Abacus PROPERTY

Abacus Property Group

Sustainability Report 2021

We believe that integrating sustainability into our investment decision-making and business operations is congruent with the responsibility we have to our stakeholders and critical to us achieving our long-term commercial goals.

Our intention is to deliver sustainable, long-term value and we are focused on making ongoing improvements across the Abacus Group.

We have set strong sustainability commitments across a range of functions in order to meet this objective.

Steven Sewell,
Managing Director

About this report

This annual Sustainability Report for the year ended 30 June 2021 forms part of Abacus Property Group's FY21 reporting suite. This Report covers Abacus' Australian and New Zealand operations This Report has been prepared in accordance with the Global Reporting Initiative's (GRI) Standards: Core option.

For questions and comments on our sustainability performance, contact enquiries@abacusproperty.com.au

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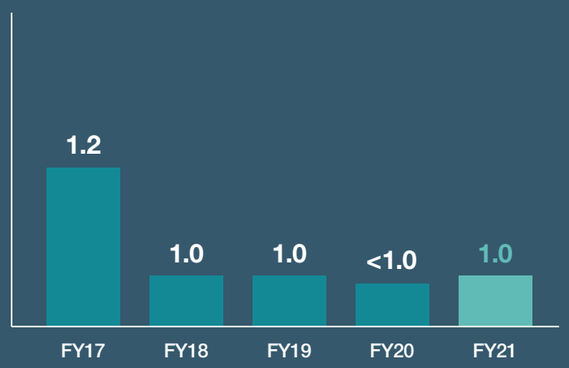
Worker incident severity rate

Reduction in loss time due to injury



Focus on providing safe, secure and healthy workspaces for our employees and customers

25% reduction in GHG emissions intensity (scope 1 and 2) compared to 2019 [1]

Office tenant customer surveys undertaken to inform customer engagement strategy

24% reduction in water intensity (compared to 2019)

NET ZERO EMMISSIONS 2050

Development of board approved public sustainability targets including Net Zero Emissions (Scope 1 and 2) by 2050

Occupancy rate across Commercial Portfolio

FY21	FY20	FY19	FY18
94.7%	92.6%	91.9%	91.3%

48 assets with **SOLAR PV**

CONTINUED IMPROVEMENT IN ENERGY AND WATER EFFICIENCY

4.63 Average NABERS rating **Energy**
FY20: 4.26 stars

4.05 Average NABERS rating **Water**
FY20: 3.34 stars

[1] Assets under operational control as defined by the NGER Act

Managing Director's message

Welcome to our FY21 sustainability report, highlighting our progress and achievements made over the year.

Abacus' FY21 results have progressed our vision to create exceptional value for our customers and stakeholders as an owner and manager of real estate and operator of storage locations.

FY21 was an active year for Abacus, with the deployment of $1 billion of capital, completion of a $402 million Entitlement Offer and internalisation of our Self Storage manager Storage King, to become a vertically integrated Self Storage investment platform. This has transformed Abacus, now a strong, asset backed, annuity style investment house focused on the ownership and management of our assets. The Group is focused on the sustainable, active asset and development management of our investments. As part of this, we continue to place strong emphasis on improving our systems and practices, and ensuring our stakeholders understand our commitment and approach to sustainability. Sustainability is embedded within the decision-making process across the Group, receiving appropriate focus at all levels of management.

This report demonstrates our commitment to the many facets of sustainability including work health and safety; stakeholder engagement; customer satisfaction; responsible resource management; governance, risk and transparency, cyber security, employee engagement, climate change risk; responsible procurement and technology and innovation. Our reporting framework has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

This year, despite the ongoing challenges associated with the COVID-19 pandemic, we have made significant progress in our sustainability endeavours with the announcement of public sustainability targets, including net zero by 2050 and the approval of a sustainability strategy.

As part our sustainability strategy, the development of a net zero pathway (which covers our assets under operational and corporate activities) has already commenced. A significant proportion of this will be through energy efficiency measures and behind the meter on-site solar installations. Offsite renewable electricity procurement for residual energy needs plus high quality carbon offsets will be used for emissions we cannot avoid or reduce. We look forward to updating you on our progress throughout the year.

With the impact of COVID-19 ongoing throughout the year, the focus for Abacus was on providing safe and healthy environments and supporting our people and customers. We remain committed to our people and focus on providing a safe, healthy, and constructive work environment. Our FY21-FY25 Work Health and Safety Strategic Plan provides a planned and quantifiable approach for the management of WHS across Abacus' operations.

From an environmental perspective, we continue to improve our environmental efficiencies and have set future targets around energy, emissions, water, and waste. This year we recorded a 25% reduction in greenhouse gas emission intensity across our operations (like for like assets[2]) compared to the 2019 baseline, noting the impact from lower usage due to COVID-19. Our NABERS Energy and NABERS water ratings have also improved within our Office portfolio and we have exceeded our FY25 NABERS water target, from a combination of water efficiency improvements via real time monitoring.

On-site solar PV continues to play a large part of our operational efficiency improvements program, with a total of 44 solar systems now installed in Storage King locations, and four in our Office portfolio.

Customer engagement remains a key focus and maintaining strong relationships with our customers was emphasised throughout the year. For the first time, we engaged an external property consultancy, Campbell Scholten to undertake customer engagement surveys across our Office portfolio. Pleasingly, we scored above average for an initial survey in our portfolio average response, with each building now having an action plan for improvement based on the feedback. These surveys will also go towards developing a customer engagement strategy across the business and ensure a consistent and quality experience for our customers through all stages of their business lifecycle.

In response to our customers and the changing nature of work, we have been focused on increasing the flexible space options in our buildings with the commencement of our 'Flex by Abacus' offering. Flex by Abacus will feature fully fitted-out office space offered on flexible lease terms and will initially be offered at 14 Martin Place, Sydney NSW and 99 Walker Street, North Sydney NSW. These renovated, modern spaces complete with sophisticated technology, breakout and kitchen facilities are available to both new and existing customers who require overflow space or have additional meeting room requirements. Offering flexible space on dynamic leasing terms will widen our customer market and is expected to drive higher occupancy outcomes at our assets.

Our people, culture and community have been ongoing areas of focus. Despite the constraints of COVID-19 and associated restrictions, we have continued our investment in our people, culture and progressed our philanthropic program. Of note were the implementation of a full engagement survey which produced very positive and encouraging results; the commencement of the Abacus' NextGen graduate program; continuation of Employee volunteering and the introduction of pre-tax workplace giving.

Steven Sewell,
Managing Director

Image: Steven Sewell
Managing Director

[2] Base building under operational control

Retail

Office

Industrial

Storage

About us

Abacus Property Group (ASX: ABP), is a diversified Australian REIT with an investment portfolio concentrated in the Commercial and Self-Storage sectors in Australia and New Zealand. We invest capital in real estate opportunities to deliver superior long term returns and maximise securityholder value.

Abacus Property Group is a strong asset backed, annuity style business where capital is directed towards assets that provide potential for enhanced income growth and ultimately create value. Our people, market insight and repositioning capability together with strategic partnering are the key enablers of our strategy.

Located in a single corporate office in Sydney, Australia, Abacus is listed on the Australian Stock Exchange and is included in the S&P/ASX 200 Index and the FTSE EPRA NAREIT Global Real Estate Index Series.

Abacus is comprised of Abacus Group Holdings Limited (the nominated parent entity), Abacus Group Projects Limited and Abacus Storage Operations Limited, Abacus Trust, Abacus Income Trust and Abacus Storage Property Trust. The shares and units in these entities are stapled together and trade as one security in ABP.

Our approach

Abacus Sustainability Strategy

Deliver long-term sustainable outcomes for our stakeholders

Increase efficiencies and reduce our impact by investing in smart solutions

The engagement, wellbeing and development of our people to enable them to reach their true potential

Develop strong and value-add partnerships with our stakeholders

Everything we do and impact on as a business is transparent, accountable, fair and equitable

Abacus Sustainability Strategy

We believe it is important to understand and respond to the environmental, social and governance impacts of our business activities and, as a responsible corporate citizen, we have a duty of care to all our stakeholders and the environment in which we operate.

Our approach to sustainability is underpinned by our sustainability strategy, in conjunction with our sustainability and environmental policy, which are focused on supporting growth across the business by recognising that we have responsibilities to all our stakeholders and the environment in which we operate.

The sustainability strategy, which was approved this year by the Board-delegated compliance and sustainability committee, aligns with our overarching strategic business objective of creating long-term, sustained value, and is focused around four key pillars:

- Environment
- People and Culture
- Customer and Community
- Governance and Transparency

Everything we do in sustainability aligns with these pillars and helps strengthen our commitment to implementing sustainable practices in our investments, property management, development activities and workplaces. Our approach is further embedded by the following guiding principles which our outlined in our sustainability and environmental policy:

Public Sustainability Targets

Actively exploring opportunitiers and managing risks

ENERGY

↓15%
BY FY25 (From FY19 base year)
Scope 1 & 2
GHG emissions intensity

5.0★
NABERS Energy
Office portfolio average

WATER

↓10%
BY FY25 (From FY19 base year)
Water intensity

4.0★
NABERS Water
Office portfolio average

WASTE

50%
BY FY25
Diversion from landfill

EMISSIONS

Net zero 2050
NET ZERO EMISSIONS BY 2050
(Scope 1 & 2)

- Facilitating the identification and implementation of environmental, social and governance legislative requirements as well as ongoing compliance with relevant legislation and regulation
- Managing our buildings efficiently to reduce costs and conserve the use of limited natural resources, and investing in alternative energy supplies to reduce our emissions where appropriate
- Incorporating environmental considerations including climate change risk, adaptation and resilience in our investment and business decision-making processes as appropriate
- Ongoing communication with our stakeholders on environmental, social and governance issues
- Providing our employees with the information, training and support necessary to respond to, and meet our sustainability objectives
- Working with our suppliers to ensure they understand, commit to, and meet our standards for environmental management and human rights
- Maintaining a safety-aware culture ensuring proper standards of workplace health and safety for our employees and other key stakeholders visiting, or working, at our properties
- Using our influence where we do not have control by collaborating with key stakeholders (for example, tenants and co-investors) to optimise sustainable outcomes and environmental benefit as appropriate

Governance

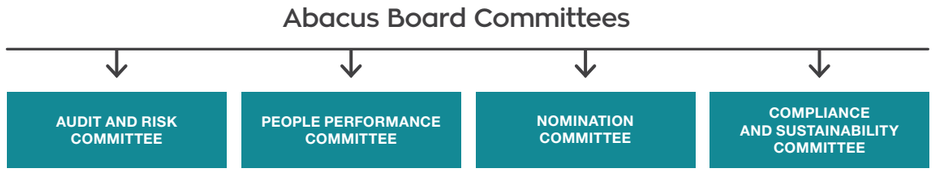
Our robust governance policies and procedures provide the framework for managing sustainability across the business. Abacus recognises that risk management, including environmental, social and governance risks, is the responsibility of our Board, Sustainability Committee, management, and all team members. We acknowledge that sustainability leadership at the Board and Executive team level is critical to integrating sustainability management and performance into our business.

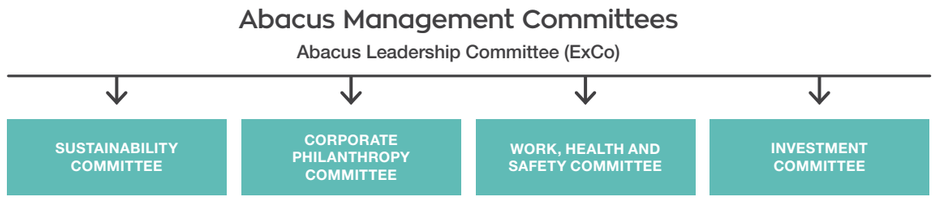
Corporate governance influences how our objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised. We conduct our operations in a manner that ensures risks are identified, assessed, and appropriately managed in order to promote investor confidence and to meet stakeholder expectations.

Abacus recognises that there is increasing focus on broader reputational issues such as trust and transparency. Our Code of Conduct articulates our commitment to honesty, integrity and trust and guides our commitment to deliver value and service to our stakeholders.

Further information on our governance and risk processes, including our approach for managing sustainability risks is discussed within 'Our Material Topics – Governance, Risk and Transparency'.

Further information about Abacus' corporate governance policies and practices is available on the Abacus website at: https://www.abacusproperty.com.au/about-us/corporate-governance





Sustainability Commitments

- Developing an overarching sustainability strategy which is aligned with the Abacus business strategy
- Identifying, managing, and monitoring potential risks and opportunities presented by environmental risks across our portfolio
- Developing targets and strategies to enhance the environmental performance of our assets and developments including energy and water efficiency, greenhouse gas emissions reduction and waste to landfill reduction
- Monitoring and reporting on key environmental and sustainability indicators to benchmark and foster continual improvement in performance
- Adopting sustainable design practices in our asset improvement and development projects where appropriate
- Reporting on our sustainability progress and performance
- Implementing our commitment to sustainability in a practicable manner
- Influencing our employees and other stakeholders to operate in a manner that supports our sustainability commitments

Defining our Material Topics

At Abacus, we report on risks and opportunities that have relevant economic, environmental, social and governance impacts within our sector, and therefore influence the decisions of stakeholders.

Materiality is reviewed on an annual basis and provides a structured approach for Abacus to review current and emerging risks that may impact on business operations as well as create opportunities that respond to changing market conditions. It also helps inform our stakeholders about how these risks may impact our ability to create, preserve or erode economic, environmental, and social value for ourselves, society, and the broader environment.

The outcome of the materiality assessment also guides the disclosures and content of the Abacus' annual Sustainability Report and allows Abacus to report under the appropriate Global Reporting Initiative standards which are relevant to the current Abacus strategy and operating model.

This year, we conducted a peer benchmarking and desktop review which include analysing insights and issues from a range of internal and external sources and stakeholders, including:

PEER BENCHMARKING	INSIGHTS FROM EXTERNAL SOURCES	WORLD ECONOMIC FORUM 2021 GLOBAL RISKS REPORT
A benchmarking exercise reviewing sustainability reporting across a spread of A- to ensure our 2021 material topics are aligned with our peers	Our ongoing dialogue with a range of external sources provide additional insights into material issues for our business – Investor and ESG analyst feedback – Australian Council of Superannuation Investors – Regulatory and legislative changes – Media focus – Tenant feedback via engagement surveys and other sources – Participation in external events, working groups and forums – Discussions with managing agent partners and other external stakeholders involved in the management of our assets	Identified the highest likelihood risks over the next ten years as: – extreme weather – climate action failure – human-led environmental damage – infectious disease – biodiversity loss – Digital power concentration, digital inequality, and cybersecurity failure

The materiality assessment concluded that key sectors, business priorities and key processes align with prior year material topics and confirmed that material topics remain current and reflect the Abacus strategy and operating environment. New and emerging impacts of COVID-19 are reported within existing material topics.

