.summerfoundation.org.au/resources/specialist-disability-accommodation-sda-explainer-for-investors/>;

13. <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-310-Understanding-Specialist-Disability-Accommodation-funding.pdf>

14. [https://www.summerfoundation.org.au/wp-content/uploads/2020/12/2017\\_Winkler\\_NDIS-Specialty-Disability-Accommodation-Pathway-to-a-mature-market.pdf](https://www.summerfoundation.org.au/wp-content/uploads/2020/12/2017_Winkler_NDIS-Specialty-Disability-Accommodation-Pathway-to-a-mature-market.pdf)

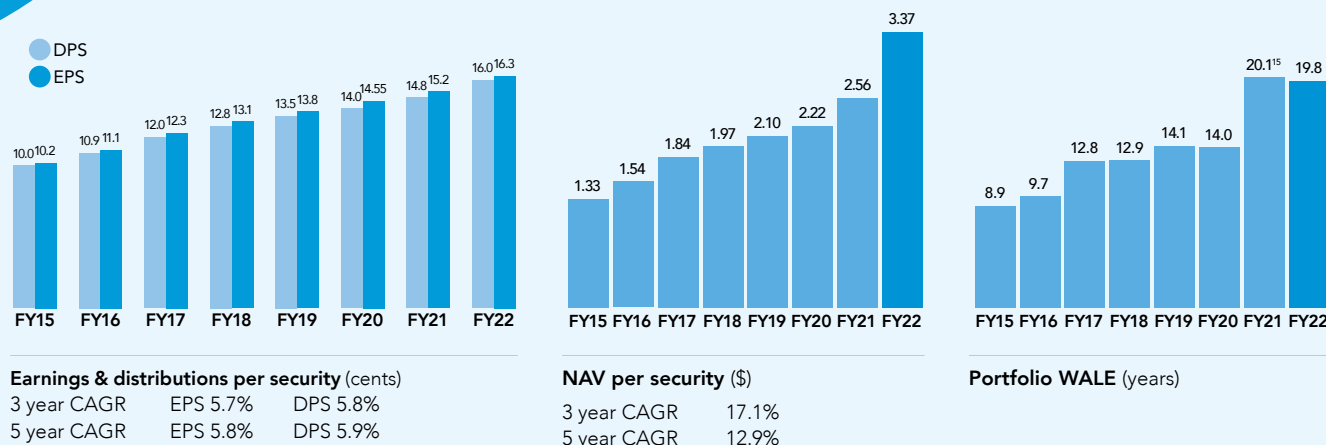




### Arena's investment objective and strategy

Arena's objective is to generate an attractive and predictable distribution to investors with earnings growth prospects over the medium to long term.

Arena's results demonstrate the benefits of our strategy, ongoing discipline and responsible approach to growth and diversification.



15. Refer Arena REIT (ASX: ARF) ASX Announcement Market Update 29 July 2021.





## ISSUES THAT ARE IMPORTANT TO US





# ISSUES THAT ARE IMPORTANT TO US

## MATERIAL ISSUES

During financial year 2021 (FY21) Arena undertook an independent external assessment of Arena’s material issues, including:

- ▶ a detailed desktop research program;
- ▶ analysing multiple leading ESG reporting frameworks;
- ▶ reviewing the topics our peers report on and the ESG frameworks they report against;
- ▶ understanding what topics leading ESG rating agencies deem most material for companies in our industry; and
- ▶ examining how leading investor associations view sustainability.

The materiality assessment for Arena identified:

- ▶ The issues, sustainability risks and opportunities that are most critical to Arena;
- ▶ Topics large investors and ESG rating agencies consider material to Arena;
- ▶ The Global Reporting Initiative Standards (GRI) topic standards considered most material to Arena by peers and investors;
- ▶ The issues identified by the Sustainability Accounting Standards Board (SASB) framework most relevant to the Real Estate industry sub-sector; and
- ▶ Additional disclosures global investors want to see from companies in which they invest. This includes aligning with the United Nations Sustainable Development Goals (UN SDGs), the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and the 2018 Modern Slavery Act.

Our material topics are outlined to the right.

There have been no changes to Arena’s material issues during FY22.

Arena has reported in accordance with the GRI Standards for FY22.

We have partially reported against the SASB standards in this Report.

Please refer to the GRI/SASB content index starting on page 48 for more information.

Assurance was not sought for this Report; we will consider external assurance in future reporting. If you have any comments or queries in regard to this Report, please contact [info@arena.com.au](mailto:info@arena.com.au).

ARENA’S MATERIAL TOPICS		
ENVIRONMENT	SOCIAL	GOVERNANCE
Energy/CO <sub>2</sub> emissions Climate change (including TCFD) Green buildings Water/rainwater harvesting Biodiversity Waste and e-waste	<b>Human capital</b> Education and development Diversity/non-discrimination and equal pay Talent attraction and retention Succession planning Culture and engagement Health, safety and wellbeing  <b>Customers</b> Customer satisfaction Data privacy and security Tenant due diligence  <b>Community</b> Building better communities Community giving/sponsorships  <b>Community benefits</b> Fostering community relations	Corporate governance Board skills/independence Corporate/ethical behaviour: Legal/regulatory compliance Tax transparency Suppliers/human rights/ Modern slavery Bribery and corruption Whistleblower protection





## STAKEHOLDER ENGAGEMENT

Arena engages with our stakeholders on a wide range of sustainability issues, through various channels, including:

- ▶ **OUR TEAM MEMBERS** Annual team alignment and engagement survey to gauge views on working for Arena and what we can do to further improve our culture and working environment.
- ▶ **OUR TENANT PARTNERS** We regularly talk with our tenant partners about their own sustainability issues and initiatives and the areas where we can work together to improve our collective sustainability performance. We undertake an annual tenant partner survey to determine opportunities for collaboration in areas most important to them and the degree to which they want to further work with Arena to improve their sustainability practices.
- ▶ **OUR INVESTORS** We talk to our large investors on a regular basis and we undertake a series of investor briefings following the release of our half year and annual results. During FY21 we undertook an investor engagement campaign as part of our independent external materiality assessment. The campaign was designed to gauge the views of our largest investors on what ESG risks and opportunities are most important to them and how well they feel Arena has been managing and reporting ESG risks and opportunities.
- ▶ **ESG RATING AGENCIES** Arena's Sustainability (or ESG) credentials have been assessed by a number of external rating agencies. Rating agencies can influence the thinking of institutional investors by providing their own assessment of how well companies like Arena manage sustainability risks.





# SUSTAINABILITY FRAMEWORK

*Better Communities. Together.*

The recommendations of the independent external assessment and longer-term governance action plan undertaken in FY21 have guided the development of Arena's Sustainability Framework which sets out our key sustainability issues, our approach to these issues and how they align with the UN SDG's.

## ARENA'S SUSTAINABILITY FRAMEWORK

### PARTNERSHIPS FOR CHANGE

Due to the nature of Arena's triple net leases, tenant partners maintain operational control of our properties, accordingly our overarching approach to sustainability is 'Partnerships for change'. Arena is committed to collaborative business partnerships and strives to be an 'accommodation provider of choice'.

	ENVIRONMENT		SOCIAL			GOVERNANCE	
KEY ISSUES	Climate resilience	Resource efficiency	Our team	Our tenant partners	Our communities	Responsible governance	Supply chain sustainability
APPROACH	We are committed to identifying and managing climate change risks and opportunities and maximising our resilience in the transition to a low carbon economy.		We are committed to creating a working environment where our team members can work efficiently, feel valued and appreciated and engage and collaborate to deliver beneficial and sustainable outcomes.			We are committed to the highest level of integrity and ethical standards, complying with all applicable laws and regulations and effective, accountable and transparent risk management practices, policies and procedures.	
	 		   			 	



## PARTNERSHIPS FOR CHANGE







## PARTNERSHIPS FOR CHANGE

Due to the nature of Arena's triple net leases, tenant partners maintain operational control of Arena's properties. Given the environmental and social footprint of its assets, Arena has an opportunity to leverage its own sustainability initiatives to create a multiplier effect on its sustainability impacts by partnering with its tenants to achieve mutually beneficial goals. Accordingly, Arena's overarching approach to sustainability is to actively seek out 'Partnerships for Change.' Our partnership approach delivers mutually beneficial outcomes for our communities, team, tenant partners and ultimately our investors.

### PARTNERSHIPS FOR CHANGE

Arena is committed to collaborative business partnerships and strives to be an 'accommodation provider of choice.' This is done by working collaboratively, pursuing mutually beneficial outcomes, maintaining productive working relationships, being empathetic to the challenges faced by tenant partners, being quick to respond to requests, and acting fairly and with integrity in commercial negotiations.



During FY21 Arena incorporated additional questions in regard to ESG as part of Arena's annual tenant partner survey. Tenant partners who participated in the survey overwhelmingly indicated they were interested in further collaborating with Arena in regard to various ESG topics.

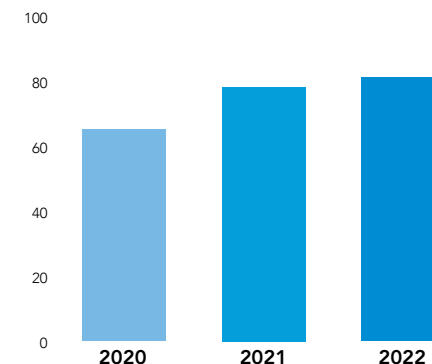
Accordingly Arena held two tenant partner workshops during FY22 in order to share our learnings on appropriate ESG issues. The workshops were designed specifically for Australian early learning and healthcare operators and covered the following topics:

- ▶ 'Climate Action in Australia – how does this look in the early learning and healthcare industries?'; and
- ▶ 'Managing Modern Slavery Risks'.

Both workshops were conducted virtually and over 50%<sup>16</sup> of Arena's tenant partners attended both sessions.

In FY22 we undertook our annual survey to gauge tenant partners' views on Arena and their relationship with us. The results indicate a positive and improving view of Arena as compared with other landlords.

In general, the survey indicates that Arena's tenant partners value the working partnership they have with Arena and that working towards common goals is beneficial to both parties. We anticipate that our ongoing Partnerships for Change program will continue to assist our tenant partners with their sustainability aspirations over time.



**Arena compared with other landlords**  
(0 Unfavourable, 100 Favourable)

16. By income





During FY22 Arena again asked our tenant partners if they were interested collaborating in relation to ESG/Sustainability initiatives as part of Arena's annual tenant survey. Over 50% of tenants partners who participated in the survey confirmed their ongoing interest. Topics our tenant partners identified as those of ongoing interest included power efficiency, renewable (solar) energy and recycling/waste.

Arena consults and cooperates with its tenant partners with respect to Occupational Health and Safety issues. Our tenant partners are required to abide by relevant workplace legislation in accordance with the terms of their lease with Arena including the requirement to be licensed under relevant healthcare and early learning legislation.

## PARTNERSHIPS FOR CHANGE

GOALS FOR FY22	WHAT WE ACHIEVED	FUTURE GOALS
Collaborate with tenant partners on appropriately identified ESG initiatives and report progress.	Conducted two tenant partner workshops to share learnings on appropriately identified ESG/Sustainability related material issues.	Continue to collaborate with tenant partners on appropriately identified ESG/Sustainability initiatives and report progress.

## PARTNERSHIPS FOR CHANGE CONTINUED





# ENVIRONMENT







# ENVIRONMENT

Arena recognises that the climate system is warming at unprecedented levels with widespread impacts on human and natural systems and that greenhouse gases (GHG) emitted by human activities are the primary driver of climate change. As a publicly owned holder of social infrastructure property, our stakeholders include not just our investors and tenant partners, but also the wider community.

We are conscious of the need to responsibly manage the environmental impacts of our business activities and operations. We therefore believe it is our responsibility to work collaboratively to effect positive change and drive mutually beneficial environmental outcomes with our stakeholders.

### Arena’s business activities and operations

Arena’s organisational environmental footprint results from a small number of team members operating out of one central Melbourne office, or by remote working. Nevertheless, we recognise it is important for all businesses to play their part in minimising their impact by reducing their use of resources (energy, water, and materials) and cutting waste and emissions.

Arena’s organisational emissions reduction strategy comprises four-steps as follows:

- 1. Defining and measuring our carbon inventory;
- 2. Reducing our carbon emissions by utilising more efficient technology and business processes and cutting our energy use or managing waste, plastics and recycling wherever possible;
- 3. Avoiding emissions through the purchase of renewable energy; and
- 4. Offsetting remaining emissions by purchasing accredited carbon offsets.

