




# ESG Report 2022

An aerial photograph of a beach. The top half of the image shows the ocean with vibrant turquoise and teal water. White, frothy waves are crashing onto the shore, creating a white foam that spreads across the beach. The bottom half of the image shows the sandy beach, which is a mix of light and dark sand, with some darker patches of vegetation or rocks visible near the water's edge.

Cromwell Property Group  
acknowledges and pays respects to  
past, present, and future Traditional  
Custodians and Elders of Australia.  
We respect the cultural, spiritual, and  
educational practices of Aboriginal  
and Torres Strait Islander peoples.

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Tackling the World's  
Greatest Challenges

## ABOUT THIS REPORT

This report covers Cromwell Property Group's environmental, social, and governance (ESG) performance for the year ending 30 June 2022 (FY22). All data and figures quoted in this Report and the associated Data Pack are as at 30 June 2022, unless stated otherwise. It has been prepared in accordance with the GRI Standards framework, further details about which are available at [www.globalreporting.org](http://www.globalreporting.org).

The GRI content index; SASB index; as well as all associated data can be found in the accompanying data pack, available at [www.cromwellpropertygroup.com/sustainability/reports](http://www.cromwellpropertygroup.com/sustainability/reports). The data pack also describes the reporting boundaries we have used.

ESG disclosures, policies, and previous reports are also available for download from the Group website. The 2022 TCFD Statement can be found in the 2022 Annual Report.

# A MESSAGE FROM OUR CEO



In Cromwell's 2021 Sustainability Report, my first as CEO, I said that I believed that our business had substantial unrealised potential, and unlocking it will benefit our securityholders, investors and our people. One year on, this belief has been strengthened.

As I reflect on the progress described in our 2022 ESG Report, I am confident and excited that everyone at Cromwell shares with me a commitment and focus on realising the potential opportunities and value for all stakeholders – our people, our investors, our tenants, our communities and our planet.

While much has changed this year, one constant is our focus on the future. In the last 12 months, we've asked the big questions and in doing so, have stimulated broader thinking. We've redefined our values and reset our corporate strategy. Importantly, as part of these

deeply reflective processes, we've also refreshed and redefined Cromwell's environmental, social and governance (ESG) ambitions.

The term ESG has been used increasingly by investors and others over the past few years, but the ESG concept is not new to us. Since Cromwell's inception, we have considered our responsibility and have demonstrated our commitment to sustainability. In 2016 we introduced our five pillared Sustainability Framework designed to ensure we remained focused on adding value via management of environmental, economic, social, cultural and governance risks and opportunities. We are proud of our efforts to date and the framework has served us well. However, we know that amid rapid change it is important that we continue to evolve and aspire to be and do better.

As a result of these actions, and cascading from our refreshed corporate vision, we have, for the first time formally articulated our ESG Vision for the Group:

“ Elevating real estate investment.  
Empowering our people.  
Delivering a resilient future for  
our investors, tenants,  
communities and planet. ”

We have also established key ESG commitments based on the areas that our stakeholders prioritised as being the most critical for us in the future:

THEMES	ENVIRONMENT	SOCIAL		GOVERNANCE
		PEOPLE	PLACES & COMMUNITIES	
COMMITMENTS	Deliver resilient, revitalised and sustainable asset portfolios that generate value and meet investor and other stakeholder expectations.	Create a culture of authenticity and creativity. Build capability and diversity. Nurture wellbeing.	Connect meaningfully to build authentic relationships. Generate value by meeting our tenants' evolving needs. Contribute positively to the communities we operate in.	Embed ESG across our business. Manage opportunity and risk by integrating environmental and social value in our decisions. Demonstrate accountability and transparency.

The development of a Group ESG Strategy underpins a globally harmonised approach at the core. It includes targets that are material to our future including decarbonising our business toward net zero and setting new baselines for areas such as energy consumption, waste management and carbon in each of our operating regions. We have also developed region specific targets to ensure we are addressing local concerns such as the development and registration of an Australian Reconciliation Action Plan, with further progress and meaningful reflection occurring through FY23.

At the time of publishing this Report, our team is in the process of measuring our new baselines for each target and building out action plans to ensure that we have a clear roadmap to guide us in our future efforts. We look forward to reporting our progress and refining our ESG Strategy and targets as we move along our journey.

Amid these foundational activities, we have continued in achieving good progress against our existing targets. We are pleased that we have maintained a high level of performance for our governance pillar, including compliance, training and disclosure principles and increased integration between risk management, ESG performance and safety governance, including reporting and oversight.

I am proud to present this report because it describes our activities during the year and updates you on our progress against previous targets, I am also proud of the engagement and thought provoking discussions that we've had whilst refreshing our ESG approach and formal ESG Strategy. I look forward to sharing with you further updates as we see our values, our corporate strategy and our ESG vision come alive.