The table below outlines our material topics and provides a definition by which we report.

MATERIAL TOPIC	DEFINITION	GRI MATERIAL TOPIC	KEY STAKEHOLDERS IMPACTED	RELEVANT SECTION IN THIS REPORT
Health, safety and security of our people and customers	Relates to policy and management systems to ensure the health and safety of employees, contractors and customers	Occupational Health & Safety	Employees and contractors; Customers including tenants	Our Material Topic – Health, safety and security of our people and customers
Customer attraction, satisfaction and retention, coupled with changing expectations	Relates to the ability to attract and retain customers as a result of high levels of customer satisfaction due to the value for money of the physical infrastructure coupled with the quality of service received	Organisation-specific	Customers including tenants; Securityholders and investment community.	Our Material Topic – Customer attraction, satisfaction and retention, coupled with changing expectations
Responsible resource management	Relates to the consideration of risks, opportunities and impacts of energy consumption, direct and indirect emissions (Scope 1, 2 and 3), water use and waste management	Energy; Emissions; Water; Waste	Community; Government and regulators; Securityholders and investment community; Customers including tenants and contractors	Our Material Topic – Responsible resource management
Climate-related risks and opportunities	Relates to the risks and opportunities arising from physical and transition impacts of climate change	Emissions	Customers including tenants; Government and regulators; Securityholders and investment community; Community	Our Material Topic – Climate-related risks and opportunities
Governance, risk, cyber and transparency	Relates to the compliance with relevant legal requirements and regulations, governance structure and composition of the organisation to maintain a reputation of ethical conduct and ensure transparency in the way the organisation operates and conducts itself with both internal and external stakeholders (including the wider community)	Compliance; Environmental Compliance; Anti-corruption; Customer privacy	Government and regulators; Customers including tenants; Securityholders and investment community	Our Material Topic – Governance, risk, cyber and transparency
Responsible procurement	Relates to engaging with suppliers to ensure they operate in a manner consistent with our Supplier Code of Conduct, and ensuring the procurement process respects, international standards against criminal conduct and human rights abuses, our obligations under the Modern Slavery Act	Procurement Practices; Child Labour; Forced or Compulsory Labour; Human Rights Assessment	Employees and contractors; Suppliers; Government and regulators	Our Material Topic – Responsible procurement
Employee engagement and motivation	Relates to investment in motivation strategies to ensure employee satisfaction and contribution, while also maintaining employee turnover rates. This includes employee training, development, diversity and inclusion strategies	Employment Diversity & equal opportunity	Employees and contractors	Our Material Issues – Employee engagement and motivation
Financial performance	Consideration of broader economic, social and governance principles in the context of financial performance and the investment process	Economic Performance	Employees and contractors; Customers including tenants; Government and regulators; Securityholders and investment community; Community	Refer to the Abacus Annual Financial Report
Technology and Innovation	Relates to organisational capacity to innovate and integrate technological advancements into business processes		Customers including tenants; Government and regulators	Incorporated into Our Material Issues – Customer Attraction, Satisfaction and Retention, coupled with changing expectations, Governance, Risk, Cyber and Transparency; Responsible Resource Management; and Climate Change Risks and Opportunities

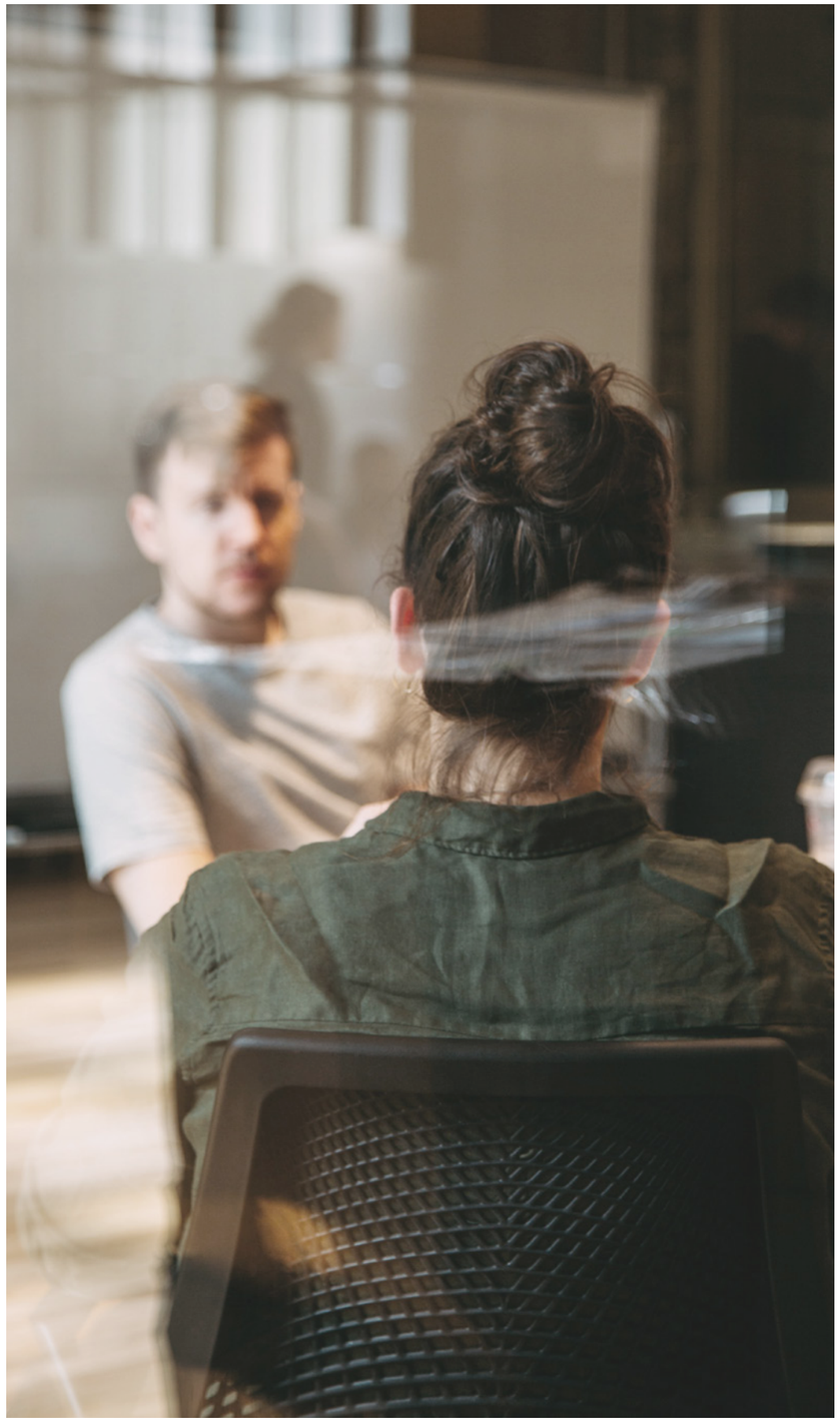
Engaging with our Stakeholders

Why is this important to Abacus?

At Abacus, we regard stakeholder engagement as fundamental in the process of understanding the breadth and depth of our impacts both within and outside our business. We are committed to engaging openly, honestly and at regular intervals with our stakeholders to understand their expectations and concerns.

Stakeholders are the entities or individuals that can reasonably be expected to be significantly affected by our activities, products, and services, or whose actions can reasonably be expected to affect the ability of the organisation to implement its strategies and achieve its objectives.

The method and frequency of engagement will vary depending on the stakeholder, the issues of concern and the purpose of engagement, and will be best selected to meet the needs, capacity, and expectations of the relevant stakeholders.



Our stakeholders typically include the following groups:

STAKEHOLDER GROUP	WHY EACH STAKEHOLDER GROUP	METHOD OF ENGAGEMENT
Security holders, major securityholder and the investment community	We have a range of investors with diverse concerns. We aim to ensure that Abacus are trusted partners to all security holders and investors, and they are transparently informed with the changes or developments that are likely to materially affect the business. We are committed to providing access to the most up to date and relevant information that we believe securityholders require to manage and evaluate their investment in Abacus	We engage regularly with our investment community via access to the Investor Relations team for enquiries; ongoing investor briefings; Annual General Meetings; ASX announcements; half yearly and annual financial results announcements; investor days incorporating property roadshows with investors locally, regionally, and internationally and face-to-face meetings
Customers	We encourage two-way communication with our customers, including tenants. Understanding and responding to our customers is critical to the sustainability and development of our business. Our key customers include: – Office and Industrial tenants across our Commercial assets – Storage King, our Self Storage business operator – Shoppers and retailers in our shopping centre	We have ongoing dialogue throughout the tenant customer lifecycle including face to face meetings, phone calls and tenant customer surveys Regular meetings and reporting from Storage King to understand how business objectives are achieved Retail developments: engagement with existing tenants with regards to a redevelopment includes hosting information evenings, focus groups and face to face meetings
Abacus people	We have a strong commitment to our people and focus on providing a safe, healthy, and engaging work environment that supports their personal and career aspirations	We engage with our people through feedback surveys, focus Groups, team and post-results presentations; internal training sessions; new starter orientation; regular 1:1 catch-ups; annual performance assessment, development and succession planning
Non-Executive Board members	The Board has the responsibility for promoting the success of Abacus in a way which ensures that the interests of security holders and stakeholders are promoted and protected	We have ongoing dialogue with our Non-Executive Board members via regular reporting, workshops, strategy sessions and scheduled meetings
Contractors and supply chain	We have a diverse supply chain which ranges from the builders and contractors on our development projects, to the managing agents and operational contractors on our property portfolio	We have ongoing engagement with our managing agents and suppliers through regular correspondence, meetings, reporting and project updates We have a Supplier Code of Conduct which communicates Abacus' expectations of our suppliers, including throughout their own supply chains, in providing products and services to us We work proactively with our suppliers to ensure compliance with legislation (including the Modern Slavery Act) and to enhance productivity and efficiencies in our operations and developments
Capital Partners (Investment and Development Partners)	A key part of the Abacus strategy is to develop long term, strategic partnerships with like-minded partners. A core ingredient in Abacus' investment strategy is utilising its Third Party Capital platform to leverage our balance sheet capacity and allow Abacus to access and manage a larger number of quality assets	We engage regularly with our capital partners via access to the corporate development and client reporting teams for investment opportunities, acquisition analysis, general enquiries, reporting obligations on a monthly, quarterly, half yearly and annual basis, asset inspections and face-to-face meetings
Government and regulators	We acknowledge that political and regulatory changes can affect our business and are appropriately resourced to monitor and manage regulatory change	We have ongoing dialogue with Local, State and Federal Government in all jurisdictions in which we operate and are an active member in industry associations and working groups e.g. Property Council of Australia; Shopping Centre Council of Australia, Self Storage Association of Australasia
Local Community	Our assets are located within communities and it is important we have a level of engagement to ensure we meet expectations and enhance our corporate reputation	We engage with our local community, including the visitors to our centres and our residents, on an ongoing basis via: – The Abacus Corporate Philanthropic Committee which includes both giving and volunteering initiatives – Provision of space at our retail centres to local charities, school groups; community groups and council Where we undertake development activities, we engage with the local community via focus groups, information evenings, shopping centre exit interviews, community consultation with an external provider and other forms of engagement as relevant for the project

Health, safety and security of our people and customers

Key achievements in FY21

– Zero fatalities or disabling injuries

– Severity Rate = 1.0

– 100% of Service Providers independently audited

– Ongoing COVID-19 response with a focus on providing safe, secure and healthy workspaces for our team and tenants, public areas and storage facilities including communication directly to all tenants

Why is this important?

As a responsible corporate citizen, Abacus recognises the fundamental right of all workers and those affected by our undertaking to a safe and healthy environment. We work to provide, so far as reasonably practicable, a safe and healthy working environment for all our employees, contractors, customers and visitors. This is reinforced through the view that safety is not discretionary, but that it is fundamentally important to our people and that it is only with a conscious recognition of health and safety that we will achieve and maintain our aim.

Our approach to managing

Maintaining the health, safety and wellbeing of its people is of paramount importance to us. The Group recognises the fundamental right of all workers and those affected by Abacus' operations to a safe and healthy environment. Abacus strives, through a process of continuous improvement, to integrate safety and health into all aspects of its activities.

Our Strategic Plan for Work Health and Safety provides a planned and quantifiable approach for the management of WHS across Abacus' operations and during the year was delivered in-full, and ahead of schedule.