Arena’s emissions reduction actions includes cutting our energy use and managing waste, plastics, and recycling wherever possible as follows:

- ▶ Limiting hard copy printing, printers default to black double-sided printing when printing cannot be avoided.
- ▶ Recycling all paper mail and old documents which are not required to be retained, including material which is subject to secure destruction.
- ▶ Recycling printer consumables.
- ▶ All Arena team members opting into Arena registry e-communications.
- ▶ Using electronic board papers and committee papers.
- ▶ Using electronic filing instead of paper filing.
- ▶ Using Arena-issued reusable coffee cups and recyclable office coffee pods.
- ▶ Not using plastic water bottles.
- ▶ Meetings held virtually where possible.
- ▶ No unnecessary printing or hard copy investor materials or marketing materials.
- ▶ Investors must opt in to receive a hard copy Annual Report.
- ▶ We undertake regular campaigns to convert hard copy securityholder communications to electronic communications.

Arena was certified carbon neutral by Climate Active for business operations in 2021-2022.

**Working collaboratively with our tenant partners**

Continuing to invest in solar renewable energy for our tenant partners is a key aim of our commitment to resource efficiency. It lowers grid electricity use and power bills and offers ongoing operating cost savings for our tenant partners which they can invest back into their businesses and at the same time significantly cut carbon emissions.

Arena is proactive in its approach to pursuing solar renewable energy opportunities with tenant partners. Arena provides a cost-benefit analysis on the installation of solar energy at each of our tenant partners’ locations. The cost benefit analysis allows us to demonstrate the financial returns of such an investment, and importantly the estimated reduction in carbon emissions.

Arena has a dedicated renewable energy dashboard, which records energy production and emissions data. We provide our tenant partners with access to their respective dashboards at no cost. The dashboard provides our tenant partners with the ability to monitor energy production at an individual location or portfolio level, whilst simultaneously providing access to the financial savings which have been achieved as a result of solar renewable energy installation.

Following the installation of solar renewable energy, the expected average saving in one of our ELC’s over a 12 month period is \$6,313 and 24,426 kilowatt hours or 19.3 tons of CO<sub>2</sub>. This equates to total expected annual reduction across the portfolio of 2,700 tons of CO<sub>2</sub>.

Arena intends to continue proactively seeking opportunities to build on our achievements to date with regard to the installation of solar renewable energy across our property portfolio.

Proportion of Arena’s properties utilising solar renewable energy	
	% by number of properties
FY21	21%
FY22	80%



### Climate resilience

Arena is committed to decarbonisation and business transition to minimise and prevent the severe, pervasive, and irreversible impacts on people and ecosystems. We support the goals of the Paris Agreement to keep a global temperature rise this century to well below 2 degrees Celsius and the ambition to limit warming to 1.5 degrees Celsius, all while aiming for net zero emissions by 2050 or earlier.

As a publicly owned holder of social infrastructure property, positive social outcomes are central to Arena's core values. We are conscious of the need to responsibly manage the environmental and social impacts of our business activities and operations, as well as ensure the impacts of climate change on our business, strategy and operations are managed appropriately. Our board and leadership team are committed to addressing climate risk at the highest level of the organisation and to implement effective governance, risk management, and strategic responses and targets.

Throughout FY21 and FY22, we have been working with external experts to conduct a materiality assessment of Sustainability issues, developed a GHG emissions inventory of our operations and investment activities, identified priority areas for emissions reductions and assessed climate-related risks and opportunities to our business.

We have identified the need to further analyse how climate change will affect our asset portfolio, including an assessment of the embodied emissions in our developments, and the potential financial impacts stemming from acute and chronic climate change (physical climate risks). These assessments will help us with the identification of metrics to better qualify and quantify climate-related risks.

**Ultimately, we are aiming to develop a detailed transition plan including an emissions reduction roadmap for our operations and asset portfolio by financial year 2025 (FY25).**

## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD

**This constitutes our inaugural disclosure on climate-related risks and opportunities. We plan to review and update this periodically as our management practice matures and guidance for our sector evolves.**

### 1.1 Governance

During FY21, an independent external assessment of Arena's public disclosures against best practice was commissioned and a longer-term governance action plan was agreed which together resulted in the implementation of improved disclosures. The recommendations of the assessment and action plan have guided the development of Arena's Sustainability Framework which is being implemented with appropriate goals and targets.

Arena's Board has ultimate responsibility for ensuring Arena has effective and adequate risk management systems in place for both financial and non-financial risks, with climate-related risk falling into both categories. The Board maintains oversight of climate-related risks and has not delegated this responsibility to any board committees. The Board has the overall responsibility for monitoring and reviewing strategic priorities on enabling sustainable progress against Arena's objectives, including initiatives and actions specifically addressing climate change. The Board receives quarterly reporting on climate-related risks from the Head of Investor Relations and Sustainability, including greenhouse gas (GHG) and energy-related performance. Additionally, the Board considers climate-related issues as they arise within its fixed meeting schedule.

The Board sets strategic objectives for Arena with regard to non-financial impacts including climate change through the endorsement of Arena's Sustainability Framework and oversees the development and adoption of related policies and procedures. These include Arena's Code of Conduct (May 2022) and its Environmental, Social, and Governance Policy (February 2022), which outline our commitment to doing business in a socially and environmentally responsible manner and identifying climate-related risks that may arise out of operations. The Board also oversees management of the implementation of sustainability initiatives including those that relate to renewable energy, resource efficiency, and GHGs.

The relative skills and experience of each director are considered annually with reference to agreed criteria, to confirm that the directors collectively maintain skills and experience appropriate to Arena's strategy and operations. As required the Board uses external consultants and advisers to inform decision making and director training sessions are held to support the development of existing and emerging skills which are considered relevant to Arena's business, including Sustainability matters.

Strategic programs and operational initiatives designed to respond to climate risk, resource efficiency, and GHG emissions, are executed collaboratively under the leadership of the Managing Director and the coordination of the Head of Investor Relations and Sustainability. To integrate and progress ESG initiatives across the business and update the Board quarterly on the implementation of the Sustainability Framework, Arena has established an ESG working group comprised of Arena team members from each of the finance, property and risk and compliance teams and chaired by the Head of Investors Relation and Sustainability. The working group's ESG commitments include:

- ▶ Managing, minimising, and mitigating ESG impacts and risks, including climate change
- ▶ Ongoing analysis to ensure emerging ESG risks are identified
- ▶ Continuously improving sustainability performance and reporting, including on climate change, year on year, with transparency about progress

We have strengthened the integration of climate risk considerations into our corporate governance and risk management frameworks and will continue to do so over financial year 2023 (FY23).

*continued*





## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD

CONTINUED

### 1.2 Strategy

Analysis conducted over the last 12 months has made it clear that climate change will increasingly affect Arena's ability to deliver positive social outcomes in the future. At present, physical and transitional climate change risk factors are built into investment and management decisions organically and we have identified the opportunity to formalise this process further in the future. An initial assessment of climate-related risks has demonstrated that, with the exception of severe damage to our asset portfolio from increasingly frequent and severe extreme weather events, our exposure to climate risk stems largely from our tenant partners' exposure – i.e., the impact on their profitability under higher energy prices or operational impacts of extreme weather events. At the same time, our ability to mitigate our contribution to climate change is also dependent on our tenant partners' decisions and strategies, given our triple net leases allow tenants to maintain operational control over the assets, often for several decades.

#### *Our contribution to climate change*

The United Nations Environment Programme (UNEP, 2021) concluded that construction and operation of buildings accounted for 37% of global energy-related CO<sub>2</sub> emissions in 2020 and therefore building greener is crucial to meeting Paris climate targets. We acknowledge that we have an important role to play to minimise emissions within our value chain and real estate investments. Upstream, decisions we make on building performance standards and materials and associated embodied emissions in the development phase determine the asset's operational energy demand and GHG footprint for decades. Downstream we have the ability to support our tenant partners in their pursuit of efficient, low-carbon operations.

Our point of difference has always been our collaborative approach with tenants and other stakeholders. Our 'Partnerships for Change' program supports our approach to addressing sustainability challenges including environmental impacts whilst delivering mutually beneficial outcomes for our communities, team, tenant partners and ultimately our investors. We anticipate the rollout of this program will assist our tenant partners with their sustainability aspirations and increase profitability and financial resilience, whilst reducing operational emissions over time, which count as 'use of sold products' emissions within our own value chain. Through

consultations we have identified that tenants are interested in collaborating on various climate-related topics.

To assist with capacity building for example, we held a workshop on climate action in the early learning and healthcare sectors for our tenant partners in June 2022. Through this workshop we discussed various climate action initiatives, trends, impacts of national and sectoral targets and commitments on tenants, developing and implementing climate action plans, and achieving carbon neutrality.

We already work closely with our tenant partners to implement renewable energy and efficiency measures, such as solar investments, cost-benefit analysis on solar installation at each location with estimated emissions reductions, and energy and emissions dashboards at no cost. This provides them with the ability to monitor energy production at an individual location or portfolio level, while providing access to financial savings achieved from solar installations.

As at 30 June 2022, solar renewable energy systems had been installed on 80% of Arena's properties and Arena has targeted to increase this to 90% of Arena's properties by FY27. We will also consider how this program could be extended to cover physical resilience measures once we have the findings from the physical climate change impact study on our portfolio.

#### *The impact of climate change on our business, strategy, and financial planning*

During FY21, we undertook a formal process to identify the climate-related risks and opportunities for our business, strategy, and financial planning across each TCFD area – i.e., Policy, Legal, Reputation, Market, Physical (both acute and chronic) under a Paris-aligned base case scenario. This work was supported by external climate change subject matter experts. Consistent with TCFD requirements, short, medium, and long-term timeframes were used to structure the risk assessment in the context of Arena's market and business plans:

- ▶ Short term: 0 – 3 years, linked to timeframes used for our rolling property valuation process
- ▶ Medium term: 3 – 10 years, linked to timeframes that generally underpin periodic market rent reviews
- ▶ Long term: 10 – 20 years, linked to the average length of our lease agreements

continued



CLIMATE-RISK AND FINANCIAL  
IMPACTS IN LINE WITH TCFD  
CONTINUED

**1.2 Strategy** *continued*

Arena has started qualitatively analysing the impacts of climate-related risks on aspects such as costs, property values, investor returns, and growth plans, and has identified additional quantitative work to be completed during FY23. This will enable us to further assess the materiality of the identified issues to factor them into financial planning, and ultimately inform our thinking about Arena's corporate strategic resilience to the impacts of climate change under a number of scenarios.