**Jonathan Callaghan**  
Chief Executive Officer

# ABOUT CROMWELL PROPERTY GROUP

## EUROPEAN PRESENCE



 **28**  
OFFICES

 **440**  
PEOPLE

 **14**  
COUNTRIES

### Australian Investment Portfolio

**\$3.0** billion  
PORTFOLIO VALUE

**13**  
ASSETS

**5.9 years**  
WALE

**95.6%**  
PORTFOLIO OCCUPANCY BY NLA

### Fund and Asset Management

**\$12.0** billion  
TOTAL AUM

**\$7.8** billion  
TOTAL THIRD-PARTY AUM

**\$5.1** billion  
EUROPE

**\$2.7** billion  
AUSTRALIA/  
NEW ZEALAND

### Co-investments

**\$1.4** billion  
INVESTMENT

CROMWELL DIRECT  
PROPERTY FUND

**4.3%**

CROMWELL EUROPEAN REIT

**28%**

CROMWELL ITALY URBAN  
LOGISTICS FUND

**100%**

CROMWELL POLISH  
RETAIL FUND

**100%**



**216**  
PROPERTIES



**3.4million**  
SQM



**2,300+**  
TENANT CUSTOMERS

# OUR ESG APPROACH

Across the business, FY22 was a year of transition. Among the major changes to our corporate strategy and our values, we also refreshed our approach to ESG and our ambitions. We extensively engaged our stakeholders to ensure that we continue to deliver results against our targets in our previous Sustainability Framework, while also realigning our focus to a set of new targets in our formalised ESG Strategy. In FY23, we are now busy undertaking foundational work to set new baselines for our targets, build a firm understanding of our current state and prepare for the road ahead. For our next ESG Report, we look forward to clarifying and restating our targets once we have a clearer understanding of our landscape.

**Our newly developed targets for FY23 and beyond include:**

## Environmental

**Deliver resilient, revitalised and sustainable asset portfolios that generate value and meet investor and other stakeholder expectations.**

As further discussed in the section, Tackling the World’s Greatest Challenges, we are currently developing our Net Zero Strategy with the support of external expertise and will be looking to commit to and realign these targets with verified Science Based Targets. As a funds manager, a significant proportion of our emissions are Scope 3. We also occupy a

unique space within our industry, with a minimal development footprint, but a vast network of over 2,300 tenants across the globe. Our net zero targets are therefore designed to reflect beyond our operational control into our sphere of influence, encouraging those in our broader value chain to join us on our journey toward net zero emissions.

 **Net Zero**

SBTs: Validate our net zero targets using the Science Based Targets Initiative Net Zero Standard

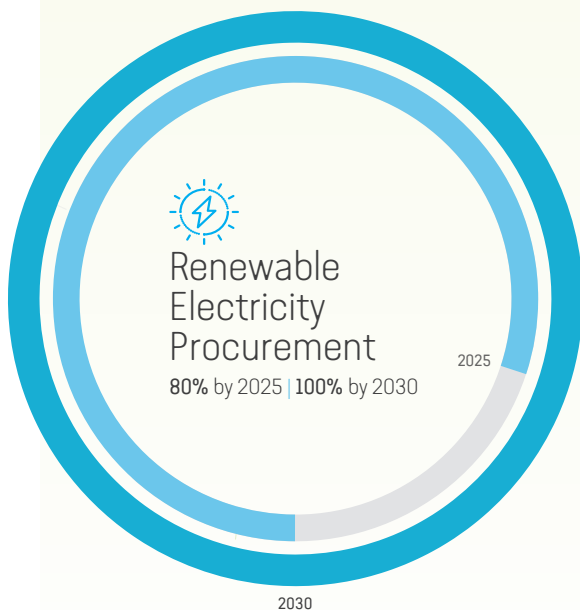
Operational control by **2035**



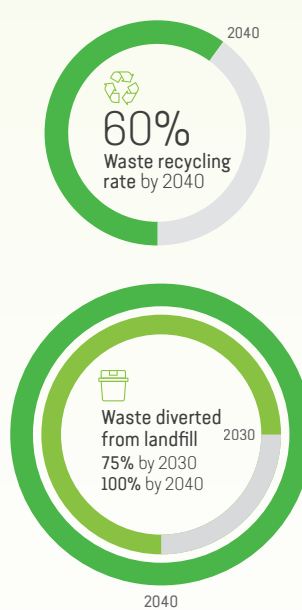
New construction by **2030**

Entire portfolio for Scope 1, 2 and 3, including tenant emissions and embodied carbon by **2045**

### Renewable Energy



### Waste



### Water

Group: Reduce water intensity in line with relevant geography benchmarks.

### Climate Risk

Group: Achieve full alignment with the TCFD recommendations by 2025.



## People

Create a culture of authenticity and creativity.  
Build capability. Nurture wellbeing.

### Diversity & Inclusion



#### Gender Pay Gap

Significantly reduce our gender pay gap year on year.



#### Pay Parity

Maintain pay parity.



#### Gender Diversity

Achieve 40:40:20 gender diversity at all levels.



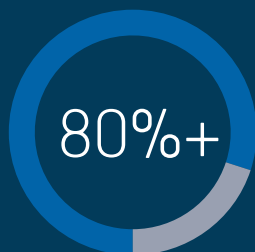
#### Cultural Diversity

Measure our cultural diversity.



#### Reconciliation

Commence our Reconciliation journey and develop a Reconciliation Action Plan.



### Employee Engagement

**Group:** Achieve and maintain an employee engagement score of 80% or higher across the business by 2030.

## Places & Communities

Connect meaningfully to build authentic relationships.  
Generate value by meeting our tenants' evolving needs.  
Contribute positively to the communities we operate in.

**Group:** Improve tenant-customer satisfaction to a minimum score of 80 and placement in the 2nd quartile industry performance for all regions.



## Governance

Embed ESG across our business. Manage opportunity and risk by integrating environmental and social value in our decisions. Demonstrate accountability and transparency.



G R E S B<sup>®</sup>

**Group:** Achieve and maintain a GRESB public disclosure rating of A.



Principles for Responsible Investment

**Group:** Become and maintain signatory membership to the UN PRI. Achieve a 5 star rating from UN PRI.

### ESG Integration

**Group:** Integration of ESG into risk register and business strategy, including OKRs.

### ESG Screening

**Group:** ESG screening of all tenants and strategic / material suppliers.

# WHAT MATTERS MOST

## INDEPENDENT REVIEW OF MATERIALITY

Our annual materiality review is an important tool in ensuring Cromwell remains focused on what is important, creates value and responds appropriately to stakeholder concerns. Our approach to materiality is guided by the Global Reporting Initiative Standards.