Our WHS risk profile remains primarily unchanged and is a result of:

– A large specialised and mostly outsourced labour base including property agents, consultants, and service contractors

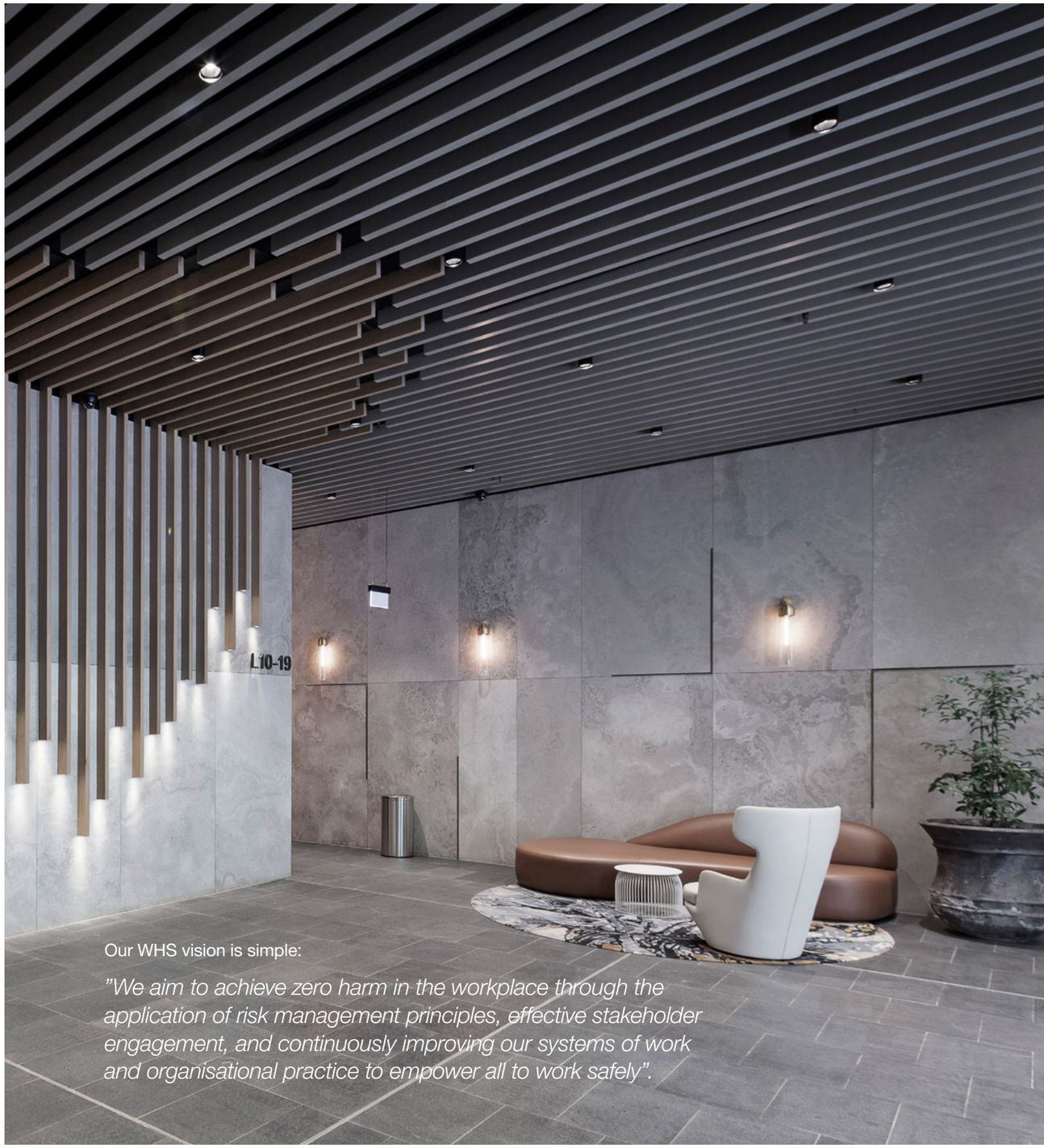
– Complex consortia and structures in asset management

– A diverse portfolio and geographic composition

– Assets with large public areas or significant interface with other parties

– An ever-evolving industrial and statutory landscape

As our operating models continue to change, our WHS framework and programs must be constantly reviewed and flexible enough to remain relevant to our operations particularly as our risk profile evolves. Our Strategic Plan for Work Health and Safety provides a planned and quantifiable approach for the management of WHS across Abacus' operations and provides capacity to adequately address and manage any such changes. Aside from the continual improvement required with any management system, focus areas and priorities are planned for action during FY22 and into the future. Focus areas have been identified from a combination of sources including audits, industry trends, conference proceedings, research, incident reports and investigations, peer group discussions, as well as insurance and regulator data.



Our WHS vision is simple:

"We aim to achieve zero harm in the workplace through the application of risk management principles, effective stakeholder engagement, and continuously improving our systems of work and organisational practice to empower all to work safely".

FY21 Performance

Aside from operational impacts related to the COVID-19 Health Emergency (which are discussed in more detail below), no major incidents, crises, disasters, or fatal or disabling injuries or illnesses occurred at any Abacus workplace during the financial year ending 30 June 2021.

Key highlights from the year include:

- No major incidents, crises, or disasters
- No fatal / disabling work-related injuries / illness
- Severity Rate at 1.0
- No regulator penalties
- 100% of Service Providers independently audited
- 96% of Workplaces independently audited [3]
- All Workers audited (verification of competency)

Abacus business continuity during COVID-19

COVID-19 continued to disrupt activities at the vast majority of Abacus Workplaces throughout the year with a minor return to "normal" occupation levels at select Workplaces which was again disrupted in late-Q4FY21.

In March 2020, a Corporate Pandemic Plan and subsequent action plans were developed to guide our response to COVID-19 incidents at Abacus' Workplaces should they occur. The plan is harmonised with Abacus' Master Emergency and Major Incident Management Plan, the Australian Health Management Plan for Pandemic Influenza, and the Australian Health Sector Emergency Response Plan for Novel Coronavirus as well as other state, territory, and New Zealand plans.

Our Plan focusses upon preparedness, response, and recovery actions in relation to the COVID-19 health emergency. In addition to the response and action plan for an occurrence at any Abacus workplace, the actions as detailed within our Plan are tied to defined trigger events and are based upon six key pillars. Our Corporate Pandemic Plan was formally activated on 4 March 2020 and remains "in-play" at the time of this report.

Activities

Key activities undertaken throughout FY21 in relation to the COVID-19 health emergency primarily focussed on maintaining stakeholder knowledge and the provision of enhanced hygiene measures: these activities included the continued dissemination of relevant information and support materials to all of our people including employees, tenants, and contractors; and, enforcing physical distancing and enhanced hygiene measures within our own areas of operation including remote working arrangements.

We have maintained enhanced cleaning protocols for all "high-touch" areas and areas regularly frequented (incl. ablutions), alcohol-based hand sanitiser is provided at key locations (e.g. ground floor lift lobbies, carpark lift lobbies, entries to retail areas, ablutions, etc..), "key message" posters relating to personal hygiene measures and health awareness matters were obtained from the lead Health Authority in each location and prominently displayed at suitable locations, and End-of-Trip facilities (and similar high-risk common areas) have been closed. Additional controls including occupancy restrictions on areas, and an integrated hand-sanitising and temperature-checking station are being maintained at Head Office.

We are continuing to monitor the situation as it evolves ensuring that we respond appropriately to any events or developments as they occur. Communications with all stakeholders continues as appropriate including regular updates of Health Alerts, "Hot Spots", relevant restrictions, and guidance advice to AFML employees.

Routine and regular communication with all employees, tenants and contractors included:

- Establishment of a centralised Work Health and Safety Information System including an online portal relating to COVID-19 including resources and communication
- Safety Bulletins issued during the "emergence" phase of COVID-19
- Posters and information packs prominently displayed in Workplaces
- Safety Alerts issued upon activation of Corporate Pandemic Plan
- Safety Bulletins issued concerning remote working
- Regular updates to employees

[3] Movement restrictions imposed by state governments in response to the continuing COVID-19 Health Emergency prevented travel to some Workplaces

Worker Health and Safety Highlights

	FY21	FY20	FY19	FY18
Number of worker fatalities as a result of a work-related injury	0	0	0	0
Worker Incident Severity Rate[4]	1.0	<1.0	1.0	1.0
Number of safety and environmental training hours completed	4,081	5,150	25,388	3,672

[4] Severity rate = (number of working days lost) / (number of lost time incidents) per AS1885.1-1990: Measurement of occupational health and safety performance, Describing and reporting occupational injuries and disease (known as the "Workplace injury and disease recording standard")

Work related injuries for all employees

KEY PERFORMANCE INDICATOR	FY21	FY20	FY19	FY18
Number of fatalities as a result of a work related injury	0	0	0	0
Rate of fatalities as a result of a work related injury	0	0	0	0
Number of high consequence work-related injuries (excluding fatalities)	0	0	0	0
Rate of high consequence work-related injuries (excluding fatalities)	0	0	0	0
Number of recordable work-related injuries	0	0	0	0
Rate of recordable work-related injuries	0	0	0	0
Number of first aid incidents	0	0	1	2
Number of medically treated incidents	0	0	0	0
Number of lost – time incidents	0	0	0	0
Total employee hours worked:	132,392	139,360	138,624[5]	195,520
Standard employee hours worked[6]	132,392	139,360	138,624	195,520

[5] Decrease in employee hours worked in FY19 compared to FY18 due to the transfer of retail site management to an external party in FY19.
[6] Employee hours worked relate to Abacus Funds Management Limited (AFML) only and are calculated using reported Full-time Equivalent (FTE), which is multiplied by 38 (working week hours) multiplied by 52 (weeks in a year). Annual leave / overtime is not taken into account.

For all workers (excluding employees)

KEY PERFORMANCE INDICATOR	FY21	FY20	FY19	FY18
Number of fatalities as a result of a work related injury	0	0	0	0
Rate of fatalities as a result of a work related injury	0	0	0	0
Number of high consequence work-related injuries (excluding fatalities)	0	0	0	0
Number of recordable work-related injuries	2	2	7	5
Number of first aid incidents	43	31	40	57
Number of medically treated incidents	8	8	7	11
Number of Lost – time incidents	2	2	5	5

Work-related hazards that pose a risk of high-consequence injury

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE
How these work-related hazards that pose a risk of high-consequence injury have been determined	Critical Risks are identified per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of AS ISO 31001:2018 and AS/NZS ISO 45001:2018	Critical Risks are identified per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of AS ISO 31001:2018 and AS/NZS ISO 45001:2018
Which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Not applicable. No high-consequence injuries during the reporting period	Not applicable. No high-consequence injuries during the reporting period
Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of both AS ISO 31001:2018 and AS/NZS ISO 45001:2018	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of both AS ISO 31001:2018 and AS/NZS ISO 45001:2018

Other work-related hazards

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE
Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of both AS ISO 31001:2018 and AS/NZS ISO 45001:2018	Risk Control is undertaken per the specification of the Abacus Property Group WHS Risk Management Standard (internal document) which conforms with the requirements of both AS ISO 31001:2018 and AS/NZS ISO 45001:2018

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 PERFORMANCE
In line with our WHS vision, we aim to achieve a zero harm target in the workplace	Progressed	Continual monitoring.
Implementation of our WHS Strategic Plan for the next five year period	Progressed	Continuing.
Develop and implement a formal employee wellbeing program	Progressed	Continuing.
Develop and implement strategies, programs, and actions targeted a high-consequence risks	Progressed	Continuing.

✔ Achieved Progressed ○ Not yet progressed

Future priorities

Harmonisation of Abacus and Storage King Work Health and Safety Management Systems (WHSMS) and reporting metrics

Development and implementation of key safety pillars: “Safe People”, “Safe Processes”, and “Safe Properties” to support the ongoing development of the WHSMS furthering the improvement of the Workplace Safety Culture

Customer attraction, satisfaction and retention, coupled with changing expectations

Key achievements in FY21

– Achieved 94.7% occupancy in our Commercial portfolio and a 90.9% in our established Self Storage portfolio

– Tenant customer satisfaction surveys issued with feedback to inform customer engagement strategy across the portfolio

– 'Industry Lanes' office development achieves a 5 star Green Star Design v1.2 [7] rating and registered for a Fitwell 'building health' rating

– Retail refresh across Storage King facilities

Why is this important?

Abacus has transitioned to a strong asset backed, annuity style business model, pursuing long term value enhancing investments with a focus on the commercial and self storage sectors. At the core of our strategy for our portfolio is to create value through customer attraction and retention.

We recognise that customers are constantly evolving in terms of how they use their space and their expectations of the buildings they occupy, and we strive to respond to their requirements. This has been magnified during the COVID-19 pandemic with tenants having more of a focus on the health and safety of their employees as well as ensuring business continuity. In light of this, the focus for the team at Abacus has been on providing safe and healthy environments and supporting our people and customers. We continue to navigate this evolving situation in collaboration with our asset and operating partners and customers.

A strong focus continues on improving the operational performance of buildings in the Abacus portfolio. Technologies that can reduce costs and optimise building efficiencies such as on-site renewable energy and smart building automation have been implemented across the portfolio throughout the year. Many customers expect a good level of building efficiency and sustainability as it aligns with their own corporate governance requirements and the link between high efficiency buildings, lower operational costs and occupant satisfaction is clear.

Our approach to managing

In **Office**, despite the ongoing pandemic, we have improved our occupancy rates and reduced churn across the portfolio. The team have been focused on improving the quality of our assets with a range of capital works programs focused on both operational efficiencies, end of life replacement and visual upgrades to lobbies and bathrooms.

Customer expectations regarding the use of space, health and wellbeing and operational efficiency continue to be an important consideration. This year, we commissioned an independent property consultancy, Campbell Scholtens, to conduct tenant surveys for 8 office assets, including a number of face-to-face interviews. Questions focused on the management team and building services (cleaning; air-conditioning; security; lifts; end-of-trip; emergency management, waste and recycling), and also incorporated questions on leasing, work health safety, sustainability; response to COVID-19; building technologies, access to flexible working spaces and tenancy fitout satisfaction. Overall we had a 65% response rate with an average score of 82/100 from a combination of management team and building services questions, which is 2.4% higher than the Campbell Scholtens average for a first time survey. Actions Plans for each building have been developed from the feedback and feedback will also go towards the development of our customer engagement strategy for FY22. Tenant surveys will be done on a biennial basis going forward to benchmark our progress.

Flexibility is another key focus area for Abacus. Regardless of the pandemics long-lasting impact, going forward, some businesses may reassess their future workspace needs and an extensive work from home period may accelerate changes in the use and demand for some office space. Whether that translates to less shared workspaces (such as hot-desking), an increase in flexible work arrangements or a demand for more space to comply with physical distancing requirements, remains to be seen. Responding to this is key for customer attraction and retention. Our approach is to put forward a strategy that can adapt no matter how drastic or subtle the changes to work and the commercial office market prove to be. It is an approach that sees the next evolution of flex moving away from space leased to branded operators and more often being a value add service offering provided directly by landlords. We are finding plenty of tenants that just need space right away but cannot commit to a lease just yet. We aim to capture these tenants with the intention to assist them grow and stay for the long term. Our Flex at Abacus initiative respond to this, with flexible booking spaces being offered to tenants in two of our Sydney assets – 14 Martin Place and 99 Walker Street. For more information, please refer to the case study further in this section.

In **Self Storage**, we recognise that increased density in metropolitan areas and changes in the housing market are driving changes in how customers use self storage and how they prioritise location, access, and convenience. Working from home, decluttering, moving, downsizing and renovating are all factors that are driving demand for off-site storage. As a result, self storage has proven resilient during the COVID-19 pandemic, evident by record occupancy levels with an average of 90.9% across the established portfolio. During FY21, Abacus expanded its self storage portfolio, acquiring $142 million worth of new self storage facilities in Australia. Along with the new build at Robina (Gold Coast), 7 facilities were also expanded during the year, with minimum sustainability standards including zoned LED lighting on timers and sensors as well as solar PV. Our largest solar system of 100kW in the Storage King portfolio was installed in our new development at Robina, QLD, which will power the dehumidifiers required at the facility. In addition to the above, to enhance the value of our existing facilities, a refresh of existing facilities including new signage, painting, security upgrades and new office/customer service areas were completed across 31 facilities. These works are ongoing into FY22 across more of our facilities.