**TABLE 1 | ARENA'S CLIMATE-RELATED RISKS AND OPPORTUNITIES**

TCFD Area, Description of Risk/ Opportunity and Impact	Timeframe (S, M, L)	Mitigating Actions
<b>Policy: Emissions reporting requirements</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> Arena is not currently required to report energy or emissions data, however if this changes in the future there may be additional costs associated with reporting, and penalties for non-compliance.</li> <li>► <b>Opportunity:</b> Partnering with our tenants on voluntarily measuring and reducing emissions provides an opportunity to strengthen relationships, reduce our value chain emissions and contribute to our broader sustainability goals.</li> </ul>	M/L	<p>As per our lease agreements, energy use and emissions are under the tenants' operational control, hence future reporting requirements are unlikely to directly impact Arena.</p> <p>However, we have commenced collecting energy consumption and production data for tenant partners where we have installed solar energy. To date, our sustainability initiatives have resulted in agreements with tenant partners to install solar renewable energy across 80% of our portfolio, and we have provided a renewable energy dashboard to these tenants free of charge to track performance.</p> <p>We have also measured our organisational carbon footprint comprised of Scope 1, 2 and relevant Scope 3 emissions as part of our commitment to becoming a carbon neutral organisation under Climate Active. Arena plans to improve its understanding of organisational and invested emissions through participating in Climate Active.</p>
<b>Policy: Climate-related disclosure requirements</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> Australian regulatory bodies including APRA and ASIC have indicated that governance obligations for listed companies include disclosures on climate-related risks. This is likely to become an increasing priority for regulators over time and non-compliance could result in negative attention for the business.</li> </ul>	S/M/L	<p>Since 2020, Arena has included high-level information on climate change-related strategic initiatives in our annual Sustainability Reports such as our solar renewable energy investments, tenant engagement activities, and future goals.</p> <p>To prepare for more robust alignment with anticipated climate-related disclosure requirements, Arena has developed a two-year roadmap to align our reporting with the recommendations of the TCFD. These recommendations are referenced in the guidance released by regulatory bodies and are expected to form the basis of future mandatory reporting requirements.</p>

*continued*



## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD

CONTINUED

**TABLE 1 | ARENA'S CLIMATE-RELATED RISKS AND OPPORTUNITIES** *CONTINUED*

TCFD Area, Description of Risk/ Opportunity and Impact	Timeframe (S, M, L)	Mitigating Actions
<b>Policy: Emerging property performance, design and construction standards/ requirements</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> Arena may be impacted by developments in property performance standards or planning/construction regulations driven by climate change, including design resilience or resource efficiency. These may result in mandatory retrofitting costs or a write-down in the property values.</li> </ul>	M/L	<p>Arena's management team and external development consultants monitor emerging regulations which may impact on Arena's business. This includes performance standards and future design/construction regulations to ensure that our business has adequate time to prepare for any new requirements.</p>
<b>Legal: Directors' fiduciary duties</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> As a publicly listed company, Arena's Directors have fiduciary duties to manage material foreseeable risks, including risks linked to climate change. Directors could be held personally liable if these risks are not managed appropriately.</li> </ul>	S/M/L	<p>Arena's Board is briefed on key activities and commitments relating to climate change across the business including:</p> <ul style="list-style-type: none"> <li>► Focus areas for the ESG working group, including climate-related initiatives</li> <li>► Review and approval of annual sustainability disclosures including content on climate change</li> <li>► Review and approval of company goals such as FY21 commitments to outline an organisational carbon emission reduction plan and TCFD alignment plan during FY22</li> </ul> <p>The Board is committed to regular briefings and capacity building where required to ensure adequate oversight of climate-related matters.</p>
<b>Reputation: Negative perceptions of climate change response</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> As an ASX-listed company, Arena will be expected to have an appropriate response to climate change related risks, including transparent disclosures. Our reputation could be negatively impacted if these expectations are not met. This could affect our ability to attract capital, provide investor returns and execute growth plans.</li> <li>► <b>Opportunity:</b> Arena could be considered a preferred investment if credentials and performance exceed sectoral performance on average.</li> </ul>	M/L	<p>Over FY21 and FY22, Arena has conducted a number of activities to strengthen our climate change response and ensure our reputation in this area is not compromised (see page 14 of our 2021 Sustainability Report). These include:</p> <ul style="list-style-type: none"> <li>► Reporting on collaborations with tenant partners regarding solar power installation</li> <li>► Reporting on renewable energy production for properties where it has been installed</li> <li>► Outlining an organisational carbon emission reduction plan</li> <li>► Outlining a carbon emission reduction plan for property portfolio</li> <li>► Outlining a plan to align with TCFD</li> </ul> <p>Arena will be a certified carbon neutral organisation under Climate Active from FY22 onwards. To offset hard-to-abate emissions we have purchased offsets which contribute to emissions mitigation through savanna burning management projects in Queensland and reduced emissions from deforestation and degradation in Keo Seima Cambodia.</p>

*continued*



## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD

CONTINUED

**TABLE 1 | ARENA'S CLIMATE-RELATED RISKS AND OPPORTUNITIES** *CONTINUED*

TCFD Area, Description of Risk/ Opportunity and Impact	Timeframe (S, M, L)	Mitigating Actions
<b>Market: Shifting tenant preferences</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> Arena's portfolio of social infrastructure properties is naturally aligned to tenants with sustainability aspirations. We expect tenant preferences for properties with 'green' credentials to increase as the economy decarbonises. If these expectations are not met, tenant satisfaction could deteriorate.</li> <li>► <b>Opportunity:</b> Partnering with our tenants on measuring and reducing emissions provides an opportunity for Arena to strengthen relationships, reduce the carbon footprint of our value-chain and contribute to our broader sustainability goals.</li> </ul>	M/L	<p>In line with our commitment to be an 'accommodation provider of choice', we work closely with our tenants to pursue mutually beneficial outcomes. This includes collaborating to prioritise solar renewable energy investments for our tenants as part of our 'Partnerships for Change' program.</p> <p>These relationships place us in a strong position to pro-actively understand and meet tenant expectations on climate change, as well as supporting them in meeting their own stakeholder expectations in this area.</p> <p>In addition to the above, our business model is based on long-term lease arrangements with our tenants (weighted average lease expiry 19.8 years as at FY22) with embedded annual rent reviews. This leasing model also reduces our exposure to rapid changes in market sentiment.</p>
<b>Physical (Acute/Chronic): Extreme weather events</b> <ul style="list-style-type: none"> <li>► <b>Risk:</b> Extreme weather events are expected to increase in frequency and severity over time due to the impacts of climate change. Arena's properties could be directly damaged by these events, increasing costs associated with repair and/or design adaptations. In extreme cases, property values may decline based on the location's ongoing exposures to such events.</li> <li>► <b>Risk:</b> Tenants may face increased costs of insurance premiums or may be unable to insure due to an increase in extreme weather events. This may affect Arena's ability to retain its tenant partners and/or potentially lead to an increase in liability should an uninsured tenant be unable to cover the costs of damage from extreme weather events.</li> <li>► <b>Risk:</b> Tenants may experience disruptions in their ability to safely access properties and conduct their regular operations.</li> <li>► <b>Risk:</b> Chronic impacts such as sea level rise may also impact on our properties located in coastal metropolitan areas.</li> </ul>	S/M/L	<p>Arena has insurances in place across our property portfolio to cover for extreme weather events, with claims currently being processed in relation to recent flooding events in New South Wales, Queensland and Victoria. We will continue to invest in and encourage our tenant partners to maintain robust insurance policies and monitor any signs of increasing premiums for particular locations.</p> <p>Air quality impacts from bushfires have been experienced at some regional early learning centres, however these have been managed via short closures without tenants experiencing disruptions beyond those of the rest of the community. These impacts will continue to be monitored over time to identify opportunities to reduce impacts.</p> <p>For potential new acquisitions and developments, our evaluation process includes high level consideration of bushfire zones and flood overlays.</p> <p>We intend to continue exploring options and opportunities to partner with our tenants to strengthen our portfolio resilience to impacts of climate change over time.</p>

*continued*





## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD CONTINUED

### 1.3 Risk Management

Climate change risks are embedded in Arena's Risk Management Framework (RMF). The RMF is based on AS ISO 31000:2018 and comprises our policies and procedures with regard to risk management and is reviewed at least annually. It sets out how we identify, assess, manage, monitor and report key risks, incorporating guidelines described in relevant standards and regulatory guides. Through the Managing Director and Head of Risk and Compliance, the Board is responsible for overseeing the establishment and implementation of Arena's RMF, and for approving and monitoring compliance with the RMF.

Arena's Risk Register includes risks related to the physical and transition risks of climate change and adequacy of its overall ESG framework. Arena recognises the wide-ranging implications of climate change and will continue to analyse how to best capture the findings from the initial climate risk assessment (outlined in Table 1: Arena's climate-related risks and opportunities) in future updates of the risk register.

During FY21 an independent external assessment of Arena's material ESG issues was undertaken which identified climate change, GHG emissions, energy, and resource consumption, as well as solutions such as renewable energy and green buildings, as being most material to Arena.

### 1.4 Metrics and Targets

During FY22, Arena has identified an initial set of performance indicators relating to its climate risk exposure. These included operational and financed GHG emissions, energy and electricity, water, waste, and land use. We aim to set targets, measure performance, and highlight trends going forward. Further commitments to relevant climate change ambition and action programs are under consideration.

As a starting point, we sought external specialist support to develop a comprehensive GHG account in line with global best practice standards, i.e., the [World Resources Institute \(WRI\) Greenhouse Gas Protocol Corporate Standard](#) and the [Australian Climate Active Carbon Neutral Standard for Organisations](#) for organisational emissions, as well as the Partnership for Carbon Accounting Financials' (PCAF) [Global GHG Accounting and Reporting Standard for the Financial Industry](#).

These inventories were developed for Scope 1, 2 and relevant Scope 3 emissions for our organisation, and across our real estate portfolio for FY21 as the base year. Emission sources include scope 2 emissions from purchased electricity, as well as scope 3 emissions, including professional services (audit, consulting, and compliance fees), marketing, information technology and communications, printing and stationery, entertainment, waste, water, business travel (flights, accommodation, land transport), employee commuting as well as provisions for our team members working from home.

Operational GHG emissions are a relevant metric to measure Arena's contribution to the systemic issue of climate change, which drives financial and reputational risk, and we therefore aim to manage emissions in line with evolving stakeholder expectations from investors, regulators, our tenant partners, and the communities we operate in. GHG emissions data is managed in line with financial data for Australian Financial Year reporting periods (1 July – 30 June). The organisational emissions boundary covers Arena REIT Limited and its subsidiaries and operational boundaries were determined through the operational control approach, and the account therefore includes activities within the portfolios of assets where these are under Arena's operational control and not tenanted out.

#### *Portfolio metrics*

In FY22, Arena started measuring financed emissions in our investment portfolio in line with PCAF recommendations. The following tables summarise key metrics in absolute and intensity terms in line with supplemental guidance for the financial sector by the TCFD.

*continued*



CLIMATE-RISK AND FINANCIAL  
IMPACTS IN LINE WITH TCFD  
CONTINUED

**TABLE 2 | ARENA'S ABSOLUTE EMISSIONS FOR ASSETS UNDER MANAGEMENT FOR FY21 (BASE YEAR)**

Type of Metric	Emissions Scope/Category/Source	Data	Unit
Absolute emissions for assets under management	Scope 1 + 2 emissions	6,293	tCO <sub>2</sub> -e
	Scope 3 emissions*	780	tCO <sub>2</sub> -e
	Total emissions	7,073	tCO <sub>2</sub> -e
	Land use (total area of assets under management)	633,356	metres <sup>2</sup>

\* Scope 3 emissions include only fuel and energy-related activities.

As per the PCAF standard, Arena's portfolio comprises of one product – Commercial Real Estate. Within this category, our assets include two types: Healthcare (includes medical centres and SDA) and Early Learning Centres (ELC). The Weighted Average Carbon Intensity (WACI) for our assets under management is calculated according to the PCAF standard as follows:

**TABLE 3 | ARENA'S EMISSIONS INTENSITY METRICS FOR ASSETS UNDER MANAGEMENT FOR FY21 (BASE YEAR)**

Type of Metric	Emissions Scope/Category/Source	Data	Unit
Intensity metrics for assets under management	Emissions intensity <sup>^</sup> by floor area	9.94	kgCO <sub>2</sub> -e/m <sup>2</sup>
	Emissions intensity <sup>^</sup> by floor area (Healthcare assets)	12.66	kgCO <sub>2</sub> -e/m <sup>2</sup>
	Emissions intensity <sup>^</sup> by floor area (ELC assets)	9.52	kgCO <sub>2</sub> -e/m <sup>2</sup>
	WACI* for assets as valued at origination	12.97	tCO <sub>2</sub> -e/million AUD
	WACI* for assets as valued at 30 June 2021	6.60	tCO <sub>2</sub> -e/million AUD
WACI* by asset type	WACI for Healthcare assets as valued at origination	7.40	tCO <sub>2</sub> -e/million AUD
	WACI for Healthcare assets as valued at 30 June 2021	4.21	tCO <sub>2</sub> -e/million AUD
	WACI for ELC assets as valued at origination	13.76	tCO <sub>2</sub> -e/million AUD
	WACI for ELC assets as valued at 30 June 2021	6.85	tCO <sub>2</sub> -e/million AUD

<sup>^</sup> Emissions intensity by floor area includes Scope 1 and 2 emissions only.

\* Weighted average carbon intensity per million AUD includes Scope 1, 2 and 3 emissions.

continued



## CLIMATE-RISK AND FINANCIAL IMPACTS IN LINE WITH TCFD

CONTINUED

### Operational metrics

Arena is measuring and managing our own organisational impact from ten full-time equivalent (FTE) staff in FY22. As of July 2022, Arena has been certified as a carbon neutral organisation under the Australian Government's Climate Active carbon neutral standard, full details can be found on the program's [website](#).