In FY22, we used an independent third party to review stakeholder feedback - along with our commitments and policies, considering industry and peer performance - to give us the most important topics to our long-term value. Our methodology comprised of a desktop review; stakeholder interviews and survey; consolidation and prioritisation of topics; and validation and reporting. The impact of these material topics was also assessed against the UN Sustainable Development Goals, as reflected in our high-level alignment below. The length of the bars represents the relative impact and importance of each material topic to both ourselves and our stakeholders.



### Engaged, healthy and capable workforce

SDG 3: Good health and wellbeing  
SDG 8: Decent work and economic growth



### Technology and innovation

SDG 9: Industry, innovation and infrastructure  
SDG 11: Sustainable cities and communities



### Environmental management

SDG 13: Climate action  
SDG 15: Life on land



### Decarbonisation

SDG 13: Climate action  
SDG 7: Affordable and clean energy



### Diversity and inclusion

SDG 5: Gender equality



### Tenant experience and engagement

SDG 11: Sustainable cities and communities



### Corporate leadership

SDG 17: Partnerships for the goal



### Climate adaptation

SDG 11: Sustainable cities and communities



### Sustainable growth and development

SDG 12: Responsible consumption and production



### Advocacy and partnerships

SDG 9: Industry, innovation and infrastructure.  
SDG 17: Partnerships for the goal



### Risk and supply chain management

SDG x: Industry, innovation and infrastructure.  
SDG xx: Partnerships for the goal



### Future-fit buildings

SDG 11: Sustainable cities and communities



### Community conscious

SDG 11: Sustainable cities and communities





# OUR MOST VALUABLE RESOURCE OUR PEOPLE

## ENGAGED, HEALTHY AND CAPABLE WORKFORCE

At Cromwell, we believe our people are our greatest strength. Retaining valued existing team members, and attracting a diverse range of high calibre new talent, strengthens our business and improves Cromwell's ability to partner and collaborate with all our stakeholders. It is important that we have a strong employer brand – as well as an employee value proposition that encompasses recognition, professional growth, and flexibility.

Each year, we conduct an engagement survey to better understand the sentiment of our people. This survey also helps us gauge what's important to employees and where they would like to see us take more action. In FY22, we achieved a global employee engagement score of 60%, against a global real estate sector benchmark of 73%. While disappointing, this is reflective of the significant structural changes we've undergone over the last two years, and challenges faced in building a globally cohesive employee network. Feedback in our last engagement survey indicated that we could improve in several areas, including encouraging greater work-life balance. We took the feedback on board and introduced improved, flexible leave initiatives that focused on inclusion and wellbeing, such as enhanced parental and carer leave.

Staff also highlighted that continuing to improve leadership skills was needed across the business. Strong leadership is critical to our success - it builds trust among our people and provides a sense of purpose and belonging. In FY22, Cromwell implemented Situational Leadership® to upskill our People Leaders, during which 59 leaders from Australia and Europe participated in the programme. This training helps our leaders set goals; diagnose development levels; and tailor their leadership style to the development level of their team members. In Australia, Cromwell held the inaugural People Leaders' Summit in May, and focused on the theme of "Delivering Strong Leadership". The Summit helped attendees understand the importance of aligning teams with Cromwell's vision and strategy; building motivation and engagement; and adapting leadership style to situations and inclusivity. In 2023, Cromwell will continue to focus on upskilling our leaders to enable them to deliver strong leadership and further develop leadership capability.

Safeguarding the wellbeing of our employees is essential. During FY22, all employees have had access to an Employee Assistance Programme, as well as a wellbeing platform called Sprout. In Australia, we held a Wellness Week during which our people participated in mindfulness, meditation, nutrition, creativity, and resilience workshops - as well as massage, fitness classes, ergonomics consultations, and flu vaccinations.

We continued developing our health, safety and wellbeing (HSW) programme in FY22 – and we set a new global HSW Policy, which was approved by the Board during the year. We commissioned an audit against the requirements of *ISO 45001:2018 - Occupational Health and Safety Management Systems* and apply for accreditation against that Standard, which will commence in FY23. This certification specifies requirements for an occupational health and safety management system; its goal is to ensure that we have established the systems and supporting processes required to provide a safe and healthy workplace for employees and visitors. We aim to achieve accreditation against this standard in FY23.

**Cromwell will also establish a management HSW forum that will be responsible for internal oversight of HSW-related:**

- governance
- resourcing
- risk management
- policy
- compliance
- resources
- strategy
- incident reporting
- training

This forum will meet regularly and report to the Australian Executive Committee, the Board ESG and Risk Committee, as well as the Board.

**GROUP STATISTICS**

**381**  
employees

151 AUSTRALIA  
215 EUROPE  
15 SINGAPORE

GENDER DIVERSITY

**49%** Female | **51%** Male

MANAGEMENT

**44%** Female | **56%** Male



**87%** of employees received regular performance and career development reviews

**0** lost time injuries in 2022

**6,477** hours of employee training in FY22

**17** hours per employee  
FY22 TARGET: 20 hours

**FY22 TARGET:** maintain employee engagement above global benchmarked average

**60%** Cromwell

**73%** Benchmarked average\*



**VOLUNTEERING AND FUNDRAISING**

Cromwell provides volunteer leave and fundraising opportunities that allow our employees to engage with the community causes that matter to them. These initiatives help our employees feel more engaged with, and supported by, the business. In FY22, our employees supported a range of different local initiatives.

One example: TCS Amsterdam in the Netherlands, where our Dutch team participated in the KWF (Dutch Cancer Foundation) marathon. After training for three months, 14 employees completed the marathon or half-marathon and raised A\$23,206!