During the year, Abacus also strengthened its growing presence in the self-storage sector after acquiring full ownership of private operator Storage King. The acquisition was identified as a strategic imperative for Abacus and will only serve to strengthen the operations, technological advancement and customer value proposition of the Storage King branded stores.

The ongoing COVID-19 pandemic required our self storage facilities to ensure a safe working environment for employees as well as customers. Additional cleaning regimes as well as 'contactless operations' were ongoing, and access control using Bluetooth technology is being trialled at various facilities to further enhance health and safety in our stores.

In **Retail**, we understand the importance of ensuring our centres respond to the needs of our tenants as well as the surrounding communities. This includes not only ensuring accessibility to the centre, convenient parking, and the appropriate combination of retail options but also focusing on the operational efficiency of the centre to ensure lower operating costs and desirable indoor environmental conditions.

During the year we undertook building engineering assessments across the retail portfolio to enhance the way the assets run. This included asset condition audits, mechanical service reviews, energy audits, audits for sub-metering, and solar PV feasibility with a strong focus on capital works in FY22. Redevelopment plans are also underway for Ashfield in Sydney and Oasis at Broadbeach in QLD with a strong focus on operational performance and NABERS benchmarks.

[7] 25 August 2021.

Business Impact from COVID-19

Further to the tenant engagement program implemented in March 2020, the Group continues to communicate with all tenants, particularly the tenants whose businesses have been severely impacted by the COVID-19 pandemic. In assessing requests for rental support, Abacus has complied with the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID-19 ("Code"). In addition, rental support has been provided to tenants who do not qualify under the Code in return for extension of leases where possible, in order to assist in the retention of these tenants over the medium term.

Abacus believes that its portfolio remains robust in the current conditions. The majority of Abacus' offices:

- are well located in CBD or suburban locations with low and often below market average rent levels;
- have limited exposure to full floor or multi-floor tenants;
- have ample car parking spaces; and
- are managed to better than average quality sustainability standards and usually offer contemporary building facilities

Further information on the impact of COVID-19 can be found our 2021 Annual Report.

The potential cost for a tenant (financial and time) of relocating to another property in the same location often outweighs the benefit of a cheaper rent elsewhere. The Group's tenants are strongly connected to the property's location, which is traditionally the reason they initially leased the property, and this results in a positive predisposition to remain. Due to the multi-tenanted floor structure, Abacus has the ability to work proactively with its tenants to contract or expand and adjust their space requirements as needed.

Further information on the impact of COVID-19 can be found our 2020 Annual Report.

Customer Attraction, Satisfaction and Retention Highlights

	FY21	FY20	FY19	FY18
Occupancy (Office)	95.5 %	91.5 %	91.8%	86.9%
Occupancy (Self Storage)	90.9 %	88.3 %	88.4%	89.4%
WALE (Office)	3.9	3.6	3.5	3.6

FY21 Performance

Key outcomes from our capital works programme

As our value proposition is specific to each property, capital works undertaken are tailored to each asset to attract and retain tenants. Some highlights of our works undertaken to improve or reposition our assets across our FY21 portfolio include:

63 ANN STREET, SURRY HILLS NSW

Building refurbishment and pivoting to new use of an office building

Improvements made

63 Ann Street is a 2,367m2 warehouse located on the city fringe in Surry Hills. Previously known as the Lamson Paragon Factory, this 1920's building has been significantly refurbished to enhance its original heritage style, while incorporating new facilities to cater for the modern workplace.

Original features such as high ceilings, timber floors, copious natural light and cross ventilation have been emphasised and the result is flexible and open spaces suitable for small and large businesses.

An opportunity arose to change the ground floor to retail usage with the hair dressing and beautician Salon Lane.

Key upgrades include:

- New end of trip facilities and bathrooms
- Refurbished modern lobby and building entrance
- New air-conditioning throughout the whole building
- Building Management System
- Smart water metering

The building is now fully leased with a WALE of 4.22 years. Increase in valuation of $7m+ going from $27,500m in 2018 to $34,750m in 2021.

Impact on customer attraction, satisfaction and retention

- Improved thermal comfort for occupants
- Energy cost savings
- Improvement to energy efficiency leading to higher NABERS Energy rating
- Pivoting to new non-office uses

WALE by years 4.22	**Total lettable area (sqm)** 2,367
NABERS Energy 5 stars	**NABERS Water** 3.5 stars

FLEX AT ABACUS
Flexible office solutions for our customers

Improvements made

An integration between conventional leasing and flexible workspace, two vacant office spaces fitted out with the latest in sustainable design and technology for flexible working. Key improvement made include:

– Passive infrared detectors for lighting controls
– Sustainability certified furniture, flooring and carpet
– Low VOC paints
– Bluetooth enabled access control
– Sustainability focused design including secure print release to reduce paper waste, Method recycling bins and a coffee machine using ground beans rather than pods

Impact on customer attraction, satisfaction and retention

Abacus wanted to respond to increasing tenant customer demand of flexible short-term spaces. Two floors at our Sydney assets 14 Martin Place and 99 Walker Street, North Sydney were fitted out as Flexible Office Space (FOS) to respond to market demand and develop Abacus' systems to respond to flexibility and increase our addressable market of tenant customers.

It is an approach that sees the next evolution of flexible space moving away from space leased to branded operators and more often being a value add service offering provided directly by landlords. The idea will cater for tenants that need additional space right away but cannot commit to a lease just yet. The aim is to capture these tenants with the intention to assist them grow and stay for the long term.

WALE by income	Total lettable area (sqm)
N/A	1,226
NABERS Energy	**NABERS Water**
N/A	N/A

ROBINA SELF STORAGE QLD
New building

Improvements made

Development of a premium grade, purpose built facility, comprising 6,291m2 of NLA over 5 levels.

Opened in September 2020, the facility has 699 units over 5 levels and offers humidity-controlled storage, LED lighting with controls and industry-leading security.

100kW of solar was also added during the development to be used for the dehumidifiers required for the site.

Impact on customer attraction, satisfaction and retention

The Gold Coast was an existing and priority market for Abacus, having only one small facility at Burleigh Heads. The facility has prominent commercial exposure to over 80,000 vehicles per day on the M1 Motorway.

Occupancy as at 30 June 2021 is 58% which has exceeded expectations at this stage of operation.

WALE by income	Total lettable area (sqm)
N/A	6,291
NABERS Energy	**NABERS Water**
N/A	N/A

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 ACHIEVEMENTS
Undertake annual or biannual tenant customer engagement survey with findings used to inform strategic decision-making	✔	Achieved. Customer survey issued in FY21 with findings used to develop customer engagement strategy
Maintain an occupancy rate of at least 90% for the office portfolio	✔	Achieved an occupancy rate of 95.5%
Maintain an occupancy rate of at least 88% for the Self Storage portfolio	✔	Achieved an occupancy rate of 90.9%
Maintain a WALE of at least 3.5 for the office portfolio	✔	Achieve a WALE of 3.9
Continued emphasis and focus on collaboration with our asset and operating partners and customers to provide a safe and secure environment in light of the evolving COVID-19 situation	✔	Ongoing

✔ Achieved Progressed Not yet progressed

Future priorities

Understanding and responding to our customers' changing needs and improving the customer experience is a key focus across the Abacus business. Ensuring we respond to these expectations will enable us to develop strong and value-add partnerships with our stakeholders and enhance our reputation, which will in turn increase our occupancy and WALE. Priorities for the year ahead include:

– Development of a customer engagement strategy with our property management partners
– Maintain an occupancy rate of at least 90% for the office portfolio
– Maintain an occupancy rate of at least 88% for the established self storage portfolio
– Maintain a WALE of at least 3.5 for the office portfolio

Continued emphasis and focus on collaboration with our asset and operating partners and customers to provide a safe and secure environment in light of the evolving COVID-19 situation.

Responsible resource management

Key achievements in FY21

– Board approved public sustainability targets for energy, emissions, water, and waste
– Target of Net Zero Emissions (Scope 1 and 2) by 2050
– Office portfolio NABERS Energy average – 4.63 stars (up from 4.26 stars 30 June 2020)
– Office portfolio NABERS Water average – 4.05 stars (up from 3.34 stars 30 June 2020)
– 25% reduction in Scope 1 and 2 GHG emissions intensity and 24% reduction in water intensity compared to 2019 baseline

Why is this important?

Responsible resource management is about using our resources efficiently, sustainably and in ways that minimise the impact on the environment. As the owner of a large property portfolio, Abacus are well positioned to positively impact the resource consumption of our buildings through efficient property management and the development and upgrade of buildings which incorporate more efficient plant and equipment. Alongside this we recognise the importance of ensuring our buildings are operating as efficiently as possible to reduce operating costs for our customers.

Our approach to managing

Abacus has an ongoing commitment to reducing the environmental impact of our operations by integrating resource efficiency considerations into the management of our property portfolio. In line with our strategy of investing longer term, we continue to review and improve the sustainability of our assets and are focused on energy, water, and waste efficiency, as well as carbon emission reductions across our property portfolio.

Our approach to sustainability is underpinned by our sustainability strategy, in conjunction with our sustainability and environmental policy, which are focussed on supporting growth across the business by recognising that we have responsibilities to all our stakeholders and the environment in which we operate.

The sustainability strategy, which was approved this year by the Board-delegated compliance and sustainability committee, aligns with our overarching strategic business objective of creating long-term, sustained value, and is focused around four key pillars:

– Environment
– People and Culture
– Customer and Community
– Governance and Transparency

As part of our sustainability strategy, we set clear public sustainability targets to ensure ongoing improvements in environmental performance, transparency, and accountability. The targets are focused on energy, emissions, water, and waste across our property portfolio (assets under operational control) and were developed in conjunction with our asset management team and approved by our Board. To achieve these targets, we have developed sustainability improvement pathways for our assets which are aligned with our operational and capital works upgrades. These pathways will ensure our office and retail assets have ongoing improvement opportunities and will lead to better performance and operational cost savings, and improvements in NABERS ratings. We have also set Key Performance Indicators (KPI's) for our property partners to ensure that the stakeholders managing our assets help facilitate achieving these targets.

Abacus Sustainability Targets

METRIC	TARGET	HOW WE WILL GET THERE
ENERGY	Targeting a NABERS Energy portfolio average of 5 stars by FY25 for office assets	– Building efficiency optimisation using BMS analytics to ensure efficient operations of the mechanical plant – Adjusting building operations to cater for lower occupancy due to COVID-19 – Employing initiatives such as economy cycle, adjusting building time schedules, maximising outside air intake, and reducing fan speeds in winter – HVAC upgrades – Lighting upgrades – Lift upgrades – Solar PV – Building Management System (BMS) upgrades
	15% reduction in Scope 1 & 2 GHG emissions intensity by 2025 (from FY19 base year) for commercial property	
EMISSIONS	Net Zero emissions by 2050 (Scope 1 and 2)	– Ongoing investigation and implementation of on-site renewable energy where feasible – Review of renewable Power Purchase Agreements with our energy broker for future electricity procurement
WATER	Targeting a NABERS Water portfolio average of 4 stars by FY25 for office assets	– Rollout of real-time water monitoring across office and retail property with alarms for higher than expected water usage and overnight baseloads – Water audits and correction of leaks – Bathroom upgrades – Cooling tower upgrades
	10% reduction in water intensity by 2025 (from FY19 base year) for commercial property	
WASTE	Targeting a 50% diversion from landfill by FY25 across commercial property	– Base building and tenancy waste audits – On-site scales to measure waste coming out of tenancies and base building – New waste contracts to include diversion targets and improved stakeholder education, signage, and provision of bins

FY21 Performance

We have seen a significant drop in energy intensity, water intensity and waste across the Abacus portfolio throughout FY20 and FY21. This can partially be attributable to COVID-19 restrictions leading to reduced occupancy of buildings by tenants and their employees. We believe initiatives put in place over recent years are also responsible for a large proportion of these reductions. We are confident that the initiatives we have put in place recently, as well as an ongoing focus to increase efficiency and reduce waste, will enable our FY25 targets to be achieved.

Energy efficiency in operations

Abacus is cognisant that operating energy efficient, more sustainable buildings can benefit the environment and investors alike and we are actively invested in energy efficiency improvements across our portfolio that will provide both a financial return as well as energy and emission reductions, in line with our NABERS improvement pathways and energy targets. This year we recorded a 25% drop in scope 1 and 2 GHG emissions from our FY19 baseline (and a 13% drop from FY20) due in part to the reduction in building occupancy from COVID-19 but also as a result of our capital works and operational efficiency programs. This means we have exceeded our FY25 target, and we will be reviewing our targets in FY22 to ensure we maintain momentum in reducing our emissions even further.

This year energy efficiency improvement projects included LED lighting upgrades, BMS upgrades, HVAC and cooling tower upgrades, cogeneration upgrade, additional solar PV. In addition, we rolled out asset condition assessments across the whole portfolio which now provides us with detailed information to inform our capital works improvement pathways

Water efficiency in operations

Water is an increasingly scarce resource for Australia and as managers of a large property portfolio, it is our responsibility to use it responsibly. FY21 saw a further drop in water consumption intensity with a 24% drop in consumption compared to our FY19 baseline and a 11% compared to FY20.

Efficient water management in operations consists of improving the visibility of water consumption in our buildings by way of smart water metering, bathroom and cooling tower upgrades, undertaking water assessments to identify ways we can further improve water efficiency and upgrading facilities and systems to ones that use less water in operation.

Our smart water metering program, which commenced rolling out in FY19 was implemented across a further 13 commercial property assets during the year. Pleasingly this resulted in further findings such as leaking cooling towers, bathrooms leaks and overnight mechanical plant usage and resulted in a number of assets significantly improving on their NABERS Water ratings during the year. This had the impact of Abacus achieving its FY25 target for water 3 years earlier. Lower levels of occupancy due to COVID have had a positive impact on NABERS ratings over the past year, however we anticipate that with improving levels of water efficiency due to capex projects and ongoing leak detection monitoring, NABERS ratings will be maintained once occupancy returns to pre-COVID levels.

Waste efficiency in operations

Reducing waste to landfill is a key part of our property operations and is fundamental component of each asset's sustainability strategy. We capture waste and recycling information from the assets under our operational control and are working with our property managers, cleaners, and waste contractors to improve waste diversion from landfill. This includes setting sustainability KPI's for cleaners and contractors when new contracts are issued.

We have a 50% diversion from landfill target by FY25 across our commercial property portfolio and have developed improvement pathways for each asset in order to achieve this. These pathways include initiatives such as waste audits, improving recycling infrastructure and signage, additional waste streams, improving tenant communication, and incentivising recycling by allocating swipe cards to retail tenants for what they send to landfill. We are also in the process of streamlining our waste providers and in the process are incorporating sustainability KPI's and obligations to help our assets meet their target.