**TABLE 4 | ARENA'S ORGANISATIONAL CARBON INVENTORY FOR FY21 (BASE YEAR)**

Type of Metric	Emissions Scope/Category/Source	Data	Unit
GHG Emissions - Absolute	Scope 1 emissions	0.2	tCO <sub>2</sub> -e
	Scope 2 emissions	6.2	tCO <sub>2</sub> -e
	Scope 3 emissions	189.5	tCO <sub>2</sub> -e
	Total emissions	195.9	tCO <sub>2</sub> -e
	Offsets purchased and retired	196	tCO <sub>2</sub> -e
	Net GHG emissions	0	tCO <sub>2</sub> -e
GHG Emissions – Intensity	Scope 1 emissions intensity	0.02	tCO <sub>2</sub> -e/FTE
	Scope 2 emissions intensity	0.62	tCO <sub>2</sub> -e/FTE
	Scope 3 emissions intensity	18.95	tCO <sub>2</sub> -e/FTE
	Emissions intensity (Scope 1, 2, 3)	19.59	tCO <sub>2</sub> -e/FTE
Water	Water	225	kL
Electricity	Electricity	6,215	kgCO <sub>2</sub> -e
Waste	Waste	2.47	t

### Unit Definitions

kgCO <sub>2</sub> -e	Kilograms of carbon dioxide equivalent
kL	Kilolitre
t	Tonnes
tCO <sub>2</sub> -e	Tonnes of carbon dioxide equivalent
tCO <sub>2</sub> -e/FTE	Tonnes of carbon dioxide equivalent per full-time equivalent



### Climate Action Plan

During FY22 Arena engaged an external climate change subject matter expert to prepare a Climate Action Plan (CAP). The CAP investigates Arena's corporate and financed emissions (Scope 1 and 2) for the FY21 base year, identifies target year emissions in line with high level Science Based Targets initiative-aligned trajectories and a net zero pathway, compares these against a business-as-usual scenario, and quantifies abatement requirements to meet targets.

### Physical impacts of climate change - climate change adaptation

14,582<sup>17</sup> square metres (m<sup>2</sup>) (156,964 square feet (ft<sup>2</sup>)) of Arena's portfolio is located in 100 year flood zones as follows:

- ▶ ELCs (or specialty property) 11,859 m<sup>2</sup> ((127,654 ft<sup>2</sup>); and
- ▶ Healthcare property 2,723 m<sup>2</sup> (29,310 ft<sup>2</sup>).

17. As advised by insurer of Arena's property portfolio.

## ENVIRONMENT

### GOALS FOR FY22

Report on collaboration with tenant partners regarding installing solar power.  
Report on renewable energy production for properties where it has been installed.  
Outline an organisational carbon emission reduction plan.  
Outline a carbon emission reduction plan for property portfolio.  
Outline a plan to align with TCFD.

### WHAT WE ACHIEVED

Solar renewable energy systems installed on 80% of Arena's property portfolio.  
Reported on renewable energy production for properties where it has been installed.  
Developed climate action plan including greenhouse gas inventory of Arena's financed emissions.  
Arena REIT certified carbon neutral by Climate Active for business operations in 2021-2022.  
Disclosed inaugural TCFD-aligned climate risks and opportunities.

### FUTURE GOALS

Install solar renewable energy systems on 90% of Arena's property portfolio by FY27.  
Report on renewable energy production for properties where it has been installed.  
Maintain organisational carbon neutrality Climate Active certification.  
Develop a detailed transition plan including an emissions reduction roadmap for our operations and asset portfolio by FY25.  
Align reporting with recommendations of the TCFD by FY25.







# SOCIAL





# SOCIAL

*“Arena has a culture of teamwork and trust.”*

## Arena’s human capital

Arena has a small, professional, disciplined and dynamic team with a positive culture. We are committed to creating a working environment where our team members can work efficiently, feel valued and appreciated and engage and collaborate to deliver beneficial and sustainable outcomes.

### Team Handbook

As part of Arena’s commitment to ensuring that we are an employer of choice, Arena’s Team Handbook sets out the policies we have in place to ensure that we deal with each other, and our stakeholders responsibly, ethically and honestly. The Team Handbook must be adhered to by all those who work for, act on behalf of, or represent Arena.

The Team Handbook references Arena’s key policies and includes guidelines in relation to:

- ▶ Business ethics
- ▶ Workplace health and safety
- ▶ Employment conditions
- ▶ Performance management
- ▶ Training
- ▶ Workplace behaviours
- ▶ Privacy
- ▶ Use of company equipment
- ▶ Expenses
- ▶ Travel

The Handbook also outlines how a team member can raise any concerns, either as an informal or formal complaint.

Team members are required to abide by the Team Handbook. Details of newly introduced and/or amended policies are communicated to team members and team members must certify that they have read and understood the obligations of the Team Handbook annually, or more frequently if significant changes are made to the guidelines.

## Talent attraction and retention

We seek to attract high-performing people to Arena who are expert at what they do, and ensure we retain them. We do this by providing our team members with competitive remuneration, a friendly and professional culture and additional benefits.

All of Arena’s team members participate in Arena’s short and long term incentive plans.

100% of Arena’s team members are located in Australia.

100% of Arena’s senior management are hired from the local community.

None of Arena’s employees are employed under collective bargaining agreements.

Arena had no workers who were not employees whose workplace was controlled by the organisation during FY22.

Employees (as at 30 June)	Male		Female	
	2022	2021	2022	2021
Permanent full time	4	5	5	4
Permanent part time	0	0	0	0
Temporary full time	0	0	0	1
Temporary part time	0	0	0	0
Total	4	5	5	5

During FY22 there was one new female appointed to a full time, permanent position, one full time male team member resigned and a female team member employed under a temporary contract completed her term of employment.

None of Arena’s team members retired or were terminated during FY22.

## Team survey

During FY22 Arena undertook an independent external Team Alignment and Engagement Survey. The survey measured the level of alignment and engagement within the team against an Australian Financial Services and Property Services benchmark comprised of 21,415 responses from 90 studies. The survey provided valuable information about our team members’ perception and experiences. We use the data and feedback collated from this survey to identify future priorities for the business.

Arena achieved strong performance, scoring in the top decile for Alignment and in the top quartile for Engagement:

The survey identified the following positive outcomes:

- ▶ Overwhelmingly, employees are satisfied with their jobs and would recommend Arena to others;
- ▶ There is a strong understanding of goals and how they connect to what Arena wants to achieve; and
- ▶ Employees recognise Arena’s commitment to best practice and long-term stakeholder partnerships.

The survey also identified the following areas for focus or improvement:

- ▶ General fatigue across the team after an extended period of difficult conditions and lockdowns;
- ▶ Opportunity for greater connection and celebration of performance achievements as a team; and
- ▶ Enhanced people development systems.



## Remuneration

Arena's key remuneration objectives are to attract, retain and incentivise talent by providing market competitive rewards with incentive opportunity designed to align remuneration with performance and strategy and to guide the behaviour and actions of executive key management personnel (KMP). An independent review of Arena's remuneration framework was completed during FY21 and implemented in FY22; details are outlined in the FY22 Remuneration Report.

All of Arena's team members participate in Arena's short and long term incentive plans.

Minimum notice periods for operational change are set in line with replacement risk of roles and range between 1 month and 9 months.

Male: Female Pay Ratio FY22		
All employees	Male	Female
KMP	1	N/A
Senior management <sup>18</sup>	1	0.76
Professional	1	1.05

The above ratios are calculated as a comparison of the total fixed remuneration of all employees.

Annual total compensation ratio FY22	
Ratio of annual total compensation for Arena's highest paid individual (CEO/ Managing Director) to median annual total employee remuneration for all employees (excluding the CEO/Managing Director)	5.5x
Ratio of the percentage increase in annual total remuneration of Arena's CEO/ Managing Director to the median percentage increase in total annual remuneration for all employees	1.9x

The above ratios are calculated as a comparison of the annualised total target remuneration of all employees.

During FY21, Arena engaged an independent expert to review Arena's remuneration framework and benchmark the remuneration of all roles within the organisation to comparable roles in Arena's peer group for implementation in FY22. The ratio of the CEO remuneration and increase in FY22 remuneration is a direct result of the outcome of the independent remuneration review.

## Health, safety and wellbeing

Arena is committed to complying with the requirements of all relevant Workplace Health and Safety (WHS) legislation and we seek to minimise the risks to the health, safety and welfare of anyone working in or visiting our workplaces. In response to legislative requirements we have a documented WHS Policy Statement which applies to all property owned or controlled by Arena used as workplaces (Arena workplaces).

Arena has responsibility for three types of workplaces:

1. Its corporate workplace, where it acts as the primary duty holder;
2. For properties it leases to tenants who use and control those properties as workplaces, it acts as a secondary duty holder; and
3. For properties it owns that are under development, in which contractors enter and use the site as a workplace and are required to abide by relevant health and safety laws under contractual arrangements.

Employee recordable injury by type		
	FY22 No.	FY21 No.
Fatalities	0	0
High consequence injuries (excluding fatalities)	0	0
Recordable work-related injury	0	0

Contractor recordable injury by type	
	FY22 No.
Fatalities	0
High consequence injuries (excluding fatalities)	0

18. A senior manager is a senior team member who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business (but does not include executive KMP).



### Health, safety and wellbeing *continued*

Arena's policies and procedures for its corporate workplace aim to:

- ▶ Identify, assess and manage all workplace hazards and risks;
- ▶ Allocate appropriate resources to monitor and eliminate or minimise any risks to health and safety;
- ▶ Encourage team members to engage with workplace health and safety matters through regular consultation. We promote communication on workplace health and safety matters as part of normal work practice and communicate relevant matters to employees. Team members can raise issues at weekly team meetings, or directly with the workplace health and safety committee members or their line manager as required;
- ▶ Ensure we complete all necessary inspections, assessments, maintenance, repairs, cleaning, modification and housekeeping at least as often as scheduled;
- ▶ Provide all our team members with training, supervision and adequate information so they can work safely and with minimal risk to their health or safety. This includes mandatory induction training at appointment and periodic refresher training as required.

A WHS committee of team members meets quarterly to review Arena's compliance obligations and conduct a physical inspection of the workplace. Details of the periodic review are documented in a workplace inspection checklist and relevant matters are added to an action list for remediation. On a quarterly basis, relevant matters are reported to the Board.

All team members complete annual training on workplace health and safety obligations via the learning management system.

Due to the ongoing impact of COVID and in accordance with relevant Victorian Government health directives, Arena continued flexible working arrangements during FY22. A COVIDSafe Plan was enforced when team members were permitted to return to the corporate workplace following lockdown. All team members affirmed that they continued to maintain a safe working environment when working from home. In support of effective business operations, team engagement and organisation wide wellbeing, Board, management and regular team meetings were conducted remotely, when required.

### Wellness program

At Arena, the physical and mental wellbeing of our team is crucially important. We encourage our team members to lead healthy lives and, to help them do this, have invested in programs to enhance their awareness and understanding of what makes up 'wellbeing'. A wellness program was designed and implemented to help achieve a healthy work life balance and encourage team members to devise and focus on personal health goals. The program offers financial reimbursement to incentivise participation in activities which support personal health and wellbeing. All team members participate in the wellness program and can select the wellness activities for which they want to be reimbursed. Activities we paid for or reimbursed in FY22 included:

- ▶ Annual flu vaccination program
- ▶ Bike and bike servicing
- ▶ Entry fees for charity running events
- ▶ Exercise gear
- ▶ Gym membership
- ▶ Health and wellbeing specialist appointments
- ▶ Massage
- ▶ Pilates
- ▶ Support for COVID-19 testing and vaccination
- ▶ Surfboard repairs

### Training and development

All new team members receive Arena's Code of Conduct, which sets out the standards of behaviour that are expected, and they complete comprehensive induction training to understand their obligations with regard to issues like discrimination, data privacy, fraud, corruption, bribery, conflicts of interest and whistleblower protections. Ongoing compliance training is provided to all team members and team members complete annual attestations that they have read and understood the obligations of the Code of Conduct and other key policies.

During FY22 we introduced a learning management system to deliver a structured annual program of compliance training for all team members, with modules including Workplace Behaviour (which includes discrimination, harassment, sexual harassment, racial or religious vilification, victimisation, and bullying), Insider Trading, Continuous Disclosure, Privacy, Work Health and Safety, Cyber Security and Whistleblowing.

The learning management system was used to distribute key policies for annual review and attestation by team members.

