

# Abacus Property Group

Sustainability  
Report 2020



# About this report

This annual Sustainability Report for the year ended 30 June 2020 forms part of Abacus Property Group's FY20 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](mailto:enquiries@abacusproperty.com.au)

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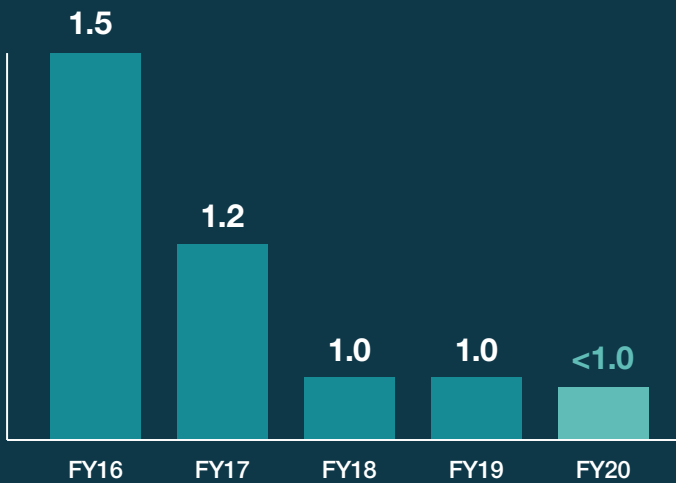
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# FY20 highlights

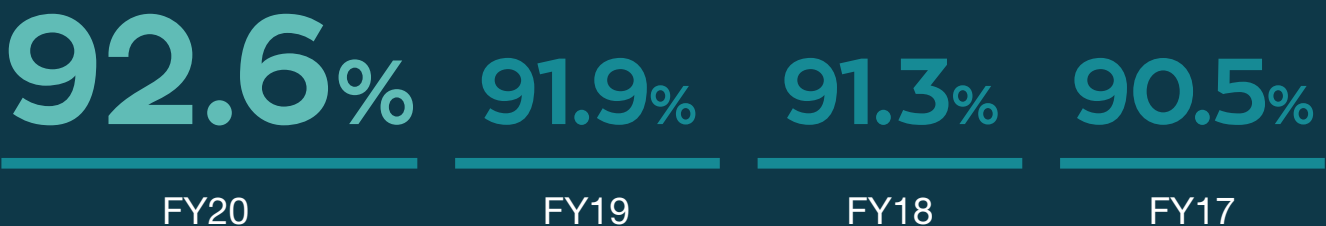
## Worker incident severity rate

Reduction in loss time due to injury



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

## Occupancy rate across Commercial Portfolio



Digital and Innovation working groups established to foster a culture of innovation and collaboration across the business

Development of energy, water and waste improvement pathways and targets for our Commercial assets

Development of the Abacus Vision, Strategy and Values



99kW solar system installed at 51 Allara Street, Canberra bringing the total number of Office assets with solar PV to 3

35



Self Storage assets with solar PV with further installations being rolled out in FY21

50%



Female representation on the Board  
(3 females)

CONTINUED IMPROVEMENT IN ENERGY AND WATER EFFICIENCY

4.26

Average NABERS rating

Energy

FY19: 4.1 stars

3.34

Average NABERS rating

Water

FY19: 3.2 stars

# Managing Director's message



## Welcome to our FY20 Sustainability Report, highlighting our progress and achievements made over the year.

Following a pivotal year of capital deployment into our key sectors of Office and Self Storage, Abacus is positioned as a strong asset backed, annuity style investment house focused on the ownership and management of our assets. The emphasis of the Group is now on 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. We are proud of our efforts and continue to strive for improvement.

This report demonstrates our commitment to the many facets of sustainability including work health and safety; stakeholder engagement; customer satisfaction; responsible resource management; climate change risk; governance and transparency, cyber security, employee engagement, responsible procurement, and technology and innovation.