Waste diversion from landfill initiatives at our assets include:

- Additional recycling streams (e.g., organics, soft plastics, e-waste, secure paper and comingled)
- Implementation of on-site scales that can accurately record the waste and recycling from each floor or tenancy and provide immediate feedback to building managers and tenants
- Waste audits at 5 NSW, Vic and ACT office buildings with opportunities identified to improve tenancy waste diversion including additional bins, signage, and education
- Conducted a NABERS Waste rating 2 King Street achieving 3 stars. Improvement opportunities have been identified and will be implemented in line with the new waste contracts
- Waste contracts renewed with KPI's aligned with Abacus public target of 50% diversion from landfill by 2025
- Oasis – Pulpmaster organics, and a user pays system that allows waste to be charged back to each tenant using actual weights
- Ashfield – waste audit using the waste Bin Trim program and on-site organics recycling provided to 25 organics producing retailers including coffee shops and food outlets and grocery shops

Responsible Resource Management Highlights

The following environmental data is for the reporting period 1 July 2020 to 30 June 2021 (FY21) unless otherwise stated.

Energy and Emissions

We report our Scope 1 and Scope 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting Act 2017 (NGER Act). Operational control is defined as having the ability to introduce and implement operating, health and safety or environmental policies and measures for a facility. Scope 1 (direct) emissions occur from fuels combusted on-site (natural gas and diesel) as well as refrigerant leakage. Scope 2 (indirect) emissions are from the base building consumption of purchased electricity in our assets where we have operational control as well as our corporate office in Sydney and a small site office in Melbourne We also report our Scope 3 emissions from corporate travel (flights).

Water

Total water consumed comprises potable water consumed by the whole building (base building and tenant) for our Office and Retail portfolio purchased by Abacus from local water utilities for sites under our operational control, as defined within the NGER Act.

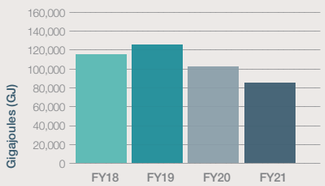
Water consumption is based on actual meter readings from water utilities, unless estimated by the utility. Where invoices are unavailable estimates based on the 'same day, previous year' consumption are used for reporting.

Waste

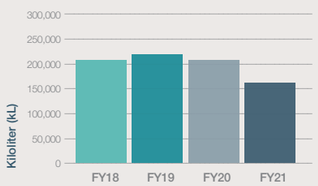
Waste data is collected and reported on for those assets where we have operational control over the waste contract. Waste data for our Office and Retail operations is managed and reported by our waste contractors and is a combination of actual weights or calculated by number of bins and volume to weight conversion factors.

	FY21	FY20	FY19	FY18
Energy consumption (GJ)	87,178	103,751	125,258	118,317
Scope 1 and Scope 2 emissions (tCO2-e)	15,810	18,170	21,842	21,599
Water consumption (kL)	166,560	204,090	232,485	217,144
Total waste generated (tonnes)	2,027	2,448	3,351	N/A
Total recycled (tonnes)	595	677	1,191	N/A

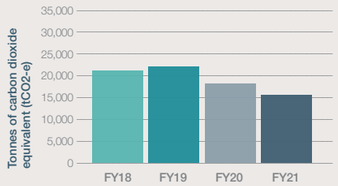
Energy consumption (GJ)



Water consumption (GJ)



Scope 1 and Scope 2 emissions (tCO2-e)

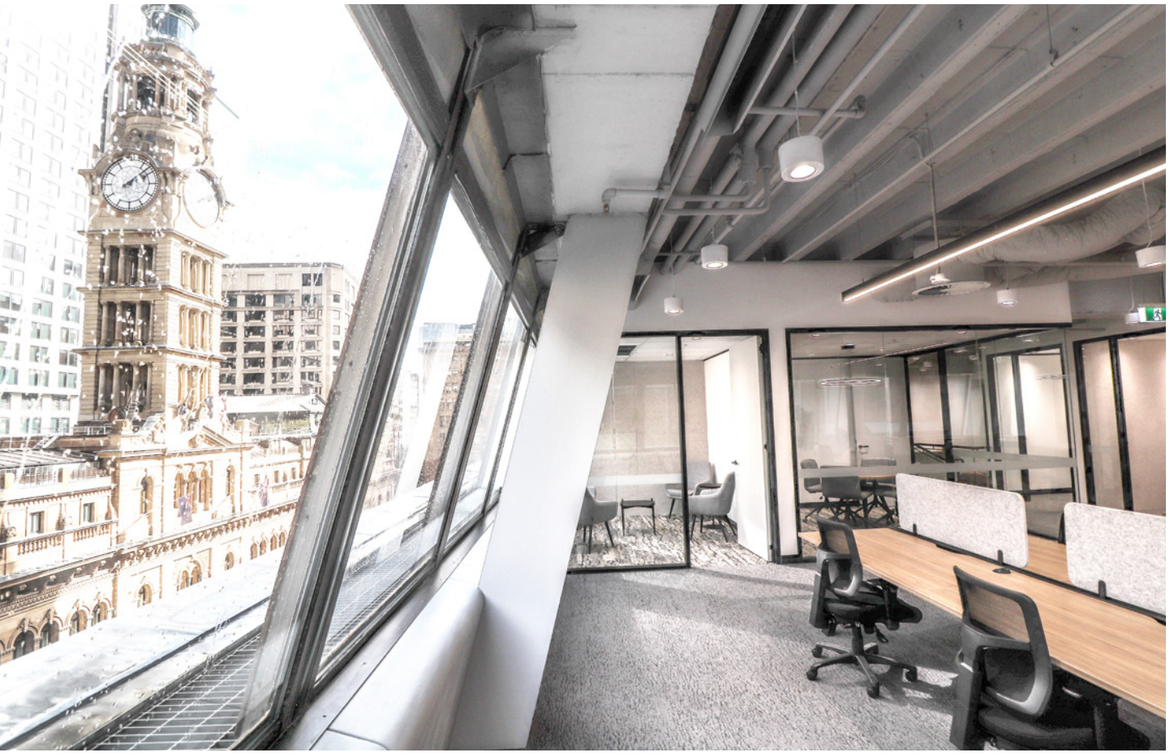


Responsible Resource Management[8]

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE
Energy consumption				
Stationary energy – Natural Gas (GJ)	19,974	27,267	33,075	26,509
Stationary energy – Diesel (GJ)	19	71	0	47
Total energy consumption – Fuels (GJ)	19,993	27,338	33,075	26,556
Energy Produced (GJ)[9]	1,402	2,791	3,515	n/a
Energy consumption – Electricity (GJ)	65,783	73,622	88,668	91,807
Total energy consumption (GJ)	87,178	103,751	125,258	118,363
Energy use per square metre of gross lettable area (MJ/m2) [10]	332	395	443	382
Emissions				
Carbon emissions (scope 1) associated with energy consumed (t CO_2-e)	2,116	2,499	2,655	2,072
Carbon emissions (scope 2) associated with energy consumed (t CO_2-e)	13,694	15,671	19,187	19,526
Carbon emissions (scope 3) associated with energy, water, waste and corporate travel (t CO_2-e)	3,974	6,460	9,008	N/A
Water consumption				
Water consumption (KL)	166,560	204,090[11]	232,485	217,144

[8] FY20 and FY21 data is COVID-19 impacted.
[9] Cogeneration electricity produced at 710 Collins and 91 King William Street. 91 King William Street underwent a cogeneration upgrade during the year and the turbines were not operational leading to a drop in generation from FY20.
[10] Energy intensity is calculated using electricity, natural gas, and diesel consumption from base building assets under operational control divided by total lettable area in square metres
[11] Updated from FY20 report due to updated 'actual' data from quarterly water billing

The energy consumption and scope 1 and 2 emissions data have been calculated using the default emission factors per the National Greenhouse and Energy Reporting Act 2007 and (National Greenhouse and Energy Reporting (Measurement) Determination 2008).



NABERS rating across our properties

Our Office portfolio is rated annually under the National Australian Built Environment Rating System (NABERS) for energy and water. Abacus uses NABERS to benchmark energy and water efficiency, developing improvement strategies to improve or maintain our buildings to high NABERS performance. By creating and maintaining high-performing, environmentally efficient assets, we can not only minimise our carbon emissions and environmental impacts, we can pass on valuable cost-savings and emissions reductions to our customers.

Public sustainability targets were approved by the Board in November 2020[12]. Good progress has been made towards our FY25 NABERS targets and a number of buildings have met or exceeded their FY22 midpoint targets. Further increases in efficiencies will be seen as building upgrades and solar installations are completed.

	FY19 RESULT	FY20 RESULT	31 DEC 2020	31 MAR 2021	FY21	FY22 ESTIMATION	FY25 ESTIMATION	FY25 PUBLIC TARGET
NABERS Energy average	4.14	4.26	4.39	4.42	4.63	4.64	5.08	5 stars
NABERS Water average	3.13	3.34	3.49	3.70	4.05	3.85	4.31	4 stars

[12] Public sustainability targets located on the Abacus website https://www.abacusproperty.com.au/sustainability

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 ACHIEVEMENTS
Achieving year on year progress towards NABERS and environmental targets	✔	Energy and water targets for FY22 and FY25 agreed for each asset as well as portfolio average
Commence waste audits and develop a plan to improve diversion rates to meet our targets	✔	Waste audits undertaken at 5 office buildings in NSW, Vic, and the ACT. Sustainability KPI's set for key property management partners Process to streamline waste contractors commenced with scope of services incorporating FY25 diversion target of 50% as a KPI
Install submetering in our Lutwyche Market Central and Oasis shopping centres to enable NABERS ratings to take place	⟳	Submetering audit undertaken and Lutwyche in the process. Oasis submetering will be incorporated into redevelopment in FY22.
Continue to implement on-site solar PV where it makes good financial sense	✔	Ongoing initiative. Refer to 'climate related risks and opportunities' for further detail

✔ Achieved ⟳ Progressed ○ Not yet progressed

Future priorities

With the sustainability strategy and targets agreed, our focus will be on ongoing performance, measurement, and verification to ensure we meet our FY25 targets in a consistent and transparent way.

– Ongoing implementation of future initiatives outlined in our sustainability strategy

– Achieving year on year progress towards NABERS and environmental targets via improvement pathways consisting of

- Review of sustainability targets and initiatives in FY22
- Implementing the findings from the waste audits and improving waste diverted from landfill across the portfolio in conjunction with our property management partners
- Install submetering in our Lutwyche Market Central and Oasis shopping centres to enable NABERS ratings to take place
- Continue to implement on-site solar PV where it makes good financial sense

Climate-related risks and opportunities

Key achievements in FY21

– Board approved net zero emissions (scope 1 and 2[13]) target by 2050

– Increased our investment in on-site solar PV in our Office portfolio with a 270kW system commencing installing at 452 Johnston Street, Melbourne, bringing our total office assets with solar to 4

– Ongoing implementation of our Self Storage solar program with 44 assets having solar PV and further installations planned for FY22

Why is this important?

Abacus may be exposed to unforeseen material environmental risk or the impact of climate change over time. Environmental and climate change related events have the potential to damage our assets, disrupt operations and impact the health and wellbeing of our people and communities. Abacus recognises that integrating sustainability considerations, including that of climate change, into our investment decision making and business operations is congruent with the responsibility we have to our stakeholders and is critical to Abacus achieving its long-term goals.

Our focus on energy efficiency upgrades, the installation of solar PV across our portfolio and the development of targets and strategies to enhance the energy and emissions performance of our assets is key to ensuring our portfolio remains resilient to the impact of climate change over time.

Our approach to managing

Environmental issues, including that of climate change, have been identified as a material issue to Abacus and we have in place appropriate strategies to protect our properties and mitigate any risk. This includes the consideration of climate-related risks and opportunities across the lifecycle of our investment decisions – from acquisitions, to asset and property management as well as new developments. Environmental and climate change risks are included on the board approved key risk register and are incorporated into our decision-making process when acquiring properties and as part of the ongoing management of each property. We manage this risk through the due diligence process undertaken with each acquisition as well as the asset risk matrix for each property, which are reviewed every six months. Key environmental concerns are reported to the Investment Committee and Board as part of the governance framework.

Operationally we are focused on energy efficiency as well as on-site solar. New developments undertake a climate adaptation and resilience assessment as part of the Green Star certification and new office acquisitions undergo appropriate climate-related due diligence including an assessment for resilience to extreme storm, extended days of hot weather and localised flooding. Depending on potential future risks, discussions around the location of essential services, the age and condition of HVAC systems, and the water resistance of the roof and façade are factored into decision making.

FY21 Performance

Investment in renewable energy

Investing in on-site renewable energy has been a key focus for Abacus for the past three years. On-site solar PV can provide a substantial reduction in operational electricity costs as well as reduce our carbon footprint and reliance on the grid. Since 2018 we have installed 47 solar PV systems across our Self Storage and Office portfolios and have additional installations planned for FY22.

Commercial Property

This year we commenced the installation of a 270kW solar PV system at 452 Johnston Street as part of a building refurbishment. We are also assessing opportunities at 187 Todd Road and Lutwyche shopping centre. The Office portfolio now has 4 assets with a total of 567kW of solar PV.

Self Storage

Our self storage portfolio now has 44 solar PV systems across the country totally 1019kW in size, with 11 installed in FY21.

Our Robina development on the Gold Coast installed a 100kW system which is the largest installation in the storage portfolio and will be providing renewable electricity to power the dehumidifiers in the facility.

We also installed a lightweight solar PV at our Rozelle storage facility as the roof was unable to take the weight of conventional storage without a significant upgrade. This type of solar PV uses the same silicon solar cells however rather than a heavy glass frame, it uses a plastic cover and frame hat results in a panel that is approximately 70% lighter than conventional glass panels. Abacus will continue to install solar PV and LED lighting on new sites acquired and developments as part of a continued focus on responsible resource management.

FY21 Priorities and Performance

COMMITMENTS	STATUS	FY21 PERFORMANCE
Continue to investigate and conduct feasibility analysis for on-site renewables across the Self Storage, and Commercial portfolios	✔	Ongoing
Review new solar technologies such as the thin-film solar PV for their applicability to assets where conventional solar may not be practicable	✔	Achieved. Rozelle self-storage facility installation of light weight solar as conventional PV was too heavy
Continual focus on building performance optimisation to minimise climate related impacts	✔	Ongoing improvements in building performance, efficiency, and resilience via capital works upgrades
Evaluation of risk and opportunities and climate related disclosures in line with our business, strategy, and peers	○	Ongoing evaluation

✔ Achieved ⟳ Progressed ○ Not yet progressed

Future priorities

Abacus is committed to the appropriate management and oversight of material climate-related risks and opportunities to our business and developing appropriate strategies to manage these issues. Our approach to climate change forms a key component in the development of our sustainability strategy and includes the following:

– Evaluation of risk and opportunities and climate related disclosures in line with our business, strategy, and peers

– Undertake a portfolio-wide risk assessment of exposure and vulnerability based on asset location and type

– Continue to investigate and conduct feasibility analysis for on-site renewables across the Self Storage, and Commercial portfolios.