Each team member develops an Individual Development Plan in consultation with their line manager, to identify strengths to capitalise on and those skills and competencies which should be developed. The plan is reviewed and revised annually as part of each team member's performance review process, and support is provided for completion of agreed training. This may include further higher education qualifications, as appropriate, for which Arena may contribute financial assistance, the provision of targeted skills training to address specific needs, and specialised management skills training and coaching for selected team members to prepare them for the opportunity of promotion to senior management.





### Performance review

As outlined in the Team Handbook, a performance review will take place at least annually for all team members. The annual performance review is a formal record and discussion of a team member's performance during the year. The purpose of this review is to:

- ▶ review position description to ensure it adequately reflects the responsibilities of the role;
- ▶ discuss and document progress on agreed Key Performance Indicators (KPIs) including in relation to Arena's culture, values and purpose;
- ▶ provide feedback; and
- ▶ if necessary, agree and amend the performance objectives in line with business changes.

As part of the annual performance review process, consideration is given to the satisfactory completion of mandatory annual compliance training and the team member's Individual Development Plan is reviewed and updated.

Average hours of training				
Hours	Male		Female	
	2022	2021	2022	2021
<10	1 <sup>19</sup>	3	0	2
10-20	1	0	3	2
>20	3	2	2	1

19. Employee left midway through period.

### Leave

Arena's Team Handbook includes contemporary standards for parental leave and accrual of annual leave, and provisions for family and domestic violence leave. Arena offers all eligible employees (those subject to 12 months' continuous employment) paid parental leave of up to 16 weeks for the primary carer (or 32 weeks on half pay) and up to 3 weeks for co-parents. During FY22 two team members undertook parental leave and returned to work.

Parental leave				
	Male		Female	
	2022	2021	2022	2021
Entitled to parental leave	5	5	4	4
Parental leave taken	2	0	0	1
Returned to work following parental leave	2	N/A	N/A	1
Employed 12 months after return from parental leave	N/A	N/A	1	N/A

### Turnover

With a small group of team members and a strong workplace culture we have extremely low employee turnover.

During FY22 there was one new female appointed to a full time, permanent position, one full time male team member resigned and a female team member employed under a temporary contract completed her term of employment.

### Company policies

Arena has policies setting out the standards of behaviour we expect of our team. Policies include:

- ▶ Anti-Bribery and Corruption Policy
- ▶ Code of Conduct
- ▶ Communications Policy
- ▶ Conflicts of Interest and Related Party Transactions Policy
- ▶ Diversity Policy
- ▶ Privacy Policy
- ▶ WHS Policy Statement
- ▶ Whistleblower Policy

### Policy commitments

Arena's key policy documents, including the Code of Conduct, are reviewed and approved by the Board and published to the website. Our ongoing commitments to responsible business conduct are disclosed through these policies and in the Annual Report, Corporate Governance Statement and Sustainability Report.

### Embedding policy commitments

Arena prepares an annual business plan which documents business priorities in support of strategic objectives and policy commitments. The business plan assigns responsibility for achievement of business priorities to relevant team members, which are reflected in their annual key performance indicators.



### Other benefits

- ▶ We support working from home arrangements by providing equipment and resources to maintain a safe and efficient personal workplace.
- ▶ We make income protection insurance available to all permanent employees.
- ▶ Our workplace culture is consistent with our values and the Code of Conduct, we provide parental leave provisions, support for employees experiencing family and domestic violence and support for appropriate disclosure of complaints related to workplace culture.
- ▶ The Arena Wellness program

Benefits are applied to all permanent employees (full time and part time).

### Diversity, discrimination and equal pay

Arena is strongly committed to diversity among both team members and the Board. We believe that a diverse set of team members reflects the communities in which we all live, makes us a better company and ensures that a range of different perspectives can be brought to the table when considering issues. It assists with team retention and engagement and helps us meet our stakeholders' expectations regarding key attributes of a sustainable company.

We therefore embrace and value the contribution of all team members regardless of age, gender, marital or family status, sexual orientation, nationality, race, disabilities, ethnicity, religious or cultural beliefs or socio-economic background, and we do not tolerate any discrimination, harassment, vilification or victimisation in the workplace.

We are committed to ensuring that recruitment and selection processes at all levels are structured and managed to ensure a diverse range of candidates is considered and to protect against any conscious or unconscious biases that might discriminate against a particular candidate.

There were zero incidents of discrimination and corrective actions taken during FY22.

### Diversity objectives

The Board has adopted objectives for the composition of the board, senior executive roles and Arena's team generally.

Diversity of governance bodies and employees					
ARL Board		Male		Female	
Age in years		2022	2021	2022	2021
<30		0	0	0	0
30-50		1	1	0	0
>50		3	3	1	1
ARML Board		Male		Female	
Age in years		2022	2021	2022	2021
<30		0	0	0	0
30-50		2	2	0	0
>50		3	3	1	1
All employees		Male		Female	
Age in years		2022	2021	2022	2021
<30		1	1	1	0
30-50		4	4	3	4
>50		0	0	1	1
Senior executives <sup>20</sup>		Male		Female	
Age in years		2022	2021	2022	2021
<30		0	0	0	0
30-50		3	3	1	1
>50		0	0	1	1

20. Senior executives include Arena's KMP as referenced in Arena's 2022 Corporate Governance Statement disclosure.

Arena discloses its measurable diversity objectives and the progress towards achieving those objectives in the annual Corporate Governance Statement. In FY22 Arena revised aspirations to achieve gender balance for the Arena REIT Limited (ARL) Board by the end of financial year 2024 (FY24) and to maintain gender balance for senior executives by using the 40:40:20 model (40% female, 40% male and 20% unallocated, to allow flexibility for succession planning and Board renewal).





## TENANT PARTNERS

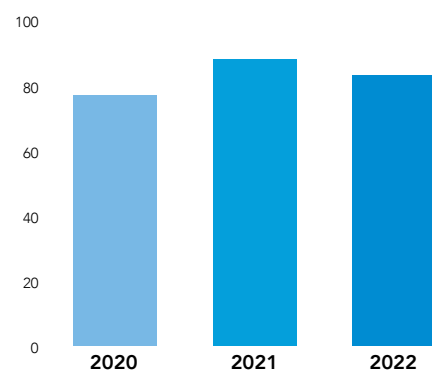
### Engagement and retention

Arena's current tenant partners provide early childhood education and care, healthcare and specialist disability accommodation, all of which deliver strong community benefits. We work with them to invest the capital necessary to provide efficient, flexible and well-located accommodation at sustainable rents, allowing them to focus on their core purpose to deliver essential services to communities throughout Australia.

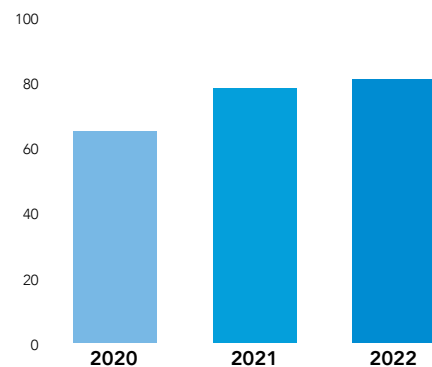
We recognise that tenants' use of space and expectations of their tenancy are constantly evolving. In many cases, they are exploring new business opportunities and see property as an important lever to gain competitive advantage. In this context, rather than maintaining a traditional landlord and tenant relationship, we strive to be an 'accommodation provider of choice'. We work collaboratively with tenant partners, pursue mutually beneficial outcomes, maintain strong working relationships, seek to understand the challenges faced by tenant partners, are quick to respond to requests and act fairly and with integrity in commercial negotiations.

### Tenant partner survey

In FY22 we undertook our annual tenant survey to gauge tenants' views on Arena and their relationship with us. In addition to the positive feedback on collaboration on ESG initiatives as outlined on pages 16-17 the results indicate an ongoing positive view of Arena and positive and improving view on Arena as compared with other landlords.



Overall view of relationship  
(0 Unfavourable, 100 Favourable)



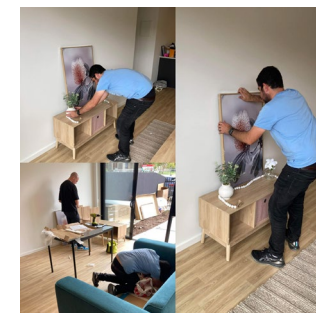
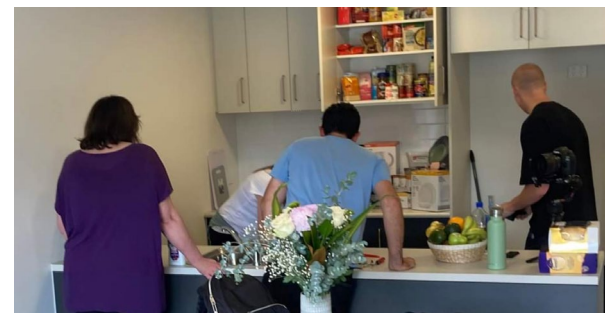
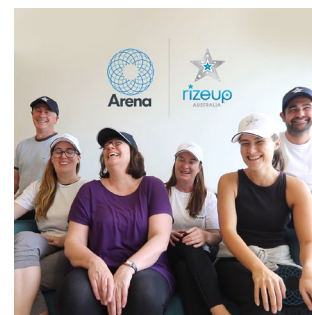
Arena compared with other landlords  
(0 Unfavourable, 100 Favourable)

## COMMUNITY PARTNERSHIPS AND GIVING

### RizeUp

During FY21 Arena entered into a community partnership with RizeUp. RizeUp is a grass roots community organisation facilitating a pathway to safety and independence for women and children impacted by domestic and family violence (DFV). They provide a bridge to safety and independence via a sustainable home for women and children impacted by DFV. This support contributes directly to better overall community outcomes, now and for future generations

Arena continued to build on our community partnership with RizeUp during FY22; in addition to providing financial support, the Arena team provided practical support by setting up two forever homes for survivors fleeing DFV. Providing this life-changing outcome and learning more about the background and impact of the work undertaken by RizeUp was a deeply rewarding experience for the Arena team.