**DIVERSITY AND INCLUSION**

We are committed to being an equal and inclusive workplace. During FY22, we achieved our global objective of at least 40% women for our Board, team leaders and emerging leaders. It is our intention to reach this benchmark at all employee levels by 2026.

We have adopted a new diversity and inclusion strategy and have established internal diversity and inclusion committees in each of our regions. Cromwell’s five-year strategy sets our inclusion and diversity goals and initiatives to 2026. Our targets address both engagement on diversity and inclusion, gender diversity at all leadership levels, reducing the gender pay gap, and cultural diversity.

**FY23 DIVERSITY AND INCLUSION OBJECTIVES**

1. Significantly reduce our gender pay gap year on year.
2. Maintain pay parity.
3. Achieve 40:40:20 gender diversity at all levels.
4. Measure our cultural diversity.
5. Commence our Reconciliation journey and develop a Reconciliation Action Plan.

\*Source: [www.cultureamp.com/science/insights/real-estate-australia](http://www.cultureamp.com/science/insights/real-estate-australia)

## RECOGNITION OF GREAT WORK: SUSTAINABLE PRACTICES AWARD RECIPIENTS

Each year, we recognise employees who embody our wide-ranging sustainability practices into their working day.



### Morgan Neufeldt

Facilities Manager, Australia

identified new opportunities to make Cromwell more sustainable and support our tenants

### Lukasz Mroczynski

Technical Manager, Poland

Improved ESG reporting and data

“ Diversity is important for our business as it facilitates increased creativity, innovation, and opportunities for broader brainstorming. This, in turn, leads to enhanced decision making and a positive impact for all key stakeholders.”

Rob Percy | Chief Investment Officer

FY22 TARGET:

# 40:20:20

at least 40% of women at all employee levels by 2026

FY22 ACHIEVEMENT: at least 40% of women at Board, team leader and emerging leader levels in our Australian business.

## PROFILE

### TESSA MORRISON HEAD OF PROPERTY OPERATIONS

“ I joined Cromwell in April 2022. Achieving my career goals while being able to work flexibly allows me to balance my job with enjoying my family life, which is really important to me.

There are some great policies and initiatives in place that align with my own values, as well as a focus on diversity and inclusion. I can work with autonomy and responsibility, while empowering others to do so as well.

Part of my role is to ensure that my team can keep growing as individuals. I've already had the pleasure of upskilling and promoting four team members.

In the property team, there is a requirement for our facility managers to have a presence in their buildings, but they have flexibility in their working hours. We provide the team with flexibility as to where and when they want to work.

I'm excited about Cromwell's forward strategy around ESG, culture, diversity and leadership.”



# CORPORATE LEADERSHIP




Building strong, responsible corporate leadership is vital to sustainable business growth. Our values and ethics, alongside our ongoing financial and non-financial disclosures, demonstrate our strong governance frameworks that promote trust and transparency.

In FY22, we aimed for a high level of performance in key governance aspects, including compliance, training and disclosure. We reviewed and updated our governance structures to enhance oversight of ESG and risk at all governance levels. We supported integration of ESG practices throughout the business.

Cromwell’s Investment Committee considers ESG principles for maximum impact in investment strategy. ESG is a high priority for real estate investors, and ESG-based strategies deliver superior long-term capital protection, creation and growth.

As shown in the table below, ESG is considered in every facet of our investment strategy, from macro-sector allocations through asset selection and management to occupier profile. This is in accordance with the guidance in the UN Principles for Responsible Investment (UN PRI), which encourages ESG consideration alongside other investment metrics.

## Principles for maximum ESG impact in investment strategy

	Assets	Occupiers
 <p><b>Environment</b></p>	<ul style="list-style-type: none"> <li>• Prioritise value-added strategies</li> <li>• Enact improvement works early</li> <li>• Acquire &amp; create dense &amp; adaptable assets</li> <li>• Reuse &gt; refurbishment &gt; redevelopment</li> <li>• Construction priority towards brownfield land &amp; sustainable materials</li> <li>• Deploy technological solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Influence rather than exclude</li> <li>• Use green leases</li> </ul>
 <p><b>Social</b></p>	<ul style="list-style-type: none"> <li>• Ensure assets are inclusive or cater specifically to niche users</li> <li>• Consider social value in deal screening &amp; portfolio reviews</li> <li>• Prioritise value-added strategies &amp; mixed-use development</li> <li>• Deploy technological solutions</li> <li>• Survey occupiers/users, track use patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate occupiers who cannot pay market rent</li> <li>• Adopt new approaches to utilise short or long-term vacancy</li> <li>• Support temporary/meanwhile uses</li> </ul>
 <p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• Actively pursue partnerships</li> <li>• Collaborate with other parties in the micro/macro location</li> </ul>	<ul style="list-style-type: none"> <li>• Engage/partner with occupiers</li> </ul>

From July 2022, the Board has reorganised its supporting governance bodies to enhance oversight over ESG, risk management and HSW. This has been achieved by retiring the Audit and Risk Committee and reconstituting it as two separately focused committees: an Audit Committee and an ESG and Risk Committee.

The ESG and Risk Committee will assist the Board by reviewing strategy, monitoring policies, practices, initiatives and disclosures that align with ESG, reviewing objectives and targets and ensuring there is an appropriate system of governance and control over ESG data and reviewing public positions and disclosures on key sustainability issues, among other responsibilities. It will also play an important role in ensuring the closer integration of risk and ESG throughout our decision making and business practices.