– Continual focus on building performance optimisation to minimise climate related impacts

[13] Assets under operational control as defined by the NGER Act

Governance, risk, cyber and transparency

Key Achievements in FY21

– A Board risk workshop was held in May 2021 in order to review, discuss and confirm the Group risk profile based on the likelihood and consequence of the risks and Abacus' appetite for risk in order to form a unified Board and Executive view aligned to Abacus's strategy. Following the workshop a set of key reporting indicators have been developed to support Abacus' risk management approach and proactive risk culture

– An annual risk review was conducted by an independent consultant on Abacus' compliance with Regulatory Guide 259: Risk Management Systems of Responsible Entities in maintaining adequate risk management systems. The outcomes of the review were reported to the Audit and Risk Committee in February 2021 and confirmed that Abacus is compliant with all mandatory and good practice recommendations of the Regulatory Guide.

Why is this important?

Corporate governance influences how our objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised. We conduct our operations in a manner that ensures risks are identified, assessed, and appropriately managed in order to promote investor confidence and to meet stakeholder expectations.

Abacus recognises that there is increasing focus on broader reputational issues such as trust and transparency. Our Code of Conduct articulates our commitment to honesty, integrity and trust and guides our commitment to deliver value and service to our stakeholders.

Our approach to managing

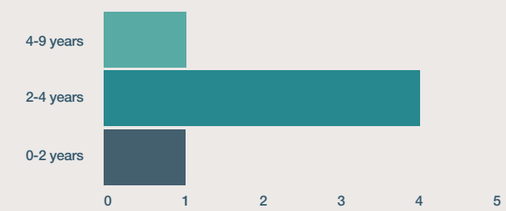
Abacus' approach to the management of governance and risk matters is underpinned by our corporate governance framework and risk management framework which are aligned to the ASX Corporate Governance Council Principles of Good Corporate Governance. Further information on our compliance with the ASX Corporate Governance Council Principles of Good Corporate Governance is included in our FY21 Corporate Governance Report within our Annual Reporting Suite.

Abacus recognises in its Sustainability and Environmental Policy that integrating sustainability issues, including environment and climate change, into our investment decision making and business operations is congruent with the responsibility we have to our stakeholders and is critical to Abacus achieving its long-term goals. This includes our focus on energy efficiency upgrades, as well as solar photovoltaic installations across our portfolio and developing targets and strategies to enhance the environmental performance of our assets including energy and water efficiency, greenhouse gas emissions reduction and waste to landfill reduction. Abacus continues to develop the appropriate strategies to protect its properties and mitigate the risks of climate change. Environmental issues are incorporated into our decision-making process when acquiring properties and as part of the ongoing management of each property. Key environmental concerns are reported to the Investment Committee and the Board as part of the governance framework. Environmental risks associated with each property ae monitored as part of the Group's asset management processes.

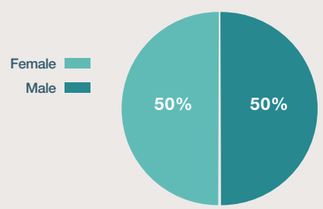
Abacus board diversity and tenure

Diversity targets set in 2020 and reviewed bi-annually are the responsibility of the People Performance Committee. Abacus exceeded its target of minimum representation of 2 females on the Board and at 30 June 2021 has 3 females on the Board (being 50 percent representation – this will be reduced to 43 percent with the appointment of Mark Bloom as a Non-Executive Director on 1 July 2021). Abacus has and continues to recruit from a diverse pool of candidates for all positions filled during the year all employees, regardless of role, worked flexibly.

Board Directors – Tenure (years)



Board Directors – Gender



Our key charters and policies include:

Code of Conduct	Performance Evaluation Policy	Business Risk Management Policy
Continuous Disclosure and Securityholder Communication Policy	Trading Policy	Privacy Policy
Sustainability and Environmental Policy	Diversity and Inclusion Policy	Work Health and Safety Policy
Board Charter	People Performance Committee Charter	Nominations Committee Charter
Audit and Risk Committee Charter	Whistleblowing Policy	Human Rights Policy
Fraud, anti-bribery and corruption policy	Supplier Code of Conduct	Modern Slavery Statement

Our suite of publicly available policies are available at our Corporate Governance page on the Abacus Property Group website at www.abacusproperty.com.au

Non-compliance with laws and regulations

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE
Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms	Nil	Nil	Nil	Nil
Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms	Nil	Nil	Nil	Nil

Substantiated complaints concerning breaches of customer privacy and losses of customer data

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE	FY19 PERFORMANCE
Number of substantiated complaints received concerning breaches of customer privacy categorised by i) complaints received from outside parties and substantiated by the organization; ii) complaints from regulatory bodies	Nil	Nil	Nil
Number of identified leaks, thefts, or losses of customer data	Nil	Nil	Nil

Confirmed incidents of corruption and actions taken

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE	FY20 PERFORMANCE	FY19 PERFORMANCE
Total number and nature of confirmed incidents of corruption	Nil	Nil	Nil
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Nil	Nil	Nil
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Nil	Nil	Nil
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	Nil	Nil	Nil

FY21 Performance

Risk management framework

Abacus is committed to maintaining a sound system of risk oversight and management and internal control to identify, assess, monitor, and manage material risks related to the conduct of Abacus' activities. All employees are responsible for managing risks within their areas of responsibility and ensuring they comply with all legislative, regulatory and company policy requirements. This includes reporting any identified risks to an appropriate level of management in a timely manner.

We are continually working to improve and embed our risk management practices which drive a proactive risk culture. The Risk Management Framework guides our approach to identifying,

assessing and managing risk and is designed to be practical and fit for purpose. The key elements of the Abacus Risk Management approach include;

- Set the risk appetite of the Group
- Oversight and identification of risk (including any emerging risks)
- Endorse the materiality of those risks and the plans to minimise the impact
- Development of a risk culture aligned to the Board's risk appetite and priorities
- Monitor the operation of the risk management processes and procedures

The key risk register, risk management framework and risk appetite statement are reviewed annually by the Audit and Risk Committee and Board with the last review in July 2021. Key 2021 Board and Audit and Risk Committee led risk activities in line with the risk management framework included:

- A Board risk workshop was held in May 2021 in order to review, discuss and confirm the Group risk profile based on the likelihood and consequence of the risks and Abacus' appetite for risk in order to form a unified Board and Executive view aligned to Abacus's strategy
- An annual review of the Risk Appetite Statement and Business Risk Management Policy was completed by the Board and Executives alongside an external consultant in order to articulate the acceptable level of risks Abacus are willing to take in pursuit of strategic goals and objectives to form a unified risk appetite across the business
- Development of key risk indicators for each of Abacus' key risks, as agreed by the Audit and Risk Committee. The key risk indicators are based on how Abacus operates and current available business metrics. The key risk indicators will further support Abacus' risk management approach and proactive risk culture
- A compliance review was conducted by an independent consultant in February 2021 on Abacus' compliance with Regulatory Guide 259: Risk Management Systems of Responsible Entities in maintaining adequate risk management systems. The outcomes of the review were reported to the Audit and Risk Committee in February 2021 and confirmed that Abacus is compliant with all mandatory and good practice recommendations of the Regulatory Guide

Cyber security governance

We have continued with the implementation of an Abacus Digital and IT Strategy which will strengthen cyber security governance in line with industry best practice. IT governance at Abacus includes documented polices and processes covering information systems incident response, network security, business continuity and disaster recovery, user access control and acceptable use. In continuing our investment into people, processes and governance, we have onboarded an IT Security Engineer and Assistant IT Systems Administrator to support the implementation of this strategy.

A risk management framework has been created and is regularly reviewed to identify potential threats to the organisation and define the best strategy to minimise the impact of these risks. Regular IT and cyber security training is delivered to employees on an ongoing basis and includes current areas of concern including acceptable use of IT and phishing attack awareness. The most recent training campaign was completed between April and June 2021. We actively aim to protect the business online, be alert to new threats and report cybercrime or incidents.

The Abacus Business Continuity Plan and Disaster Recovery Plan were successfully tested in April 2021.

Our commitment to honesty, integrity and trust

We are committed to acting honestly and with integrity, so that we gain the trust of all stakeholders. At Abacus we strive for a reputation for, and commitment to, honesty, integrity and trust and recognise these elements as essential for success and longevity in the investment industry. With our

commitment to raising awareness, and the need to encourage, protect and support responsible reporting of wrongdoing, we continue to build a supportive work environment which aligns to our Code of Conduct and values. This program is actively promoted and encouraged by the Board and Executive Team.

Our Code of Conduct is our guide to upholding our commitment to honesty, integrity and trust. In 2021, online training was delivered to all employees to ensure the fundamental principles and behaviours within Abacus remain in line with our values and spirit of the Code of Conduct and whistleblowing policies and procedures. Abacus has chosen 'Your Call' to partner with, in order to enhance the integrity and transparency of our operations and to allow team members and our customers to confidentially and anonymously report in the event of misconduct in line with our Whistleblowing policies and procedures.

Compliance and risk training was delivered to all employees in May 2021 through an automated web-based learning tool. The training was tailored to Abacus' compliance plan and risk management training and covered a broad range of topics including conduct, risk management, anti-money laundering, insider trading, complaints, breaches, financial advice, conflicts of interest, modern slavery and Privacy.

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 ACHIEVEMENTS
Zero tolerance for non-compliance with laws and regulations	✔	Achieved. Ongoing expectation
Delivery of revised Corporate Governance Statement in line with the ASX Fourth Edition of the Corporate Governance Principles and Recommendations	✔	Corporate Governance Statement in line with the ASX Fourth Edition of the Corporate Governance Principles was released in August 2021
Independent review of risk management framework in line with Regulatory Guide 259: Risk Management Systems of Responsible Entities	✔	Achieved. The independent review confirmed that Abacus is compliant with all mandatory and good practice recommendations of the Regulatory Guide
Recognition that cyber security and resilience is an evolving space and an area of continual improvement at Abacus	✔	Achieved and remains an Ongoing and evolving commitment

✔ Achieved Progressed Not yet progressed

Future priorities

In line with our commitment to continually strengthen governance in order to influence how objectives are set and achieved, how risk is monitored and assessed and how performance is optimised we have expanded our risk team which will:

- Continue to build the Abacus risk management function through a series of whole of business risk projects which; set the risk appetite of the Group; allow oversight and identification of risk (including any emerging risks); endorse the materiality of those risks and the plans to minimise the impact;
- Further develop an Abacus risk culture aligned to the Board's risk appetite and priorities that is dynamic and fosters in respect of risk - evolution, improvement, integration and implementation

Further, in ongoing recognition that cyber security and resilience is an evolving space and an area of continual improvement for the Group, we will continue to focus on this risk area.

Responsible procurement

Key achievements in FY21

- Ongoing implementation of Modern Slavery Action Plan and collaboration with the Property Council Modern Slavery working group
- Modern Slavery clauses and KPI's incorporated into new property management agreements and across operational contracts
- Ongoing supplier due diligence via the Informed365 supplier engagement platform
- Inclusion of suppliers from the newly acquired Storage King operating platform

Why is this important?

Responsible Procurement relates to engaging with suppliers to ensure they operate in a manner consistent with our Supplier Code of Conduct and ensuring the procurement process adheres to the international standards against criminal conduct and human rights abuses and our obligations under the Act. Responsible Procurement means considering the ethical, environmental and social impacts of purchasing decisions and looking for opportunities where outcomes can be enhanced and we are committed to ensuring high standards in our operations and throughout our supply chain. Abacus is committed to implementing and monitoring ongoing practices which support human rights with reference to the UN Guiding Principles on Business and Human Rights and the Australian Modern Slavery Act 2018 ('The Act').

Our approach to managing

Abacus has a diverse supply chain which includes;

- builders and contractors on our development projects;
- managing agents and operational contractors on our property portfolio; and
- operational contractors and third party relationships within our Storage King business

Abacus operates wholly within Australia and New Zealand, countries which have democratic governments with high standards of governance. There is a lower social risk where operations are wholly in Australia and New Zealand. However, Abacus recognises that instances of modern slavery can still occur in Australian and New Zealand supply chains.

Respecting and proactively promoting human rights is an integral part of our business and forms a key component of our sustainability commitment which is outlined in our Supplier Code of Conduct and Human Rights Policy. Abacus guiding principles include:

- The expectation that our team members, contractors, sub-contractors, consultants and suppliers will conduct business in a safe, responsible and equitable manner and in compliance with all applicable laws, regulations and standards
- Our team members, customers, suppliers and investors being treated fairly and respectfully
- Diversity and inclusion, which is about our commitment to ensure collective perspectives are valued and respected, with the objective of enhancing informed judgment and high-quality decision making. Diversity includes, but is not limited to, gender, age, ethnicity, sexual orientation, religious and cultural background
- The right to just and fair remuneration

- The fundamental right of all workers and those affected by our undertaking to a safe and healthy working environment
- Allowing freedom of association and collective bargaining

Abacus ensures these commitments are upheld on an ongoing basis by:

- Ongoing engagement, education and awareness with team members and our supply chain
- Developing and implementing a Supplier Code of Conduct
- Incorporating human rights into purchasing decisions and adhering to Abacus' Human Rights Policy
- Conducting human rights and modern slavery due diligence into our supply chains on an ongoing basis and ensuring our supply chains are, as far as we are aware, free from modern slavery; and
- Providing access to an effective grievance mechanism (Whistleblowing Policy) to our team members and supply chain to ensure that human rights violations are reported, investigated and remediated

FY21 Performance

Our Modern Slavery Risks

Recognising that systemic risks in our supply chain cannot be solved in isolation, we place high value on collaborating with our industry peers to collectively understand and manage the risk of modern slavery across our direct and indirect supply chain. Abacus is a founding member of the Property Council of Australia's Modern Slavery working group, which has fifteen founding members who working alongside peers in the industry to develop a supplier due diligence platform. This collaboration allows leading Property Council of Australia members to engage, assess and report on their supply chain networks more easily through a single online platform (Informed365) which collects, compares and collates information on suppliers, to inform year-on-year progress. In FY21 the group of fifteen founding members grew to thirty seven participating organisations with nearly 4,500 suppliers engaged within the single online platform.