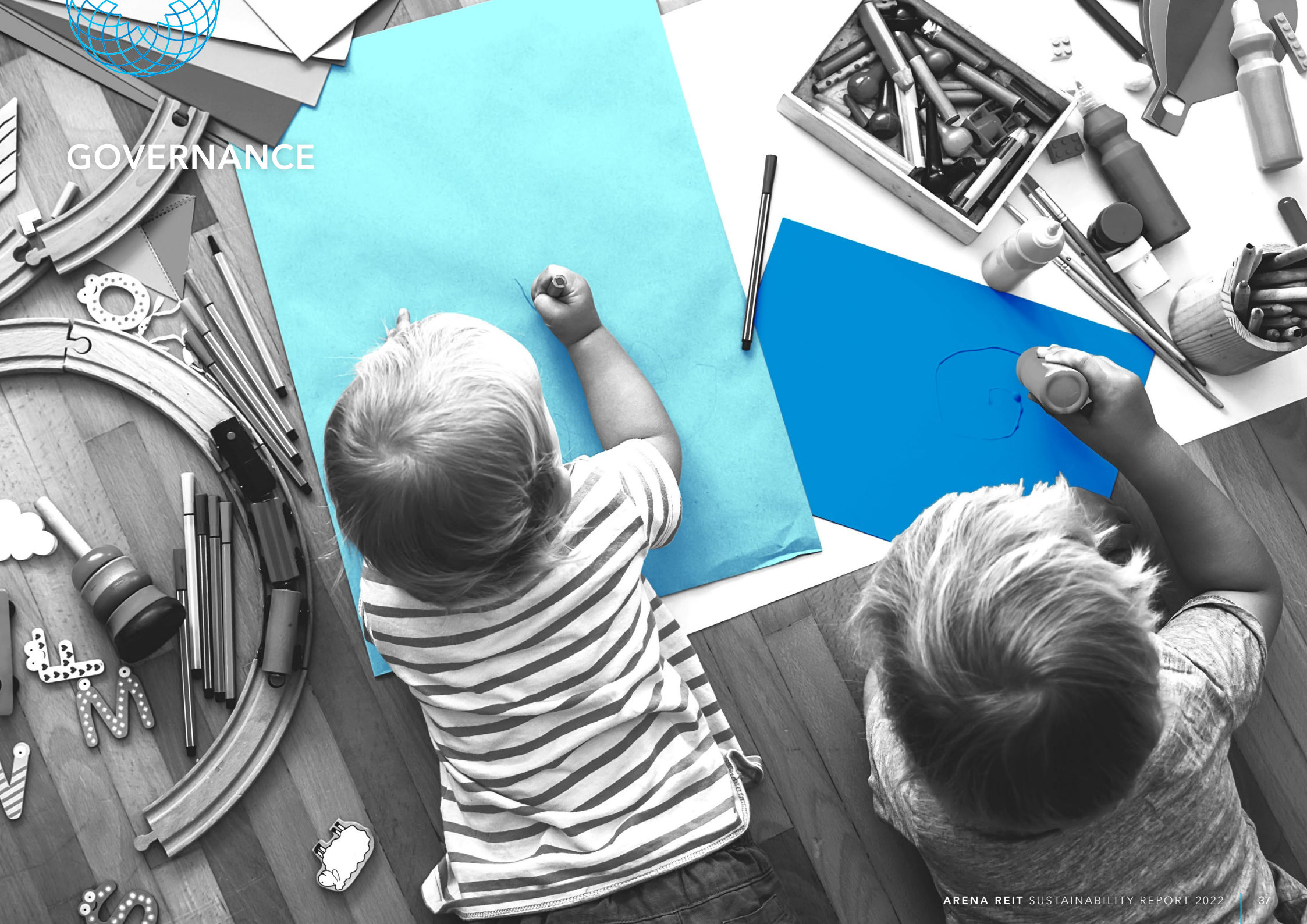




SOCIAL		
GOALS FOR FY22	WHAT WE ACHIEVED	FUTURE GOALS
<p>Extend disclosure of appropriate WHS safety performance statistics.</p> <p>Extend and disclose Arena's approach to ongoing employee engagement and retention, employee performance and reward, managerial/leadership training/professional development and wellbeing initiatives including relevant statistics</p>	<p>Extended WHS performance disclosures to include Arena's contractors.</p> <p>Increased disclosures on team annual performance appraisals, training and development and individual learning plans.</p> <p>Conducted a team engagement and alignment survey with the assistance of an external facilitator.</p> <p>Supported all team members to continue flexible hybrid working arrangements</p>	<p>Achieve gender balance for the ARL Board by the end of FY24 using the 40:40:20 model.</p> <p>Maintain gender balance for senior executives using the 40:40:20 model.</p> <p>Develop a Reconciliation Action Plan that is Endorsed by Reconciliation Australia.</p> <p>Continue to review, implement and report on improvements in support of the commitments outlined in our Sustainability Framework.</p>







# GOVERNANCE



# GOVERNANCE

## The Board

Arena's Board is responsible for the overall corporate governance of Arena, implementing appropriate policies, procedures and monitoring to ensure Arena functions effectively and responsibly. The Board recognises the role and importance of corporate governance in ensuring appropriate accountability of the Board and management. More broadly, the Board has created a framework for managing entities within the Arena group, including the implementation of relevant internal controls and a risk management process.

More detailed information about the Board – its structure, mix of skills, diversity and the independence of directors is available in Arena's 2022 Corporate Governance Statement and Annual Report.

The Board Charter provides the framework for the operation of the Board and sets out the functions and responsibilities of the Board, which include:

- ▶ defining Arena's purpose, setting strategic objectives with a view to maximising investor value and overseeing management of its implementation of the strategic objectives;
- ▶ approving Arena's statement of values and code of conduct to underpin the desired culture and overseeing management of its instilling of the values;
- ▶ approving an appropriate risk management framework (for both financial and non-financial risks) and setting Arena's risk appetite;
- ▶ monitoring management's performance against the risk management framework to ensure that it is operating within the approved risk appetite; and
- ▶ approving Arena's sustainability strategy and overseeing management of its implementation of sustainability initiatives.

The Chair of the Board is an independent non-executive director. The Board has delegated certain responsibilities to committees comprised of the independent, non-executive directors.

The Board has established a Nomination Committee which reports to the Board and its Charter extends to the nomination activities, controls and procedures of Arena. The Committee assists and advises the Boards on director selection and appointment practices, board composition and succession planning for the Board and senior executives to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of Arena as a whole.

The relative skills and experience of each director are considered annually with reference to agreed criteria, to confirm that the directors collectively maintain skills and experience appropriate to Arena's strategy and operations. As required the Board uses external consultants and advisers to inform decision making and director training sessions are held to support the development of existing and emerging skills which are considered relevant to Arena's business, including Sustainability matters.

The performance of the Board and its Committees is subject to annual review. During FY22, members of the Board and each Committee conducted self-assessment by completing annual performance evaluation questionnaires which included consideration of:

- ▶ terms of reference and board/committee composition;
- ▶ Board/Committee management and effectiveness;
- ▶ governance, risk and control;
- ▶ Chair and director effectiveness; and
- ▶ requirement for training and professional development.

As considered appropriate, the Board may seek independent review of its performance.

## Oversight of Sustainability

During FY21, an independent external assessment of Arena's public disclosures against best practice was commissioned and a longer-term governance action plan was agreed which together resulted in the implementation of improved disclosures. The recommendations of the assessment and action plan have guided the development of Arena's Sustainability Framework which is being implemented with appropriate goals and targets.

Arena's Board maintains oversight of Arena's sustainability strategy and has not delegated this responsibility to any board committees. The Board has the overall responsibility for monitoring and reviewing strategic priorities and making progress against Arena's objectives, including initiatives and actions specifically addressing sustainability issues. The Board receives quarterly reporting on sustainability issues from the Head of Investor Relations and Sustainability and considers other sustainability related issues as they arise within its fixed meeting schedule.

The Board sets Arena's strategic sustainability objectives through the endorsement of our Sustainability Framework and oversees the development and adoption of related policies and procedures.

Strategic programs and operational initiatives designed to respond to sustainability issues are executed collaboratively under the leadership of the Managing Director and the coordination of the Head of Investor Relations and Sustainability. To integrate and progress Sustainability initiatives across the business and update the Board quarterly on the implementation of the Sustainability Framework, Arena has established an ESG working group comprised of Arena team members from each of the finance, property and risk and compliance teams and chaired by the Head of Investors Relations and Sustainability. The ESG working group's responsibilities include:

- ▶ Managing, minimising, and mitigating sustainability impacts and risks;
- ▶ Ongoing analysis to ensure emerging sustainability risks are identified; and
- ▶ Continuously improving sustainability performance and reporting, year on year, with transparency about progress.

We have strengthened the integration of sustainability considerations into our corporate governance and risk management frameworks and will continue to do so over FY23.





## Risk management

Effective, accountable and transparent risk management is a core component of Arena's corporate governance and the Board has overall responsibility for all risks, including sustainability risk. We have documented policies and procedures to identify, assess, manage, monitor and report key risks. The risk management framework is designed to help Arena achieve its objectives through competent strategic decision making and the conduct of efficient, effective and robust business processes that allow us to take up opportunities while meeting required standards on accountability, compliance and transparency. A summary of the Risk Management Framework is available at [www.arena.com.au/about/governance](http://www.arena.com.au/about/governance).

Our commitment to responsible governance and effective, accountable and transparent risk management is integral to achieving our strategic objectives and underpins our approach to all aspects of our operations.

Management prioritises material business risks and develops mitigation strategies. The COVID-19 pandemic has significantly impacted the Australian and global economies and the ability of companies and governments to operate. During the Reporting Period, the pandemic did not have a material impact on Arena, as all properties remained open and in operation and Government support was provided to tenants. The future materiality of this social risk to Arena's operations and financial performance is dependent on the extent to which Arena's tenants and their ability to pay rent, is affected by the ongoing impact of COVID-19. Arena has completed materiality assessment to support its Sustainability Framework.

While Arena does not currently have material exposure to environmental risks, we aspire to climate resilience and resource efficiency in our operations and will continue to monitor the impact of environmental risks to operations and financial performance.

## Communication of critical concerns

The Board receives regular reporting on a quarterly basis from the Managing Director and the heads of other business units. Critical concerns are escalated more frequently in accordance with documented procedures for risk management, compliance incident and breach reporting, data breach notification and complaints management.

### Conflicts of interest

Arena has a policy in relation to conflicts of interest and the terms of appointment for directors include an obligation to disclose current or potential conflicts of interest, including those which may arise from shareholdings or acting as a director for another entity. Directors are required to declare any conflicts of interest prior to consideration of matters at the meetings of the Board and are excluded from discussion and resolution of relevant matters, as required. Conflicts or potential conflicts are recorded in the minutes of meetings and in Arena's conflicts of interest register.

### Compliance

Arena is committed to complying with all applicable laws and regulations in the jurisdiction in which it operates and has documented a range of policies and procedures to support this commitment, including the Code of Conduct and formal processes for the reporting and escalation where a breach or likely breach has been identified. All new and existing team members must understand and comply with Arena's policies and procedures and undertake periodic training appropriate to their role.

All new team members complete compliance induction training in relation to Workplace behaviour (which includes discrimination, harassment, sexual harassment, racial or religious vilification, victimisation, and bullying), Insider Trading, Continuous Disclosure, Privacy, Work Health and Safety, Cyber Security and Whistleblowing. Team members with specific obligations in relation to provisions of financial services under Arena's Australian financial services licence also have mandated annual training plans.

## COMPLIANCE WITH LAWS AND REGULATIONS

	FY22	FY21
Significant instances of non-compliance with laws and regulations		
▶ Reportable situation to ASIC (with no further action)	1	0
▶ Fines incurred	0	0
▶ Non-monetary sanctions incurred	0	0
Incidents of discrimination	0	0
Incidents of non-compliance concerning product and service information and labeling	0	0
Incidents of non-compliance concerning marketing communications	0	0
Substantiated complaints concerning breaches of customer privacy	0	0

### Privacy

Maintaining the privacy of all stakeholders is a key requirement for all Arena employees. We have a detailed Privacy Policy that explains the type of information we can hold, how we can collect and store it, how we can access, use and disclose it and what a person can do if they feel their privacy has been breached. We have allocated a Privacy Officer who is the first point of contact for any queries about privacy issues.



### Ethical behaviour

Arena is committed to the highest level of integrity and ethical standards in all business practices. Our team members must conduct themselves in a responsible manner, consistent with our values, current community standards and in compliance with all relevant legislation.

### Code of Conduct

The Code of Conduct outlines how Arena expects Directors and team members to behave and conduct business in the workplace on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.

The objective of the Code of Conduct is to:

- ▶ Provide a benchmark for professional behaviour throughout Arena;
- ▶ Support Arena's business reputation and corporate image within the community; and
- ▶ Make Directors and team members aware of the consequences if they breach the code.

The Code of Conduct reinforces Arena's commitment to honest, ethical and law-abiding conduct. All team members have a responsibility to conduct themselves in accordance with our Code of Conduct. Breaches or suspected breaches of the Code of Conduct, Arena's policies or the law more generally are required to be reported to the Board. Arena reserves the right to inform the appropriate authorities where it is considered that there has been criminal activity or an apparent breach of the law.

### Bribery and corruption

During FY22 the Board approved an Anti-Bribery and Corruption Policy which documents prohibitions and restrictions in relation to:

- ▶ bribery
- ▶ facilitation payments and secret commissions
- ▶ gifts and hospitality
- ▶ charitable donations
- ▶ political donations
- ▶ lobbying and industry associations

The requirements of the Anti-bribery and Corruption Policy were communicated to all team members and ongoing training will be incorporated into Arena's compliance training program.

ETHICAL PERFORMANCE		
	FY22	FY21
Political contributions made	0	0
Confirmed incidents of corruption	0	0
Legal actions (pending or completed during reporting period) regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation	0	0
Substantiated complaints concerning breaches of customer privacy	0	0

### Membership associations

Arena is not currently a member of any industry association. In accordance with the Anti-Bribery and Corruption Policy, membership would only be permitted, with the approval of the Managing Director and where the association:

- ▶ gives Arena access to industry insights, expertise or information that may improve operational performance; or
- ▶ enhances Arena's ability to advocate for sound and/or commercially beneficial policy outcomes.

### Lobbying

In accordance with the Anti-Bribery and Corruption Policy, subject to the prior approval of the Managing Director, Arena may engage in lawful lobbying activity (which may occur in conjunction with industry participants or industry associations) where it is considered in the best of Arena's stakeholders (including capital providers or tenant partners).

Arena did not engage in any lobbying activity during FY22.