## PROFILE

### TANYA COX, DIRECTOR AND MEMBER OF ESG, RISK AND SAFETY COMMITTEE

Tanya Cox has a solid record of leadership in the field of sustainability in our industry, championing green buildings as one of the solutions to climate change in former roles with the World Green Building Council, Green Building Council of Australia and NSW Climate Change Council (among others). She has supported reframing Cromwell's Board audit and risk responsibilities to formally include ESG going forward.

“Cromwell understands the imperative to show leadership in meeting the challenges of climate change.”

“As a member of the global property sector, we have an opportunity to show leadership as we create a net zero roadmap.

“Strong governance foundations and accountability in our efforts to realise a net zero carbon future are vital to achieving our goals.

“I am looking forward to playing my part and contributing my experience to the Committee.”



## LEADERSHIP THROUGH ADVOCACY AND PARTNERSHIPS

Cromwell, and the property industry more broadly, have an important role in encouraging sustainable change throughout our communities and value chains. Mutually beneficial relationships can increase access to knowledge, expertise, and resources - and help improve our communities.

Cromwell maintains a leadership position on industry committees and events. Cromwell was one of the founding members of the Property Council of Australia's (PCA) modern

slavery supplier platform and sits on the modern slavery working group and various sub-committees. This helps us better engage with our suppliers in this important area, as well as simplifying reporting and providing education and resources throughout the supply chain. We also have representatives on other PCA committees and are involved with other relevant industry bodies in both Australia and Europe.

## RISK AND SUPPLY CHAIN MANAGEMENT

Maintaining robust risk and supply chain management systems is critical to our business operations and fulfilling our investors' and stakeholders' needs. In FY20, Cromwell developed a risk-based approach to managing existing and new suppliers. We categorise our suppliers by industry and risk exposure, including risk of modern slavery. As managers of property assets, our greatest exposure to modern slavery practices is in the supply chains of our service providers and the goods and materials they supply in the construction, maintenance, repair and operations of these properties. We have identified the production of solar panels and PPE as high-risk within our supply chain and will be engaging with our suppliers on their labour practices.

Cromwell's procurement framework aligns with the principles in the ISO 20400 Sustainable Procurement standard. We develop and maintain strong partnerships with suppliers that build on a joint commitment to conduct business with honesty, integrity, and compliance. We also seek to develop further our understanding of environmental impacts and emissions in the supply chain, including waste and business travel to assess risk and assist in addressing them.

In FY22, Cromwell increased the integration between risk management, ESG performance, and safety governance - including reporting, oversight, and continual improvement activities. Board oversight of these systems will be strengthened with the establishment of the ESG and Risk Committee in FY23.

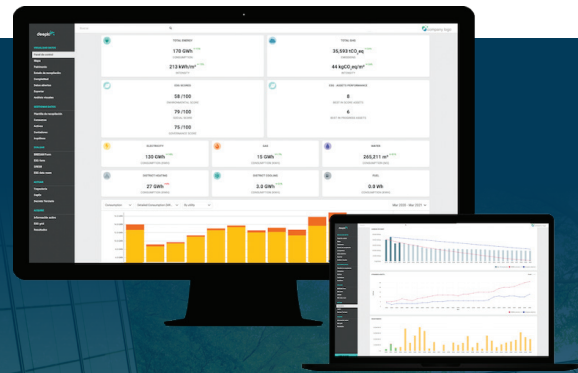
While physical assessments of supplier sites were not possible due to COVID-19 lockdowns and restrictions for many, we were able to conduct third party desktop audits and continued using other screening tools. As part of our ongoing assessment of exposure to the risk of modern slavery throughout our supply chains and operations, we did not identify any material risk exposure using our various risk identification methods, including, in Australia, the PCA Modern Slavery Database during the reporting period.

### CASE STUDY

## DATA AND TECHNOLOGY AS KEY ENABLERS FOR OUR ESG STRATEGY

Digital technology and innovation is a key enabler to addressing ESG, with demonstrated efficiencies through improved systems, processes and automation.

This year, we began implementing a digital hub to collect ESG data from the buildings we manage in Europe. We partnered with Deepki, an ESG SaaS company, to simplify the collection process from every available source – from smart meters to building management systems and utility invoices. In the year ahead, this tool will help us improve efficiency, make informed decisions on



impact, mitigate physical risks, decarbonise and enhance the value of buildings. Better reporting will also support Cromwell's progress to net zero.

### CASE STUDY

## REDUCING THE RISK OF MODERN SLAVERY IN SOLAR PANEL PRODUCTION

In FY21, Cromwell identified that production of solar panels is high risk for modern slavery. This is because there are concerns in at least three renewable energy supply chain areas: forced labour in cobalt mining in Africa; lack of consent from indigenous peoples in lithium mining in South America; and forced labour in production of polysilicon in China. Our increased use of solar panels to meet our commitment to install renewable energy sources wherever possible on buildings in our portfolio means we need to carefully consider the associated supply chain risks.

During FY22, the PCA Modern Slavery Working Group created an action plan to address the issues of forced labour and indigenous rights in solar panel component manufacture and mining. This helps us and other members work with suppliers to assess and address the identified risks. In the year ahead, the group plans to refine supplier engagement, further developing the grievance mechanism and remediation project, with a deeper dive into the emerging global solar panel and renewable energy supply chains.



# SUSTAINABLE BUSINESS GROWTH AND DEVELOPMENT

Responsibly delivering sustainable economic returns for our shareholders and investors is one of the most important measures of success for Cromwell. Our new business strategy will see an increasing focus on managing assets on behalf of third-party clients. As a trusted global real estate fund manager, we can provide confidence of our ability to provide strong financial and non-financial management for clients.