The single online platform collects, compares and shares data on all suppliers to ensure consistency across the industry, streamlines the reporting process for businesses involved, reduces the reporting burden, and makes it easier for suppliers to share information with the leading property organisations they select. Suppliers are invited to register and enter information about actions they are taking to assess and address modern slavery. The platform is free for suppliers to register, access and use, and assessment information is updated each year following a prompt, so that they can record improvements over time. This is important to encourage participation from suppliers and improve supply chain transparency. Data can then be accessed by Property Council members through the platform's dashboard to enable better evaluation, decision-making and reporting.

Supply chains through Australia's property and construction industry are complex, with many suppliers working in different capacities for multiple organisations at the same time, and so the group is supported by Better Sydney for subject matter expertise and project management, and the Supply Chain Sustainability School for educational resources, with Informed365 providing the technical expertise around the platform itself.

Partners

INFORMED365

PROPERTY COUNCIL of Australia

be++er sydney
+ building + community + sustainability +

In FY21 Initiatives completed to enhance how we address modern slavery risks across our supply chain included:

	INITIATIVE	STATUS	COMMENTS
RISK ASSESSMENT	**Annual risk assessment of our supply chain and methodology to assess suppliers across our highest risk categories and to continue developing our supply chain knowledge and to improve our understanding of supplier responses**	✔	The FY21 Abacus supplier risk assessment was approved by the internal Management Sustainability Committee as part of ongoing management consultation
INDUSTRY COLLABORATION	**Continue industry participation and collaboration through the Property Council of Australia's Modern Slavery Working Group**		Recognising that systemic risks in our supply chain cannot be solved in isolation, we place high value on collaborating with our industry peers to collectively understand and manage the risk of modern slavery across our direct and indirect supply chain. Abacus is a founding member of the Property Council of Australia's Modern Slavery working group which allows members to engage, assess and report on their supply chain networks more easily through a single online platform (Informed365) which collects, compares and collates information on suppliers, to inform year-on-year progress. Industry collaboration with the Property Council of Australia's Modern Slavery Working Group will continue in FY22 and beyond
SUPPLIER DUE DILIGENCE - SUPPLIERS	**Ongoing supplier due diligence utilising the Informed365 supplier engagement portal with a focus on;** **– inclusion of suppliers from the newly acquired Storage King operating platform (as of 30 November 2021;** **– increasing the number of invited suppliers utilising our existing risk methodology; and** **– increasing participation rates and working with suppliers to improve supplier responses**		Following the acquisition of 100 per cent of the shares of Storage King on 30 November 2020 a review of Storage King operational suppliers through consultation with key members of Storage King management was completed and high risk storage king operational suppliers were included within the FY21 risk assessment methodology In FY20 in two phases through the supplier platform Abacus invited 56 key suppliers across our high risk categories to disclose their labour management practices via the single online platform. In FY21 Abacus invited a further 39 suppliers (being Abacus and Storage King high risk suppliers) bringing the total number of suppliers who complete annual questionnaires within the single online platform to 95 Processes to improve ongoing participation rates in the online platform have been documented and are reported to the Management Sustainability Committee. As at 30 June 2021 81 per cent (77 of 95 invited suppliers) have completed the online questionnaire.
SUPPLIER DUE DILIGENCE - VERIFICATION	**Commence verification of existing high risk suppliers within the single online platform**		In FY21 the Property Council of Australia's Modern Slavery working group worked with Informed365 and Bureau Veritas to undertake independent, third-party reviews of the assessment responses provided by suppliers which will assist with supplier engagement, help identify strengths and weaknesses across shared supply chains, and provide material for Continuous Improvement Pathways for suppliers In FY21 Abacus selected 5 high risk suppliers to be reviewed. No exceptions were noted with the Bureau Veritas review

	INITIATIVE	STATUS	COMMENTS
REMEDIATION	Continue to work with key stakeholders to progress our group-wide response to modern slavery with a focus on prevention, mitigation and remediation in contracts and processes to incorporate human rights and modern slavery	Progressed	In FY21 Abacus investigated through a Remediation and Response instances of forced labour identified in a Broad Daylight Report - Uyghur Forced Labour and Global Solar Supply Chains
TRAINING	Annual refresher training for all Abacus employees and roll out of additional modern slavery training to key team members	Achieved, Progressed	Annual refresher training was delivered to all Abacus employees in May 2021 Key Storage King team members completed modern slavery training as part of their risk and compliance onboarding As part of our commitment to training high risk suppliers (such as cleaning and janitorial staff) were provided a series of modern slavery posters which are placed in back of house areas on site

✔ Achieved Progressed ○ Not yet progressed

Continuous improvement is a key element of an effective response to modern slavery risks and our methodology and due diligence will be subject to ongoing reviews and reporting to the board as appropriate so that continuous improvement can be demonstrated as our processes are embedded (in line with the requirements of the Act).

Our annual Modern Slavery statement summarise our approach in line with the reporting requirements is available on our website https://www.abacusproperty.com.au/about-us/corporate-governance.

Future priorities

Recognising the global challenge of addressing modern slavery and our obligations under the Australian Modern Slavery Act (2018), Abacus will continue to incorporate human rights and supply chain due diligence into our business practices and commit to the following priorities:

- Annual risk assessment of our supply chain and methodology to assess suppliers across our highest risk categories and to continue developing our supply chain knowledge and to improve our understanding of supplier responses
- Continue industry participation and collaboration through the Property Council of Australia's Modern Slavery working group
- Ongoing supplier due diligence utilising the Informed365 supplier engagement portal with a focus on;
  - increasing the number of invited suppliers utilising our existing risk methodology; and
  - increasing participation rates and working with suppliers to improve supplier responses
  - Continued verification of existing high risk suppliers within the single online platform
- Annual refresher training for all Abacus and key Storage King employees and roll out of additional modern slavery training to key team members

Employee engagement and motivation

Key achievements in FY21

- Launch of the Employee Feedback and Engagement Survey
- Developed, marketed, and recruited for the Abacus NextGen Graduate Program
- Automation of onboarding process
- Developed and introduced an employee referral program
- Expanded the Abacus Benefit offering with a focus on support of employee wellbeing through a webinar series
- Continued focus on learning and development including Executive Committee Leadership development

Why is this important?

Attracting, engaging, and retaining talented people is fundamental to delivering the Group's strategy. Building a collaborative and engaging environment that enables people to contribute and excel is integral to the delivery of our business strategy and objectives. At Abacus, we empower our team members to take initiative, and attract people who are motivated by accountability and making a difference. Our flat organisational structure and open-door culture supports this and allows us to respond to change, adapt quickly and leverage opportunities as they arise.

Abacus recognises the benefits of creating an inclusive environment and promoting team member and Board diversity. Inclusion and diversity at Abacus is about our commitment to ensuring collective perspectives are valued and achieved, with the objective of enhancing informed judgment and high-quality decision making.

Our approach to managing

Abacus has, and is continuing to evolve, a range of initiatives designed to ensure the most appropriate corporate culture and capabilities are in place to deliver on its strategic business objectives.

Our values are:

– We are one team;
– We are entrepreneurial;
– We are responsible; and
– We are accountable

These values underpin our approach to delivering on the Abacus Strategy and objectives.

We have a continuous improvement and feedback mindset in relation to further promoting employee engagement and motivation. Using feedback gained from our employee engagement and pulse surveys, focus groups, business unit leaders' feedback and external research, we are building on foundational people and culture initiatives started in FY19.

Our approach ensures that we are progressing best practice initiatives, building organisational capability, and maintaining alignment between the People and Culture strategy and Abacus' strategy and objectives.

FY21 Performance

Launch of the Employee Feedback and Engagement Survey

Abacus launched an Employee Feedback and Engagement Survey in April 2021 seeking feedback on a range of topics (e.g., leadership, communication, culture etc). The last survey was conducted by Abacus in June 2018. While the survey was ready to be in launched in April 2020, the decision was made to postpone the full survey set up due to the uncertainty and disruption of COVID-19.

Abacus achieved a 98% completion rate and employee engagement increased on the FY18 result. The feedback and data will be analysed to understand the priority opportunities for improvement and increased focus and will inform the People and Culture Strategy for FY22.

Developed, marketed, and recruited for the Abacus NextGen Graduate Program

Based on sector research undertaken and benchmarking with other 200 A- REITs graduate programs, Abacus has put in place a 2 year 'Next Gen Graduate Program'. The program is rotationally based with 4 rotations of 6 months each and across the core business units, including Self-Storage, Assets, Retail and Development, Corporate Development, and Finance.

The recruitment and selection process was a highly collaborative approach, actively involving senior managers from each of the core business units.

Three graduates have been recruited and they have commenced their rotations.

Expand the Abacus Benefit offering with a focus on support of employee wellbeing

10 webinar sessions focusing on personal wellbeing and growth were organised through Q2 and Q3 of FY21. These sessions featured experts who designed interactive workshops on relevant work related topics.

Additionally, team members now have access to a range of corporate discounts such as retail, phone plans, and healthcare.

Continued focus on learning and development including Ex Co Leadership development

Abacus understands the importance of investing in our team members' professional development ensuring that team members are continuously learning, challenged, and up skilled, enabling the successful delivery of the business strategy. In Q4 FY20, individual development plans were developed for each team member. Additionally, a dedicated budget for learning and development was established in order to support team members' attendance to relevant external courses.

Despite the disruption of COVID-19 to the availability of courses in FY21, 70% of our team members enrolled and attended relevant external courses which were nominated to support their development.

Evolution@Abacus and Digital@ Abacus working groups

In FY20 we launched two internal, cross-divisional working groups focused on creating a culture of innovation, collaboration, and entrepreneurial thinking across Abacus. Evolution@Abacus, which is an ongoing initiative that seeks to build upon the Abacus DNA of entrepreneurship and encourage employee participation, enhance engagement, and help strengthen 'We are One Team', and Digital@ Abacus, which aims to utilise technology to enhance business processes, asset performance, or the customer experience.

Key initiatives implemented throughout the year include:

– To improve cyber security governance, commencement of a digital audit of the office and retail assets. The information will be captured in a central risk register for a single point of truth for all technology hardware, licenses, maintenance agreements and upgrade requirements to ensure Abacus are managing the potential cybersecurity and privacy risk
– Various technology trials at our Storage King facilities designed to enhance security as well as 'contactless' Bluetooth technology for COVID-safe access control
– WorkRooms flexplace commenced operation at 14 Martin Place and 99 Walker Street using Bluetooth wireless access control via smart phone
– Trialling new ways to optimise building performance with a various building management system technologies
– Rollout of real-time smart electricity metering across the storage portfolio to provide accurate billing information
– Investment in Greenpoint – a real estate innovation and venture capital firm that invests in early-stage companies that provide the real estate industry with leading technological solutions and innovative operating models

Diversity and Inclusion at Abacus

At Abacus, diversity and inclusion involves a commitment to building a more inclusive workplace that enables greater diversity of thought with the objective of enhancing informed judgment and the quality of decision making. Diversity is about recognising the uniqueness of each team member and the added value their combined differences bring to Abacus. Creating a diverse and inclusive environment which ensures collective perspectives are valued and achieved with the objective of enhancing informed judgment and high-quality decision making is essential to attracting and maintaining talent. Employees with diverse backgrounds bring their own experiences and perspectives, helping to create a more resilient and successful organisation. Building a diverse and inclusive environment at Abacus is also critical to supporting people engagement and motivation.

During the year, we continued to further embed our diversity and inclusion initiatives with the aim of integrating diversity and inclusion as part of the business. In FY21, our efforts have been focused on initiatives improving gender diversity, including:

– Maintained gender diversity on the Abacus Board of directors, with continued female representation at 50% (three females)
– 43% of our new hires are females and we achieved our target of 40% female new hires for FY21
– International Women's Day celebrations involved:
  - Presentation by the Executive General Manager – People and Culture;
  - Focus of the presentation was to increase awareness on Domestic Violence;
  - Organised an online training module on "Understanding and preventing domestic and family violence"; and
  - Abacus donated and set up a fundraiser to support victims of domestic violence living in shelters, donating a total of $6,720

We continue to seek to improve our understanding of the unique needs of our people demographics which is a key input for the Abacus diversity and inclusion strategy.

Employees by employment type and gender[14]

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE		FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of full time employees	20	36	18	36	20	35	34	42
Number of part time employees	8	0	10	0	9	0	5	0
Number of temporary employees	2	1	1	1	1	0	0	0
Total number of employees	30	37	29	37	30	35	39	42

[14] Excluding Storage King employees.

New employee hires by gender, age group and region[15]

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE		FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE	
	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)
New employees by gender								
Female	8	27	2	7	6	21	6	15
Male	10	27	4	14	7	20	2	5
New employees by age group								
Under 30 years old	11	-	2	-	3	-	2	-
30-50 years old	5	-	2	-	10	-	6	-
Over 50 years old	2	-	2	-	0	-	0	-
New employees by region								
Australia	18	27	6	9	13	23	8	10

[15] Excluding Storage King employees.

Employee turnover by gender, age group and region[16]

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE		FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE	
	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)
Employee turnover by gender								
Female	7	24	3	11	7	12	7	18
Male	10	27	2	6	5	29	5	11
Employee turnover by age group								
Under 30 years old	7	-	3	-	2	-	2	-
30-50 years old	5	-	1	-	4	-	9	-
Over 50 years old	5	-	1	-	9	-	1	-
Employee turnover by region								
Australia	17	26	5	8	15	21	12	14

[16] Excluding Storage King employees.