Image: Steven Sewell  
Managing Director

*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.*



Our reporting framework has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

With the impact of COVID-19 in the last quarter of FY20, the focus for Abacus was on providing safe and healthy environments and supporting our people and customers. The prompt establishment of a centralised COVID-19 Support Team facilitated direct and timely communication with our people and customers, and we have centralised collection, review and decision making where possible to support timely resolutions.

During FY20, our new Abacus Vision, Strategy and Values were internally launched to promote shared values amongst our team members and to further evolve our 'we are one team' culture.

Our Vision is to create exceptional value for our customers and community as a high conviction owner delivering long term sustainable returns. Our Strategy is to concentrate on select real estate sectors that deliver best value, through active and smart management. At Abacus, "we are one team" and our Values are to be; entrepreneurial, responsible and accountable in the way we conduct ourselves.

We remain committed to our people and focus on providing a safe, healthy and constructive work environment. Our newly developed FY21-FY25 Work Health and Safety Strategic Plan provides a planned and quantifiable approach for the management of WHS across Abacus' operations and during the year was delivered in-full.

From an environmental perspective, we continue to improve our efficiencies and have set future targets around energy, emissions, water and waste. We have also reset our baseline to FY19, reflecting the asset changes in our portfolio since 2016.

This year we recorded a 14.9% reduction in total greenhouse gas emissions across our operations (like for like assets) compared to our prior year performance noting the impact from COVID-19. Pre-COVID-19, 12 months to 29 February 2020, greenhouse gas emissions were down by 3.8% respectively comparing like-for-like assets. Average NABERS Energy and NABERS Water ratings have also improved within our Office portfolio and we are tracking well towards our targets.

We also continue to implement on-site solar PV, with a 99kW system at 51 Allara Street and 25 Self Storage

facilities having received solar installations this year. This brings our total solar panel installations to 38 and we continue to investigate further opportunities across our portfolio.

Our commitment to diversity and inclusion, including gender diversity is demonstrated at Board level. Abacus has a highly capable Board with diverse skills and experience and is currently comprised 50% females.

This year we also launched our 'Evolution@Abacus' and 'Digital@Abacus' initiatives with a focus on innovation, collaboration, and entrepreneurial thinking across the business and we look forward to updating you on our progress in the future.



**Steven Sewell,**  
Managing Director

## Vision

Create exceptional value for our customers and community as a high conviction owner delivering long term sustainable returns

## Strategy

Concentrate on select real estate sectors that deliver best value, through active and smart management