Key to achieving this is the development of our new ESG Strategy. Due to be rolled out across the business in FY23, our ESG Strategy heightens our ESG ambitions and promotes and recognises ESG as a value driver for building a better business, achieving better returns and accessing greater capital while de-risking parts of our operations and supply chain directly impacted by ESG issues. For example, we are undertaking extensive work to develop a group-wide Net Zero Strategy and roadmap with ambitious net zero targets that encompass all of our emissions, including those Scope 3 emissions such as our tenants' emissions and embodied carbon, not just emissions from our assets under operational control.

We monitor investor sentiment to ensure that our vision and strategy is delivering value to our securityholders through ongoing engagement. We conduct a biennial investor survey with our retail investors in Australia and actively engage with institutional investors.

For investors, we consider that there will be good opportunities in office real estate over the next phase of the real estate investment cycle and into the future. ESG regulations combined with changing tenant preferences will accentuate demand for sustainable office spaces. This need for progressive thinking and creating viable solutions to help mitigate climate change, while delivering performance for our investors. In line with our core corporate value of being progressive, in FY22, Cromwell partnered with a third party to create a European based fund aimed at investing in sustainable buildings constructed primarily with timber and/or other renewable materials. The portfolio focus will be on lifecycle sustainability, from the buildings' material origination to operational Management, and the intention is to invest in existing income-producing assets, forward-funded projects and non-speculative development. While only one of our funds, it demonstrates our commitment to forward-looking investment strategy as well as progressive and creative solutions whilst still expecting appropriate investment returns.

FY22 TARGET: Improve  
customer satisfaction results

AUSTRALIA  
Dec 2022  
survey completed

## UPDATING OUR ESG APPROACH TO MEET OUR VALUES

As a 'values led' organisation, it is important that our values underpin our vision to be a trusted global real estate fund manager that also has a local presence. In early 2022, we conducted more than 40 cultural workshops with 192 employees across the organisation, all of whom contributed ideas and suggestions on how to best achieve this vision. A summary of the workshop outcomes is provided below:

Current strengths	New strengths to build on
<ul style="list-style-type: none"> <li>• People feel respected, cared for and included</li> <li>• Parts of the business are highly energised</li> <li>• People are clearer on the future of Cromwell and their role in achieving</li> </ul>	<ul style="list-style-type: none"> <li>• Working more nimbly, efficiently and collaboratively</li> <li>• Challenging ourselves to change</li> <li>• Providing better opportunities for people to grow</li> <li>• Improved inclusion</li> </ul>

FOLLOWING THIS EXTENSIVE PROCESS, CROMWELL FINALISED OUR THREE NEW VALUES:

# our values.



**we are accountable.**

We do what we say we will do and deliver outstanding performance

We aim to exceed all standards and have the courage to do what is right

We act with integrity always



**we are progressive.**

We challenge ourselves to embrace new perspectives and drive change

We focus on creating value and seek out new possibilities

We provide creative solutions and continuously improve together



**we are collaborative.**

We respect and support each other, valuing the work others do

We partner across teams and borders with our investors and other stakeholders

We share ideas and encourage each other to perform at our best

Cromwell's new values – Accountable, Progressive, and Collaborative - reflect our people's feedback and represent what we collectively believe are the guiding principles to achieve our vision. These values allow us to build stronger foundations in how we operate, behave, and interact. They drive our decision making and act as a means of accountability within our business, pushing us to continuously improve and ultimately grow the business in line with our new values. Our process for developing our new ESG Strategy has been one of consultation and collaboration, and we have sought to achieve a globally harmonised approach, where possible. Our desire to continuously improve and play our part has led us to refine our baselines and aspire to determine science-based targets to deliver results that demonstrate our commitment to ESG and a resilient future for all our stakeholders.



# BUILDINGS PEOPLE WANT TO BE IN

High occupancy rates, long leases and rental income are all critical measures of the economic success of our business. Retaining tenants and renewing leases is directly measured through our weighted average lease expiry, currently at 5.9 years for our investment portfolio.

We are proud of our strong reputation with tenants and investors, and we are working towards meeting the anticipated heightened demand for ESG and technological developments. Proactive engagement is critical to this process, allowing us to gauge sentiment, receive up-to-date feedback and respond to requests.

Cromwell has tenant engagement action plans for each of the properties we manage. We conduct quarterly tenant meetings on site, with a standardised agenda and minute taking for consistency. Each year, we also survey tenants in Australia and Europe to consider how we can meet their needs. For example, tenants have previously told us that their environmental impact is a key concern. As a result of this feedback, Cromwell has provided tenants with the ability to manage their energy and water footprint through submetering, and this has been further enhanced with systems to track and report on individual sustainability initiatives.

During the year, tenants raised the issue of waste management. To meet both their expectations and ours, we instigated a national waste stream education programme in Australia. This programme included specific information on waste stream separation, data capture and reporting, as well as recycling rates. Each of our Australian property managers oversees building-specific environmental initiatives and consumption information with quarterly reporting requirements.

Feedback from our annual tenant-customer satisfaction survey in Australia shows that our tenants take climate change and environmental management seriously, with the majority on the path to carbon neutrality and engaging in recycling education. They also indicated that continued education and engagement around recycling was important or very important. However, relatively few feel they have the sustainability metrics and data systems in place to help them achieve their ESG goals. This is an area where Cromwell may be able to engage for mutual benefit in the future.

## CASE STUDY

### IMPROVED END-OF-TRIP FACILITIES FOR 400 GEORGE STREET

At 400 George Street, Brisbane, Australia, end-of-trip use was an identified area for improvement. As well as implementing water saving initiatives, tenants were surveyed for what they thought would improve comfort and reduce water and waste.