### Supply chain and Modern Slavery

We recognise that businesses have an important role to play in addressing modern slavery. During the reporting period, we engaged a specialist business and human rights advisory firm to undertake a 'modern slavery hotspot analysis' of our operations and supply chains in order to assist us to issue our inaugural voluntary Modern Slavery Statement (Statement).

The Statement outlines the actions we have taken to strengthen our modern slavery risk management approach and highlights our aim to continue to refine our response over the coming years.

Our key achievements during FY22 covered by this Statement include:

- ▶ Undertaking a modern slavery hotspot analysis to better understand potential areas of modern slavery risk in our operations and supply chains;
- ▶ Completing a modern slavery gap analysis and roadmap project to identify opportunities to further strengthen our response; and
- ▶ Delivering a modern slavery workshop for our tenant partners to support them to manage potential modern slavery risks in their operations and supply chains.

We will continue to build on our modern slavery response in line with our roadmap, working in partnership with our tenant partners and other key stakeholders where appropriate.

### Whistleblowing policy

As part of our focus on an open and transparent culture, Arena has adopted a Whistleblower Policy to allow our team members to confidentially and anonymously report in the event of misconduct. The purpose of the Whistleblower Policy is to:

- ▶ Promote an open and transparent culture at Arena;
- ▶ Assist in the prevention and detection of disclosable matters;
- ▶ Outline the process by which disclosable matters may be disclosed;
- ▶ Inform eligible whistleblowers about the protections available to them and how Arena will support and protect them from any detriment;

- ▶ Outline the process by which Arena will investigate protected disclosures; and
- ▶ Outline the process for fair treatment of any Arena team member to whom a protected disclosure relates or who is mentioned in a protected disclosure.

Arena proactively communicates whistleblower policies to all team members.

To ensure that the Board remains informed about any matters which may indicate concerns about culture, eligible whistleblower incidents are reported to the Board as soon as practicable and not less than quarterly (on a no-names basis to maintain the confidentiality of the individual and matters raised).

All team members complete annual training regarding their rights and obligations under whistleblower legislation.

### Information Technology security policy

Arena's information technology framework was comprehensively reviewed in FY22 and a formal IT Security Policy was documented. Ongoing business priorities in relation to information technology have been documented in annual business planning.

### Tax

Arena operates entirely in one tax jurisdiction, Australia. Arena's Annual Report discloses information on the group's assets, revenues, entities and approach to taxation. See the 2022 Annual Report, Note 4: Income Taxes.

Arena is committed to transparently complying with and disclosing its tax obligations and is focused on integrity and transparency in compliance, reporting and engaging with tax regulators. While Arena does not have a publicly available tax strategy document, Arena's approach to tax includes:

- ▶ Full compliance with tax regulations;
- ▶ Effective tax risk management, including appropriate allocation of responsibilities within the organisation;
- ▶ Thorough review process and consultation with external tax practitioners and/or tax authorities where appropriate; and
- ▶ Accurate and timely disclosure of tax information to stakeholders in a meaningful and transparent way.

Arena has a low risk appetite for tax risk and does not sanction or support any activities which involve aggressive tax planning. Specifically, Arena:

- ▶ Does not artificially shift or accumulate profits in low taxed areas;
- ▶ Does not use jurisdictional secrecy rules to hide assets or income;
- ▶ Pays tax or distributes taxable income to security holders where underlying economic activity occurs;
- ▶ Applies carried forward tax losses where tax legislation enables Arena to do so.

Arena has not been involved in public policy advocacy regarding tax matters.

### Tax Risk Management Policy

Arena maintains a Tax Risk Management Policy with the purpose of:

- ▶ formally documenting Arena's approach to manage risk associated with regulatory compliance.
- ▶ outlining Arena's program to maintain appropriate tax risk management within its systems, people and culture.

### Tax governance

The Board has ultimate responsibility for Arena's taxation risks and authorisation of the steps that may be taken to manage those risks. Authorisation may be given to the Chief Financial Officer or the Managing Director to carry out actions in accordance with the Board's delegated authority from time to time.

The Audit Committee of the Board is responsible for the regular monitoring of tax risk management and receiving periodic reports of tax matters from the Chief Financial Officer.

The management of taxation risk is the responsibility of the Chief Financial Officer. The Chief Financial Officer is appointed as Public Officer for the purposes of tax filings and is responsible for implementing the Tax Risk Management Policy and preparing periodic reports to the Audit Committee on tax risks, tax planning and compliance matters, and maintaining tax risks on Arena's Risk Register.



## Tax continued

### Internal controls

Management has implemented a system of internal controls designed to manage tax risk, compliance and administration, including general IT controls, document retention and data protection.

### Assurance process

Tax information is prepared and reviewed internally by appropriately qualified and skilled team members. Where necessary, matters indicating moderate risk will be supported by external advice from a qualified tax practitioner. Matters of high or extreme risk are to be supported by a tax ruling where possible to facilitate the correct application of tax law. Income tax returns and tax disclosures in the financial report are externally reviewed by a qualified tax practitioner.

Arena is committed to integrity and transparency in tax compliance, reporting and engaging with tax regulators and other stakeholders. Any views or concerns raised by stakeholders are dealt with in a timely manner by appropriately qualified and skilled team members.

If Arena seeks decisions from tax authorities to confirm applicable tax treatments, it does so on the basis of full disclosure of all relevant facts and circumstances.

### Proportion of spending on local suppliers

100% of the procurement budget for significant locations of operation for FY22 has been spent on local suppliers. For Arena, its 'significant location of operation' is defined as Australia, and a 'Local Supplier' is defined as any supplier that is based in Australia.

### Restatement of information

There have been no restatements of information made from previous reporting periods.

## GOVERNANCE

### GOALS FOR FY22

Voluntarily opt into Modern Slavery reporting.

Implement company specific policies/ procedures for managing ESG risks and how these are being implemented:

- ▶ Introduce formal lobbying/trade/ political contributions policy.
- ▶ Introduce an information technology data security policy.

Enhance Arena's current diversity policy with associated procedures and programs, including mentorship, initiatives supporting a diverse workforce, employee affinity groups/ diversity councils/ and networking groups.

### WHAT WE ACHIEVED

Analysed operations and supply chains to voluntarily opt into Modern Slavery reporting.

Introduced an Anti-Bribery and Corruption Policy, which includes requirements in relation to lobbying/trade/political contributions.

Introduced an Information Technology Security Policy

Provided leadership mentoring to the CEO.

Supported team attendance at relevant external industry events.

### FUTURE GOALS

Maintain annual Modern Slavery reporting.

Continue to build on our Modern Slavery response in line with our roadmap.

Continue to review and refine company policies and procedures for managing ESG risks in support of the commitments outlined in our Sustainability Framework.



# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS








# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We have outlined below how we contribute to achieving the UN SDGs that are most relevant to Arena (some targets reproduced below have been edited for conciseness.)

SDG	2030 TARGETS WE CONTRIBUTE TO ACHIEVING	HOW WE CONTRIBUTE
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>▶ 3.1. Reduce global maternal mortality to less than 70 per 100,000 live births.</li> <li>▶ 3.2. Reduce neonatal mortality to below 12 per 1,000 live births and under-5 mortality to below 25 per 1,000 live births.</li> <li>▶ 3.4. Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being.</li> <li>▶ 3.5. Strengthen the prevention and treatment of substance abuse, including narcotics and alcohol.</li> <li>▶ 3.7. Ensure universal access to sexual and reproductive health-care services.</li> <li>▶ 3.8. Achieve universal health coverage, including financial risk protection, access to essential health-care services and safe, effective, quality and affordable essential medicines and vaccines.</li> </ul>	<p>Arena owns 8 multi-disciplinary medical centres. These centres provide the community access to GP's and other healthcare professionals including allied health, nurses, and pharmacists, providing many benefits to the community, directly and indirectly contributing to specific SDG targets.</p> <ul style="list-style-type: none"> <li>▶ 'General practitioners (GPs) contribute greatly to healthy pregnancies. GPs are in the best position to deliver care from preconception counselling, management of early pregnancy, referral or continued pregnancy care and management into the postpartum period.'<sup>21</sup></li> <li>▶ GPs are the most trusted healthcare provider in Australia. GP's empower communities, and families to manage and look after their health<sup>22</sup>.</li> <li>▶ General Practice is central to delivering preventative healthcare and mental healthcare in Australia. This is because GPs are the first point of contact for many patients using the health care system<sup>23</sup>.</li> <li>▶ General practice is the most accessed part of Australia's health system. Greater than two million GP appointments are made every week. This only makes up 9% of Australia's annual health budget<sup>24</sup>.</li> <li>▶ GP's are critical to Australia's vaccination program. On top of delivering routine childhood vaccinations and the annual influenza vaccine, GP's played a crucial role in the COVID-19 Vaccination program. The majority of COVID-19 vaccines administered in Australia have been through primary care settings<sup>25</sup>.</li> <li>▶ Majority of sexual and reproductive healthcare in Australia is accessed through General Practice<sup>26</sup>.</li> <li>▶ GP's play a pivotal role in the prevention, early detection and management of harmful substance use, dependence, and behavioral addictions<sup>27</sup>.</li> <li>▶ Medical centres take the burden off hospitals whilst improving patient outcomes<sup>28</sup>.</li> </ul>

21. <https://www.racgp.org.au/afp/2017/january-february/enjoying-a-healthy-pregnancy-gps-essential-role-in>

22. <https://www.racgp.org.au/getmedia/b123611e-e423-4bc8-8665-949e4bed9792/Health-of-the-Nation-2018-report.pdf.aspx>

23. <https://www.racgp.org.au/getattachment/1ad1a26f-9c8b-4e3c-b45b-3237272b3a04/Guidelines-for-preventive-activities-in-general-practice.aspx>

24. <https://www.racgp.org.au/getmedia/b123611e-e423-4bc8-8665-949e4bed9792/Health-of-the-Nation-2018-report.pdf.aspx>

25. <https://www.racgp.org.au/gp-news/media-releases/2021-media-releases/june-2021/racgp-welcomes-government-support-for-vaccine-coun>; <https://www1.racgp.org.au/ajgp/2021/december/general-practice-covid-vaccine-rollout>


26. <https://www.racgp.org.au/racgp-digital-events-calendar/online-event-items/webinars/introduction-to-sexual-and-reproductive-health>; <https://www1.racgp.org.au/ajgp/2020/june/reproductive-health-1>;  
<https://www.ama.com.au/position-statement/sexual-and-reproductive-health-2014>

27. <https://www.racgp.org.au/afp/2012/august/the-recovery-paradigm>

28. <https://www1.racgp.org.au/newsgp/professional/why-do-patients-go-to-emergency-rather-than-to-the>





SDG	2030 TARGETS WE CONTRIBUTE TO ACHIEVING	HOW WE CONTRIBUTE
 <p><b>4</b> QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>▶ 4.2. Ensure all girls and boys can access quality early childhood development, education and care so they are ready for primary education.</li> <li>▶ 4.A. Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.</li> </ul>	<p>Arena's 237 operating ELC properties offer a total of 22,151 licensed places across Australia enabling increased access to ELCs.</p> <ul style="list-style-type: none"> <li>▶ 'Australia's participation rates at age four have risen from 53 per cent in 2005 to 89 per cent in 2016, the fourth highest increase in the OECD<sup>29</sup>.' The Australian government is committed to improving this even further. Introducing a national approach to improve access to and participation to affordable, quality preschool in the year before school<sup>30</sup>.</li> <li>▶ Arena's ELCs are regulated by ACEQUA and State governments to measure how they compare with the National Quality Framework (NQF).</li> <li>▶ The average quality rating of Arena's rated ELC portfolio is "Meeting the standard<sup>31</sup>" of the NQF; these services provide quality education and care in all 7 quality areas of the NQF.</li> <li>▶ All activity rooms in Arena's ELC properties are wheelchair accessible.</li> <li>▶ High quality early learning benefits children in many ways, including: <ul style="list-style-type: none"> <li>• Cultivating cognitive and social-emotional skills. Socialising with other children support a child's social, emotional and behavioral development, giving them skills they can apply in school and in their lives, beyond school<sup>32</sup>.</li> <li>• Preschool programs assist children to acquire learning-related skills such as the ability to adapt appropriate behaviors, control impulsivity, express thoughts, remain concentrated and show curiosity and persistence<sup>33</sup>.</li> <li>• There is a significant positive relationship between preschool attendance and Year 3 NAPLAN results<sup>34</sup>.</li> <li>• Preschool can be especially valuable for preventing children from disadvantaged backgrounds falling behind their peers. With children who are at risk of abuse or neglect, a diagnosed disability or are developmentally vulnerable benefiting the most from attending early learning education<sup>35</sup>.</li> <li>• 'High-quality educational provision is a cost effective way to address the intergenerational transmission of socio-economic disadvantage and has the potential to alter development trajectories as well as protect against risks<sup>36</sup>.'</li> </ul> </li> </ul>