## Values

Entrepreneurial  
Responsible  
Accountable

**We are one team**



Retail



Office



Industrial



Storage



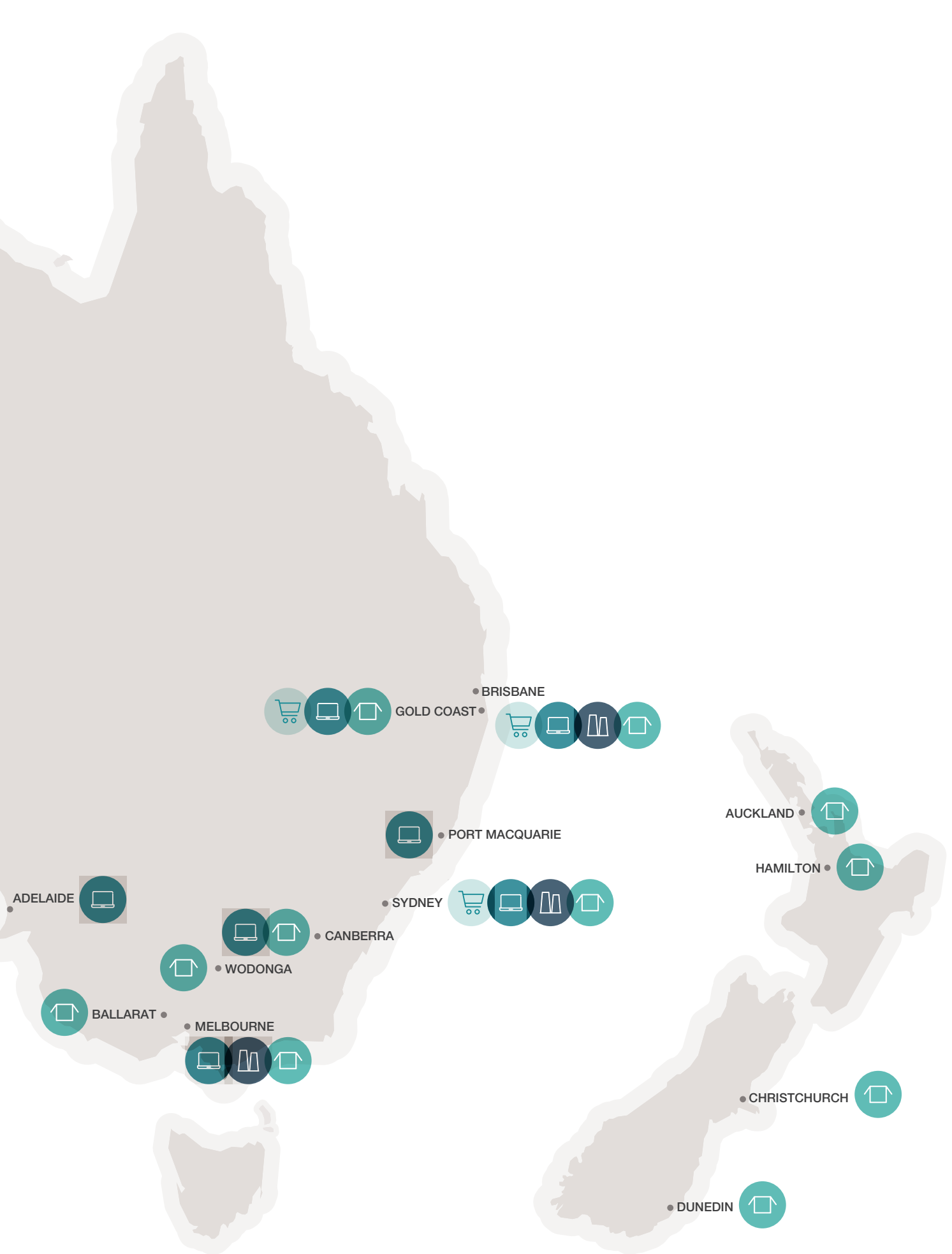
# About us

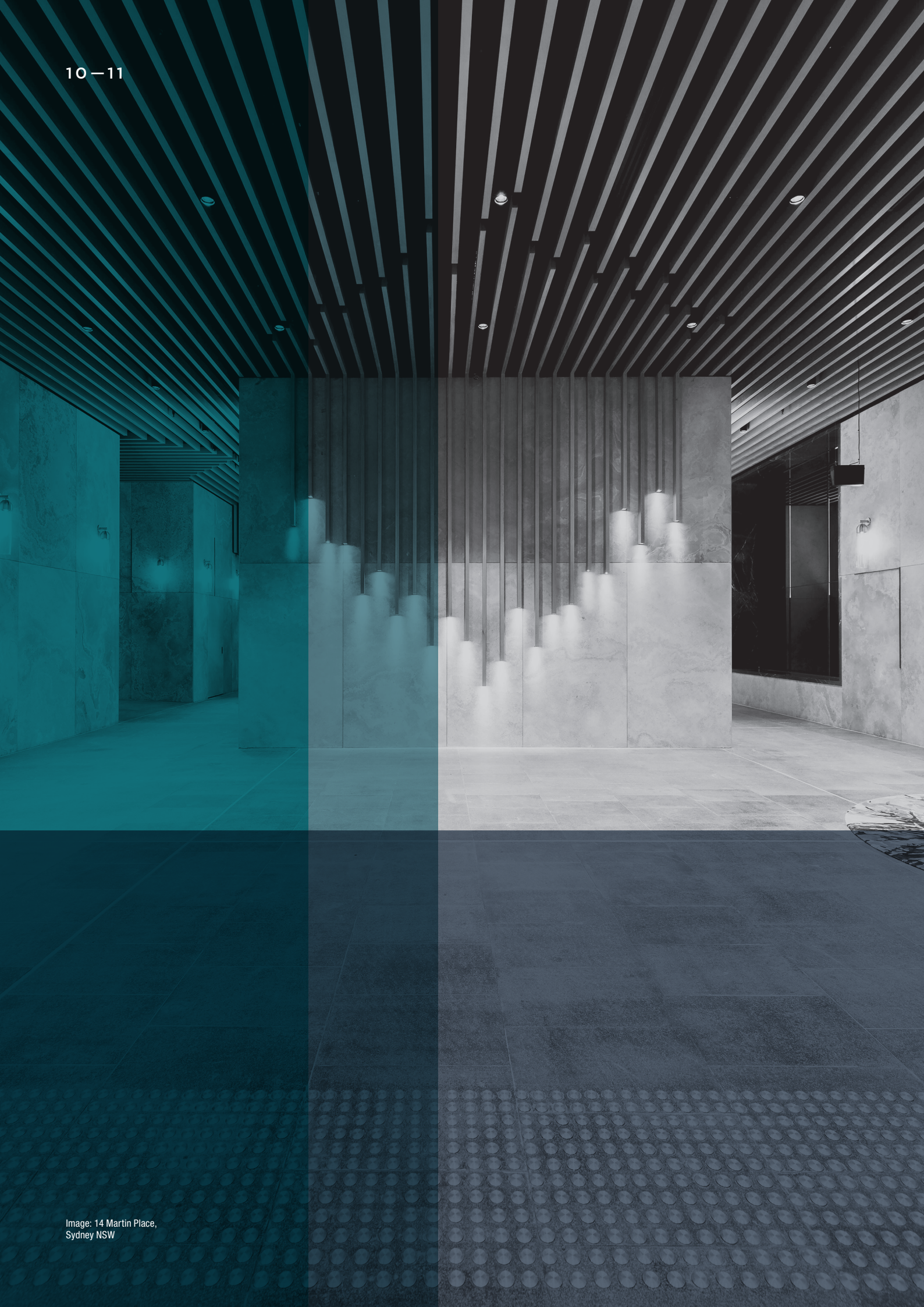
Abacus Property Group (ASX:ABP), is a diversified Australian REIT with an investment portfolio concentrated in the Office and Self Storage sectors. We invest capital in real estate opportunities to deliver superior long term returns and maximise securityholder value.

Abacus is a strong asset backed, annuity style business model where capital is directed towards assets that provide potential for enhanced income growth and ultimately create value. Our people, market insight and positioning 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.

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

## Sustainability and Environmental Policy

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 and Environmental Policy, which is focused on supporting growth across the business by recognising that we have responsibilities to all our stakeholders and the environment in which we operate. We are committed to implementing sustainable practices in our investments, property management, development activities and workplaces. We use these practices to manage risks, create opportunities and strengthen our operations. This approach is embedded by the following guiding principles:

- 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, Cyber 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.