#### Improvements included:

1. Increasing maximum shower temperature to 50°
2. Providing tissue boxes
3. Extending electrical cords for appliances
4. Increasing cleaning
5. Providing locker availability reports
6. Providing bath towels and face washers
7. Adding body wash dispenser to showers
8. Playing music in the bathrooms

So far, the improvements have also lowered water consumption, with tenants taking shorter showers, using half-flush options, and eco-valves improving leak detection.



## FUTURE FIT BUILDINGS

Anticipating future trends and adapting and investing in properties that support our tenants with new ways of working helps us to contribute positively to the broader built environment and our communities. Proactively managing and investing in future trends will help Cromwell retain tenants.

Currently, 67% of the properties we manage provide office space for tenants. Understanding the motivations of occupiers and the type of space they need is going to be critical for office space investors over the next decade. In an environment where businesses are competing fiercely over attracting and retaining top talent, especially among younger generations, the quality of the office environment has become a significant consideration.

For investors, we believe there will be opportunities in office real estate over the next phase of the investment cycle and into the future. The incoming ESG regulations in Europe, and likely future laws elsewhere globally, combined with a broader social acknowledgement that the future office must be sustainable, will accentuate demand for compliant and desirable office space in a market where this is in scarce supply. While we have a strong track record in responding to the needs of our tenants in their workplaces, equipping our properties to be compatible with the future of work will ensure we continue to be a partner of choice. We are working with partners and tenants to get 'real time feedback'.

Cromwell considers how to align environmental goals with the needs of our tenants and investors. We look ahead to certification trends in Australia and Europe, and have targets to ensure our buildings are being developed to meet the highest possible environmental standards. For example, in Italy, the team is completely transforming the Nervesa 21 office building in Milan on behalf of Singapore Exchange-listed Cromwell European REIT. The building is an excellent example of the sort of sustainable, collaborative office space that is increasingly in demand from occupiers, with planned Leadership in Energy and Environmental Design Platinum and International WELL Building Institute Certification.

### KEY FACTORS INFLUENCING PROPERTY CHOICE



Public transport



Wellness



Value



Client & customer accessibility

“We asked our European tenants for the key factor influencing property choice,” says **Andrew Creighton**, Head of Investment Management, Europe at Cromwell.

“Our office tenants have become much more focused on people’s needs than the traditional drivers of cost and value. Our wider tenant engagement strategy and business-as-usual tenant interactions generate a lot of insight. Cross-border collaboration and the ability to compare experiences uncovers a range of attitudes to offices and occupier requirements across the regions.”



# TACKLING THE WORLD'S GREATEST CHALLENGES

## CLIMATE CHANGE ADAPTATION AND DECARBONISATION

Climate change represents one of the most significant challenges facing the property industry today. From ensuring the safety and wellbeing of our tenants to preserving the value of our property assets and reducing the impact of extreme weather events, Cromwell is focused on ensuring stability and resilience for all stakeholders.

Cromwell's global strategy is being developed to decarbonise our business towards net zero. This will ensure our portfolio and the assets under our management are ready for the impacts of climate change both now and into the future. This minimises the risk to our business and provides assurance to investors that we are prepared and stable in the long term.

We strive to consider the direct impacts of climate change across all levels of our business and throughout the stages of portfolio management. For example, we have set targets to ensure that due diligence for all property acquisitions includes evaluation of physical climate risks such as long term forecasts for temperature, tide, inundation, rainfall and acute weather events. For our property investment portfolio, we will continue to conduct technical building assessments every three years to ensure we stay in step with any developments in climate science. Strategic asset plans include the analysis of climate change scenarios, sustainability objectives and the risks and opportunities. Strategic asset plans also apply to funds under management.

### CASE STUDY

## TOWARDS NET ZERO

As a capital light fund manager that focuses on the acquisition and uplift of existing buildings, we have a far lighter carbon footprint - with our embodied carbon largely limited to maintenance and refurbishment.

During our buildings' lifecycles, we aim to act as responsible stewards – we generally acquire existing buildings, doing what we can to improve their environmental efficiency and ensure they are performing well, before divestment. We are in the process of aligning and confirming our ambitious net zero targets as part of a Net Zero Strategy that encompasses our scope 3 emissions, including our tenants' emissions and embodied carbon and are excited to progress towards them in FY23.



## ENVIRONMENTAL MANAGEMENT

Responsibly managing our impact on the environment throughout our value chain is critical to the success of our business and the communities in which we operate. Nature loss poses a major risk to businesses. We integrate the responsible management of the environment and nature into our decision making. For example, environmental due diligence is considered for all acquisitions.

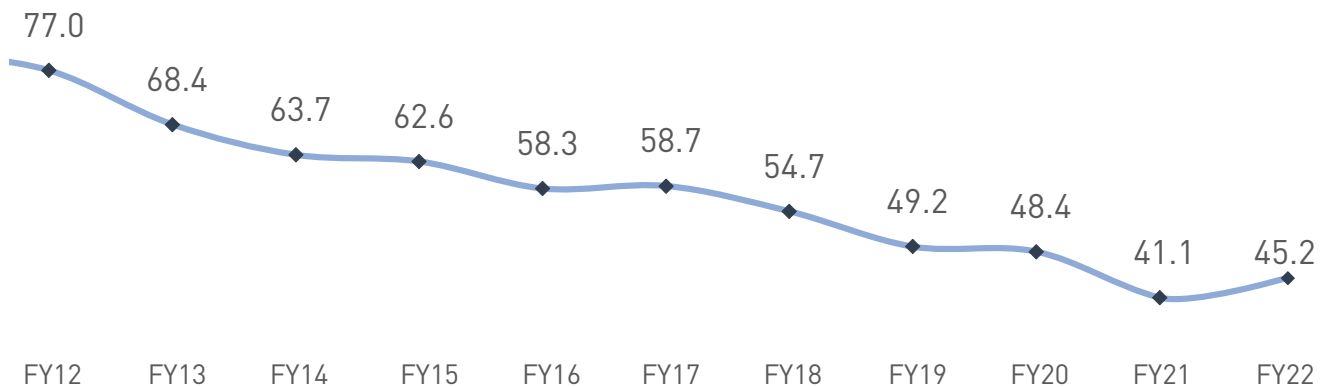
Every owned or managed property in our portfolio has a capital expenditure plan that is updated annually to address plant, equipment, building fabric, refurbishments and energy and water efficiency improvements.