Percentage of individuals within Abacus' governance bodies by gender

KEY PERFORMANCE INDICATOR	FY21 PERFORMANCE		FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE	
	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)	Number of females	Percentage of total body (%)
Board of Directors	3	50	3	50	3	50	2	33
Audit and Risk Committee	2	50	1	33	1	33	1	33
People performance and nominations Committees	2	50	2	67	2	67	1	33
Compliance Committee	3	100	2	67	2	67	2	67

Percentage of individuals within Abacus' governance bodies by age group

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE	
	Total number	Percentage of total body (%)	Total number	Percentage of total body (%)	Total number	Percentage of total body (%)	Total number	Percentage of total body (%)
Under 30 years old	0	0	0	0	0	0	0	0
30-50 years old	1	17	1	17	1	17	0	0
Over 50 years old	5	83	5	83	5	83	6	100

Female salaries as a percentage of male salaries / number across divisions[17]

	FY21 PERFORMANCE			FY20 PERFORMANCE			FY19 PERFORMANCE			FY18 PERFORMANCE		
	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body	No. of females	No. of males	% of total body
KMP[18]	–	2	N/A	0	3	N/A	0	3	N/A	–	-	–
Executive (excl. KMP)	1	4	60	1	4	60	1	4	60	1	8	92
Senior Management	4	13	95	4	13	92	4	12	91	2	6	93
Other Management[19]	-	-	-	-	-	-	-	-	-	5	6	79
Professional & Technical (Middle management)	9	10	91	8	13	85	8	7	81	9	19	89
Administration & Operations (Support and specialist roles)	16	8	98	16	4	99	17	9	81	22	3	132
TOTAL	30	37	-	29	37	-	30	35	-	39	42	–

[17] Excluding Storage King employees
[18] Key Management Personnel
[19] 'Other Management' category used in prior years to align with WGEA reporting

IMAGE COURTESY OF MCGRATH FOUNDATION

Community investment at Abacus

At Abacus, investing in the communities in which we operate is a core component of our culture and a key way in which we engage our people. Our philanthropic program includes pre-tax workplace giving, employee volunteering days, dollar for dollar matching on team members donation drives, corporate sponsorships with charitable organisations and providing vacant space/casual leasing in our shopping centres at minimal or no cost.

Volunteering

Abacus actively supports the local communities where we operate and encourages all employees to participate in volunteering activities by providing one day's volunteering leave to all employees. Unfortunately, due to COVID-19, this year traditional volunteering was limited due to health considerations and restrictions, however, despite this, some opportunities were run including Good360, Camp Quality and the Ashfield Infants home.

Self Storage

Abacus' Self Storage properties with its manager Storage King, has an ongoing program that actively supports the following charities across its portfolio:

1. **McGrath Foundation (AU only)** $1.00 from every Tea Chest & Carry Box sold during October is donated to the McGrath foundation to support the work of Breast Cancer care nurses.
2. **Blue September (NZ only)** $1.00 from every Tea Chest & Carry Box sold during September is donated to the Prostate Foundation to support prostate cancer research.
3. **September (Cerebral Palsy Alliance)** where Storage King pays for each staff members registration for this event $25 per person.
4. **Mood Tea (Youth Suicide Prevention)** with all profits from the sales of Mood Tea going towards funding mental health projects and saving young lives.
5. **Special Children's Christmas Parties** supporting children who suffer from one of the following: serious illnesses, physical or intellectual impairment, domestic violence, or living in underprivileged circumstances.

In addition, individual Storage King facilities run programs that support local charities on an ongoing basis.

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 ACHIEVEMENTS
Development of an Abacus Giving and Volunteering program (From prior year)	✔	Abacus pre-tax Giving program launched this year
Conduct an annual employee engagement survey with feedback used to inform strategic decision-making (From prior year)	✔	The annual engagement survey undertaken during FY21
Develop and market the Abacus NextGen Graduate Program	✔	Achieved. Refer above under FY21 Performance for more information
Develop and introduce an employee referral program	✔	Achieved. Refer above under FY21 Performance for more information
Implementation of the Individual Development Plans	✔	Achieved. Refer above under FY21 Performance for more information
Continue focus on Ex Co Leadership development	◌	Ongoing initiative for the business
Expand the Abacus Benefit offering with a focus on support of employee wellbeing	◌	Ongoing initiative for the business
Continue to monitor diversity and inclusion targets, which are approved by the Nomination and Remuneration Committee, across management representation, career progression, parental leave, recruitment, pay equity	◌	Ongoing initiative for the business

✔ Achieved ◌ Progressed ○ Not yet progressed

Future priorities

The ongoing engagement, wellbeing and development of our people is a key priority for Abacus, and we recognise that having a high-performing and motivated workforce has a direct relationship to the success of our business. Building on the initiatives implemented as part of the Abacus People and Culture strategy, our key priorities for FY22 include:

– Focus on outcomes of Employee Feedback and Engagement Survey
– Remuneration (Changes to the remuneration incentives framework)
– Review and enhancement to employee benefits program
– Ongoing focus on management and leadership development

Financial performance

Key achievements in FY21

– 27.4% growth in net property rental income to $164.6 million
  - Storage +46%
  - Commercial +14%

– Statutory profit of $369.4m (up 336% on FY20)

– Deployment of $1 billion into key sectors in FY21, funded with a combination of non-core disposals, debt and the December 2020 equity raising

– Extension of debt facilities by $500 million on favourable terms

– Additional distribution of 0.5 cents per security driven by a stronger than expected operating performance in the Self Storage sector

Why is this important?

At Abacus, we take advantage of value add opportunities that drive long term total returns and maximise securityholder value. Our investment objective is to provide investors with sustainable income streams and increasing returns. We recognise that investors are progressively aligning their investments with their personal values. These values can include a more holistic assessment of the positive and negative environmental, social, governance and ethical impacts associated with different investment options. We understand that our operating activities can have a negative impact and aim to minimise this, wherever possible.

Our approach to managing

Abacus has continued its strategic direction giving prominence to key sectors where the Group believes it has a clear competitive advantage. Abacus' future capital allocation framework will focus heavily upon continuing to increase its exposure to the commercial and self storage sectors. This strategy will target to acquire well located assets that will be held for the longer term. Increasing exposure to these asset classes will enhance Abacus' ability to grow recurring revenue.

Effective financial management is achieved through the responsible management of our property portfolio. We integrate the following economic factors within our day-to-day operations:

– Understanding the critical importance of sustainability and its integration across the business via our sustainability strategy, which focuses on the four pillars of:
  - Environment
  - Customer and Community
  - People and Culture
  - Governance and Transparency
  - Recognition that customer attraction and retention is critical to the success of our business. This is identified as a material topic in this report and our approach to its management is explored in Our Material Topic – Customer attraction, satisfaction, and retention, coupled with changing expectations

– Incorporation of sustainability into strategic decision making processes. As part of the property acquisition due diligence process, Abacus engages experts to advise on any potential sustainability risks and factor these into the acquisition decision making process

– Recognition that increased urbanisation has resulted in demand for self storage in metropolitan and suburban locations. As part of our renewed strategy, we have increased our investment in Self Storage

– Appropriate gearing is maintained and reviewed regularly to align with the property portfolio and prevailing economic conditions

– We make relevant sustainability information available to stakeholders to enable investors, lenders, and customers to integrate sustainability criteria into their investment and lending decisions

FY21 Performance and the COVID-19 pandemic context

Acquisitions, collaboration, and active asset management have supported resilient FY21 trading performance including of 14% growth in commercial net property rental income

Over the course of FY21 and including some post balance date transactions, Abacus has successfully deployed $1 billion of capital into our key sectors of commercial and self storage. This was achieved through a series of acquisitions and joint ventures, funded by a combination of non-core disposals, debt and the December 2020 equity raising.

Abacus is positioned as a strong asset backed business with key investment sectors of commercial and self storage. Abacus invests its capital in assets with value add opportunities that are forecasted to drive long term total returns and maximise securityholder value. The Group's investment objective is to provide its investors with reliable and increasing returns.

Abacus looks for property assets that can provide strong and stable cash-backed distributions from a portfolio that provides genuine potential for enhanced capital and income growth. Abacus does this through the acquisition, development, and diligent active management of property assets. In particular:

- Use of specialised knowledge, track record and market positioning
- Continuing to invest in property investments that are expected to yield an appropriate risk adjusted return over time
- Driving value through active management of the asset portfolio

Since the COVID-19 pandemic emerged in March 2020 we have continued to actively manage its impact across our business. Further to the tenant engagement program implemented in March 2020, the Group continues to communicate with all tenants, particularly the tenants whose businesses have been severely impacted by the COVID-19 pandemic. In assessing requests for rental support, Abacus has complied with the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID-19 ("Code"). In addition, rental support has been provided to tenants who do not qualify under the Code in return for extension of leases where possible, in order to assist in the retention of these tenants over the medium term. Further information on how we have managed COVID-19 can be found in the Health and safety of our people and customers and Customer attraction, satisfaction and retention coupled with changing expectations sections of this report.

Direct economic value generated and distributed

For detail, refer to the Abacus Property Group Annual Financial Report 2021.

FY21 Priorities and Achievements

COMMITMENTS	STATUS	FY21 ACHIEVEMENTS
Increasing our investment in longer date core plus and develop to core Office assets; Increase our investment in Self Storage	✔	Ongoing as per strategy
Capital allocation remains focused on acquiring assets that will provide recurring income and create value over the longer term	✔	Ongoing as per strategy
Payout ratio for FY21 is expected to increase to 85%-95% of Funds from Operation	✔	Distribution payout ratio was 95% of FFO

✔ Achieved Progressed Not yet progressed

Future priorities

- Execution of our stated objectives:
  - Increasing our investment in longer dated core plus and develop to core Commercial assets
  - Increasing our investment in Self Storage
- Capital allocation remains focussed on acquiring assets that will provide recurring income and create value over the longer term
- Given current market conditions, the Abacus Board expects that the distribution for FY21 will reflect a payout ratio of between 85-95% of FFO

Industry partnerships

PROPERTY COUNCIL of Australia

SHOPPING CENTRE COUNCIL OF AUSTRALIA

SELF STORAGE ASSOCIATION OF AUSTRALASIA MEMBER

AIRA AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION

30% Club GROWTH THROUGH DIVERSITY

GRI index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
General disclosures			
102-1 Name of the organisation		p. 8	
102-2 Activities, brands, products, and services		p. 8	
102-3 Location of headquarters		p. 8	
102-4 Location of operations		pp. 8-9	
102-5 Ownership and legal form		p. 8	
102-6 Markets served		pp. 8-9	
102-7 Scale of the organisation		p. 8	
102-8 Information on employees and other workers		pp. 49-53	
102-9 Supply chain		pp. 45-48	
102-10 Significant changes to the organisation and its supply chain	No significant changes		
102-11 Precautionary Principle or approach	N/A		Abacus does not explicitly reference the precautionary approach in its risk management framework. Refer to pp. 37-38 for additional information about Abacus' Risk Management Framework
102-12 External initiatives		p. 59	
102-13 Membership of associations		p. 59	
Strategy			
102-14 Statement from senior decision maker		pp. 6-7	
Ethics and integrity			
102-16 Values, principles, standards, and norms of behavior		pp. 49-51	
Governance			
102-18 Governance structure		pp. 10-13	
Stakeholder engagement			
102-40 List of stakeholder groups		p. 17	
102-41 Collective bargaining agreements	Zero employees on collective bargaining agreements		
102-42 Identifying and selecting stakeholders		p. 16	
102-43 Approach to stakeholder engagement		pp. 16-17	
102-44 Key topics and concerns raised		pp. 14-15	
Reporting practice			
102-45 Entities included in the consolidated financial statements		Abacus Property Group Annual Financial Report 2021 – Notes to the Financial Statements	
102-46 Defining report content and topic boundaries		pp. 14-15	
102-47 List of material topics		p. 16	
102-48 Restatements of information	N/A		
102-49 Changes in reporting	N/A		
102-50 Reporting period		Inside front cover	
102-51 Date of most recent report		Inside front cover	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
Reporting practice (continued)			
102-52 Reporting cycle		Inside front cover	
102-53 Contact point for questions regarding the report		Inside front cover	
102-54 Claims of reporting in accordance with the GRI Standards		Inside front cover	
102-55 GRI content index		pp. 60-63	
102-56 External assurance	N/A		We have not sought external assurance over the content of this report however we have undertaken assurance readiness with Deloitte in preparation for external assurance in FY23.

GRI STANDARD		DISCLOSURE	PAGE REFERENCE
Health, safety and security of our people and customers			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 18
	103-2	Management approach and its components	p. 18
	103-3	Evaluation of management approach	pp. 20-23
GRI 403: Occupational Health and Safety	403-9	403-9 Work-related injuries	p. 21
Customer attraction, satisfaction and retention, coupled with changing expectations			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	pp. 24-25
	103-2	Management approach and its components	pp. 24-25
	103-3	Evaluation of management approach	pp. 27-29
Responsible resource management			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 29
	103-2	Management approach and its components	p. 29
	103-3	Evaluation of management approach	pp. 33-37
GRI 302: Energy	302-1	Energy consumption within the organisation	pp. 34-36
	302-3	Energy intensity	pp. 34-35
GRI 303: Water	303-1	Water withdrawal by source	pp. 34-36
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	pp. 34-35
	305-2	Energy indirect (Scope 2) GHG emissions	pp. 34-35
	305-3	Other indirect (Scope 3) GHG emissions	p. 35
Climate-related risks and opportunities			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 38
	103-2	Management approach and its components	p. 38
	103-3	Evaluation of management approach	pp. 38-39

GRI index (continued)

GRI STANDARD		DISCLOSURE	PAGE REFERENCE
Governance, risk, cyber and transparency			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 40
	103-2	Management approach and its components	pp. 40-41
	103-3	Evaluation of management approach	pp. 42-44
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	p. 42
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	p. 42
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 42
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	p. 42
Responsible procurement			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 45
	103-2	Management approach and its components	pp. 45-46
	103-3	Evaluation of management approach	pp. 47-48
Employee engagement and motivation			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	pp. 49
	103-2	Management approach and its components	p. 50
	103-3	Evaluation of management approach	pp. 50-55
GRI 401: Employment	401-1	New employee hires and employee turnover	p. 52
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 53
	405-2	Ratio of basic salary and remuneration of women to men	p. 53
Financial performance			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 56
	103-2	Management approach and its components	pp. 56-57
	103-3	Evaluation of management approach	pp. 57-58
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	p. 58 and Abacus Property Group's Annual Financial Report 2021

Glossary

TERM	MEANING
Employee Turnover	Who leave the organisation voluntarily or due to dismissal, retirement or death in service
Environmental laws and regulations	Laws and regulations related to all types of environmental issues applicable to the organisation
ESG	Environmental, Social and Governance
GHG	Greenhouse gas – Gas that contributes to the greenhouse effect by absorbing infrared radiation
GRI	Global Reporting Initiative
Injury	Non-fatal or fatal injury arising out of, or in the course of, work
Lost Day	Time ('days') that cannot be worked (and are thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational disease or accident
NABERS	National Australian Built Environment Rating System
NDA	Non-Disclosure Agreement
Scope 1 emissions	Direct GHG emissions from sources that are owned or controlled by an organisation (eg. natural gas, diesel and refrigerant leakage)
Scope 2 emissions	GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organisation
Scope 3 emissions	All indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions
Severity Rate	Severity rate is the average time lost per occurrence of injury/disease
WALE	Weighted Average Lease Expiry

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