29. <https://www.dfat.gov.au/sites/default/files/australian-education-system-foundation.pdf>;

30. <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/education/child-learning-and-development>; <https://www.vu.edu.au/sites/default/files/australian-investment-in-education-ecec-report-mitchell-institute.pdf>

31. <https://www.acecqa.gov.au>;

32. <https://www.unicef-irc.org/publications/pdf/where-do-rich-countries-stand-on-childcare.pdf>;



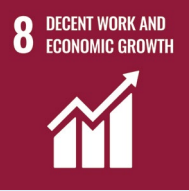
33. <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/education/early-childhood-education-and-care>

34. <https://www.pc.gov.au/inquiries/completed/childcare#report>

35. [https://www.unicef-irc.org/publications/pdf/WP\\_2019-06.pdf](https://www.unicef-irc.org/publications/pdf/WP_2019-06.pdf)

36. <https://www.unicef-irc.org/publications/pdf/WP%202019-06.pdf>






SDG	2030 TARGETS WE CONTRIBUTE TO ACHIEVING	HOW WE CONTRIBUTE
 <p><b>5 GENDER EQUALITY</b></p>	<ul style="list-style-type: none"> <li>▶ 5.2. Eliminate all forms of violence against women and girls, including trafficking and sexual and other types of exploitation.</li> <li>▶ 5.5. Ensure full and effective participation of women and equal opportunities for leadership at all levels in political, economic and public life.</li> <li>▶ 5.A. Give women equal rights to economic resources and access to ownership and control over land and other property, financial services, inheritance and natural resources.</li> </ul>	<p>Arena contributes to this SDG in two key ways:</p> <ul style="list-style-type: none"> <li>▶ Our partnership with RizeUp, a community based organisation supporting families affected by DFV. Since 2015 RizeUp has provided a home and fresh start for over 1,900 women and families impacted by DFV in Queensland, NSW and Victoria. Arena was RizeUp's first financial corporate partner.</li> <li>▶ By making early childhood education and care more accessible, allowing women and carers to remain in or re-enter the workforce.</li> <li>▶ Australian and international evidence shows that workforce participation by parents and carers is influenced by the availability of affordable early childhood education and care. Time out of the workforce caring for young children can have a longer lasting negative impact on the earnings of parents and carers<sup>37</sup>.</li> <li>▶ The correlation coefficient between the rates of Australian female workforce and long day care participation is 0.98<sup>38</sup>.</li> </ul>
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	<ul style="list-style-type: none"> <li>▶ 7.1. Ensure universal access to affordable, reliable and modern energy services.</li> <li>▶ 7.2. Substantially increase the share of renewable energy in the global energy mix.</li> </ul>	<p>Arena's partnership approach delivers mutually beneficial outcomes for our communities, team, tenant partners and ultimately our investors. We continue to work with our tenant partners to install solar renewable energy, reducing operating costs and carbon emissions, with the cost of installation rentalised or offset by increased valuation upside and predictability of income through lease extensions.</p> <p>Solar renewable energy is now installed on 80% of Arena's property portfolio.</p>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<ul style="list-style-type: none"> <li>▶ 8.4. Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production.</li> <li>▶ 8.5. Achieve full and productive employment and decent work for all women and men, including young people and those with disabilities, and equal pay for work of equal value.</li> <li>▶ 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, particularly women migrants, and those in precarious employment.</li> </ul>	<p>80% of Arena's properties now have solar renewable energy installed.</p> <p>Arena REIT certified carbon neutral by Climate Active for business operations in 2021 – 2022.</p> <p>See Arena's organisational carbon emission reduction plan on page 19.</p> <p>See Social section, page 31 in regard to Health, safety and wellbeing.</p> <p>See Social section, pages 30-34 to see how Arena has extended and disclosed our approach to various employee initiatives.</p> <p>See social section, page 41 to see how Arena has improved its actions regarding its supply chain and Modern Slavery.</p> <p>See Social section, page 41 in regard to Diversity, discrimination and equal pay.</p>

37. [https://www.thefrontproject.org.au/images/downloads/ECO\\_ANALYSIS\\_Full\\_Report.pdf](https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf)

38. Arena analysis of ABS Female Labour Force Participation Rate (aged 20-74 at least one dependent child of ELC age); Australian Government 'Early Childhood and Child Care in Summary' Reports 2012-2020.



SDG	2030 TARGETS WE CONTRIBUTE TO ACHIEVING	HOW WE CONTRIBUTE
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>▶ 11.A. Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning.</li> <li>▶ 11.B. [By 2020] Substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.</li> </ul>	<p>Arena has 26% of social infrastructure properties (65 properties) classified as Inner Regional, 14% (34) as outer regional and 0.4% (1) as very remote, demonstrating Arena's support for communities all around Australia.</p> <p>80% of Arena's properties now have solar renewable energy installed.</p> <p>See Environmental section, page 20-27 for Arena's inaugural TCFD disclosures.</p>
 <p><b>13</b> CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>▶ 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</li> <li>▶ 13.2. Integrate climate change measures into national policies, strategies and planning.</li> <li>▶ 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaption, impact reduction and early warning.</li> </ul>	<p>As outlined on pages 18-28 Arena has made material progress on climate action during FY22 including:</p> <ul style="list-style-type: none"> <li>▶ Active collaboration with tenant partners on sustainability initiatives. Including hosting a 'Climate Action in Australia – how does this look in the early learning and healthcare industries?' workshop for our tenants.</li> <li>▶ Solar renewable energy installed on 80% of Arena's property portfolio.</li> <li>▶ Climate action plan including greenhouse gas inventory of Arena's financed emissions.</li> <li>▶ Inaugural TCFD-aligned climate risks and opportunity disclosures.</li> <li>▶ Arena REIT certified carbon neutral by Climate Active for business operations in 2021 – 2022.</li> </ul>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> <li>▶ 16.6. Develop effective, accountable and transparent institutions at all levels.</li> <li>▶ 16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.</li> </ul>	<p>The quality of Arena's corporate governance and risk management is integral to achieving our strategic objectives and underpins our values in relation to integrity and accountability for our decisions and actions. Arena is committed to the highest level of integrity and ethical standards in all business practices.</p> <p>Arena has a relatively flat organisational structure with a collaborative and inclusive culture. Arena undertook an independent external Team Alignment and Engagement Survey during FY22, the results indicated a strong performance, with Arena scoring in the top decile for Alignment and in the top quartile for Engagement.</p> <p>For more on Arena's Governance, including Ethical Behaviour, Code of Conduct, Anti -Bribery and corruption, Supply chain and Whistleblowing policy, see the Governance section of this Report starting on page 37.</p> <p>Please see pages 41 to see how Arena has voluntarily opted into Modern Slavery reporting.</p> <p>Please see page 34 regarding the FY22 Diversity, discrimination and equal pay.</p>



# GRI/SASB CONTENT INDEX

## Statement of Use:

Arena REIT has reported in accordance with the GRI standards for the period 01 July 2021 - 30 June 2022.

## GRI 1 used:

GRI 1: Foundation 2021

## Applicable GRI Sector Standard(s):

N/A - Real Estate Standard has not been released.

Indicator code	Description	Location or link
UNIVERSAL DISCLOSURES		
2-1	Organizational details	About Arena REIT
2-2	"Entities included in the organization's sustainability reporting"	Arena's Sustainability Report
2-3	"Reporting period, frequency and contact point"	1 July through 30 June, annually, Issues that are important to us
2-4	Restatements of information	Governance
2-5	External assurance	Issues that are important to us
2-6	Activities, value chain and other business relationships	About Arena REIT
2-7	Employees	Social
2-8	Workers who are not employees	Social
2-9	Governance structure and composition	Governance
2-10	Nomination and selection of the highest governance body	Governance
2-11	Chair of the highest governance body	Governance
2-12	"Role of the highest governance body in overseeing the management of impacts"	Governance
2-13	Delegation of responsibility for managing impacts	Governance
2-14	Role of the highest governance body in sustainability reporting	Governance
2-15	Conflicts of interest	Governance
2-16	Communication of critical concerns	Governance
2-17	Collective knowledge of the highest governance body	Governance
2-18	Evaluation of the performance of the highest governance body	Governance
2-19	Remuneration policies	Social
2-20	Process to determine remuneration	Social
2-21	Annual total compensation ratio	Social
2-22	Statement on sustainable development strategy	Chair & Managing Director's Message
2-23	Policy commitments	Social
2-24	Embedding policy commitments	Social
2-25	Processes to remediate negative impacts	Governance
2-26	Mechanisms for seeking advice and raising concerns	Governance
2-27	Compliance with laws and regulations	Governance
2-28	Membership associations	Governance
2-29	Approach to stakeholder engagement	Issues that are important to us
2-30	Collective bargaining agreements	Social
3-1	Process to determine material topics	Issues that are important to us
3-2	List of material topics	Issues that are important to us
3-3	Management of material topics	Topics throughout this report

*continued*





Indicator code	Description	Location or link
TOPIC-SPECIFIC DISCLOSURES		
201-1	Direct economic value generated and distributed	2022 Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Environment
202-2	Proportion of senior management hired from the local community	Social
203-1	Infrastructure investments and services supported	About Arena REIT
204-1	Proportion of spending on local suppliers	Governance
205-2	Communication and training about anti-corruption	Social and Governance
205-3	Confirmed incidents of corruption and actions taken	Governance
206-1	Anti-competitive behaviour	Governance
207-1	Approach to tax	Governance
207-2	Tax governance, control and risk management	Governance
207-3	Stakeholder engagement and management of concerns related to tax	Governance
207-4	Country-by-country reporting	Governance
305-1	Direct (Scope 1) GHG emissions	Environment
305-2	Energy indirect (Scope 2) GHG emissions	Environment
305-3	Other indirect (Scope 3) GHG emissions	Environment
305-4	GHG emissions intensity	Environment
306-1	Waste Generation and significant waste related impacts	Environment
306-3	Waste generated	Environment
401-1	New employee hires and employee turnover	Social
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social
401-3	Parental leave	Social
402-1	Minimum notice periods regarding operational changes	Social
403-1	Occupational health and safety management system	Social
403-2	Hazard identification, risk assessment, and incident investigation	Social
403-3	Occupational health services	Social
403-4	Worker participation, consultation, and communication on occupational health and safety	Social
403-5	Worker training on occupational health and safety	Social
403-6	Promotion of worker health	Social
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social
403-8	Workers covered by an occupational health and safety management system	Social
403-9	Work-related injuries	Social

*continued*



Indicator code	Description	Location or link
TOPIC-SPECIFIC DISCLOSURES		
404-1	Average hours of training per year per employee	Social
404-2	Programs for upgrading employee skills and employee transition programs	Social
404-3	Percentage of employees receiving regular performance and career development reviews	Social
405-1	Diversity of governance bodies and employees	Social
405-2	Ratio of basic salary and remuneration of women to men	Social
406-1	Incidents of discrimination and corrective actions taken	Social
415-1	Political contributions	Governance
417-2	Incidents of non-compliance concerning product and service information and labeling	Governance
417-3	Incidents of non-compliance concerning marketing communications	Governance
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance
SASB - INFRASTRUCTURE INDUSTRY - REAL ESTATE SUB-INDUSTRY		
IF-RE-410a.3	Discussion of approach to measuring, incentivising and improving sustainability impacts of tenants	Partnerships for Change and Environment
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property sub-sector	Environment
IF-RE-450a.2	Description of climate change exposure risk analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Environment

# CORPORATE DIRECTORY

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ACN 602 365 186

Arena REIT Management Limited (ARML)  
ACN 600 069 761 AFSL 465754

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## DIRECTORS

David Ross (Independent, Non-Executive Chair)

Rosemary Hartnett (Independent, Non-Executive Director)

Simon Parsons (Independent, Non-Executive Director)

Dennis Wildenburg (Independent, Non-Executive Director)

Rob de Vos (Managing Director)

Gareth Winter (Executive Director of ARML)

## COMPANY SECRETARY

Gareth Winter

## AUDITOR

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