One example of considering our environmental impact is in tenant fit-outs within our properties. We work with contractors to see if the existing fit-out can be reused or recycled, and items are documented to enable responsible waste management. Upgrading existing fit-out means less waste and uses less new resources. In FY23, we will be considering the end-of-life management of materials before they come onto our sites.

We commission energy and water audits of our property investment portfolio to identify opportunities for efficiencies. For our Australian portfolio, these enhancements are measured by achieving or improving each building's NABERS energy and water rating on an annual basis. During FY22, two of our properties improved their NABERS energy ratings and eight improved their water ratings. While some of this is due to changes in building use over periods affected by COVID-19 lockdowns and changes in working habits, the effect of site-specific energy and water reduction targets is also apparent. Unfortunately, we recorded a drop in four properties in either water or energy ratings and we are looking at ways to do better by carefully examining site data.



ALL AUSTRALIAN ASSETS Operational Control - Base Building  
Electricity & Gas (kgCO2e/sqm)



\*properties under operational control in Australia

### TARGETS

<45kg CO2e/m2/pa by  
**FY25**

Net zero by  
**2045**

CASE STUDY

HARNESSING THE POWER OF THE SUN

At Cromwell, we install renewable energy sources on our properties wherever possible. In FY22, we undertook a capability assessment across our directly owned and managed portfolio. The assessment allowed us to calculate the possible reduction in ongoing energy use and electricity costs, a return on investment, anticipated uplift in NABERS performance and potential increase in property value. Four buildings were selected for a combined total of 500kW of solar to be installed.



Lyneham, ACT  
243 Northbourne Avenue



Fortitude Valley, Qld  
HQ North Tower



Sydney, NSW  
Symantec House



Tuggeranong, ACT  
Soward Way, Greenway

COMMUNITY CONSCIOUS

Connected communities are better places to live, work, and play. It is important to Cromwell that we engage and enrich the local communities in which our properties are located. Developing mature relationships within our communities gives us the opportunity to play a proactive role in growing and investing in local partnerships, including those with Indigenous landowners in Australia. Positive local relationships help us to meet the needs of the community during construction and/or major refurbishment works and for the tenants who occupy our buildings.

Keeping our communities and people safe while on our sites is a critical concern. We organise lunchtime toolbox workshops for all our partners onsite twice a year, in addition to standard safety requirements and training.

In FY22, Cromwell lodged an application with Reconciliation Australia to create our first Reconciliation Action Plan (RAP) to support our desire to contribute to the reconciliation movement. The RAP will enable us to develop a structured approach to advance reconciliation in ways relevant to our business and reflecting the stage we are at in our reconciliation journey. By committing to a Reflect RAP, we are committing to the process of scoping and developing relationships with Aboriginal and Torres Strait Islander stakeholders. This process involves determining Cromwell’s vision for reconciliation and exploring our sphere of influence. We are earnest and sincere in our desire to connect meaningfully with indigenous stakeholders in our communities and to recognise the role of traditional owners in stewarding the land on which our built communities now also work, live and engage. A formal RAP Working Group has been formed and has commenced developing Cromwell’s first RAP. Throughout 2023, we will focus on identifying opportunities to respectfully and meaningfully advance reconciliation with our community in parallel with the development of our RAP; continue to establish relationships and engaging with community; and to build internal cultural awareness through ongoing employee training opportunities.



CASE STUDY

## KILDEAN PROJECT | STIRLING, UK

In FY22, Cromwell and construction partner B+K delivered new offices for M&G on behalf of Stirling Development Agency. The building has been designed to meet stringent sustainability objectives, scoring BREEAM Excellence and using a number of zero and low-carbon technologies.

The building was designed to WELL standards, with health and well-being as priorities. The office has secured cycle storage, with showers and dressing rooms to encourage tenants to commute by bicycle. There are internal well-being and prayer rooms, an external exercise area, herb garden and terrace.

**In addition, a number of social and community benefits were achieved:**

- 14% of employed labour was local
- 1 long term unemployed person obtained a position with a subcontractor
- 55% of project value spent locally, 45% spent within 30 miles
- 100 staff hours dedicated to local schools and college visits
- 78 hours of volunteering support to local community projects
- 2 team members trained as mental health first aiders
- 148 training week opportunities created
- 50 tonnes of CO2 emissions saved
- +1,500 miles "low" or no emissions from staff vehicles
- Initiatives to reduce or replace single use plastics



CASE STUDY

## OUR PEOPLE COME TO THE AID OF UKRAINE

The Russian invasion of Ukraine poses a threat to the safety of our people based in Central Eastern Europe (CEE) and their families, as well as the security of our assets in the region. Some 3.9 million refugees have crossed the Polish border.

Cromwell set up a Ukrainian Crisis Management Group that worked to ensure the safety of our people and their families and provide support and communication. We opened up vacant logistics facilities to meet the immediate need for temporary accommodation and logistics space for the responding international humanitarian efforts and aid distribution.

Our team worked tirelessly, over holidays, evenings and weekends, to secure accommodation, medical assistance, legal advice and goods for those displaced. Cromwell also matched employee donations, donating a total of A\$118,000 for community and refugee aid organisations.