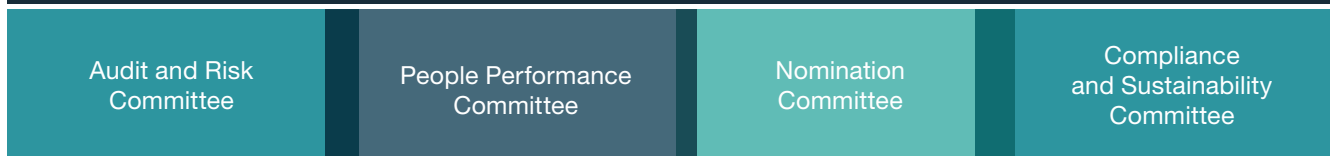
In FY20 an assessment was undertaken and reviewed by the Compliance and Sustainability Committee of the Board to inform our material topics. This process included workshops, peer review and a validation process to ensure the material topics align with the Abacus’ organisational Key Risk Register and key business undertakings. The assessment included review of:

- Regulatory and legislative changes;
- Internal reviews of Abacus’ Risk Register;
- Peer benchmarking;
- Existing and emerging global sectoral trends;
- Involvement in industry working groups and events;
- Consideration of global risk trends such as those from the World Economic Forum Global Risks Report.

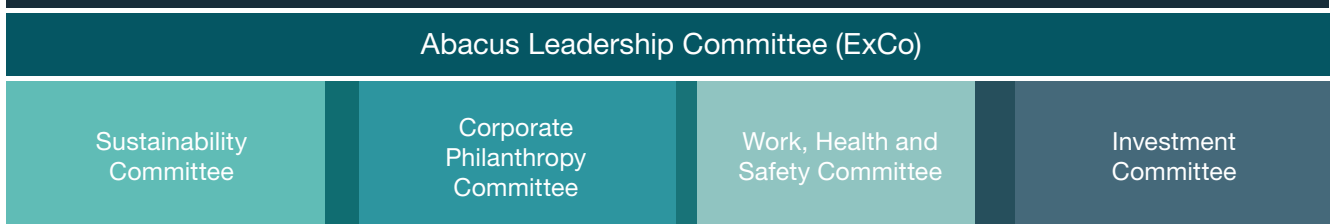
The materiality assessment concluded that key sectors, business priorities and key processes align with prior year material topics and confirmed that material topics remain current and reflect the Abacus strategy and operating environment. New and emerging impacts of COVID-19 are reported within existing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

Abacus will engage an external consultant on a periodic basis and/or following a significant business change to review material topics and assist with the materiality assessment process. The last external materiality assessment process was completed in FY19.

## Abacus Board Committees



## Abacus Management Committees



MATERIAL TOPIC	DEFINITION	GRI MATERIAL TOPIC	KEY STAKEHOLDERS IMPACTED	RELEVANT SECTION IN THIS REPORT
<b>Health, safety and security of our people and customers</b>	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.
<b>Customer attraction, satisfaction and retention, coupled with changing expectations</b>	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.
<b>Responsible resource management</b>	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.
<b>Climate-related risks and opportunities</b>	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.
<b>Governance, risk, cyber and transparency</b>	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.
<b>Responsible procurement</b>	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.
<b>Employee engagement and motivation</b>	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.
<b>Financial performance</b>	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 <a href="#">Abacus Annual Financial Report</a> .
<b>Technology and Innovation</b>	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.

Abacus' key stakeholders are considered as those that are affected by, or have the ability to effect the Abacus business, as well as stakeholders that are interested in our business. 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 will typically include the following groups:



STAKEHOLDER GROUP	WHY EACH STAKEHOLDER GROUP	METHOD OF ENGAGEMENT
<b>Shareholders, major securityholder and the investment community</b>	Given our diversified business, 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.
<b>Customers</b>	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 centres	We have ongoing dialogue throughout the tenant customer life-cycle 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.
<b>Abacus people</b>	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.
<b>Local community</b>	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.
<b>Contractors and supply chain</b>	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.
<b>Capital partners (Investment and development partners)</b>	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.
<b>Government and regulators</b>	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
<b>Non-executive board members</b>	the Board has responsibility for promoting and governing 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.

# Health, safety and security of our people and customers

## Key achievements in FY20

- Zero fatalities or disabling injuries.
- Severity Rate at <1.0 (Incl. 60% decrease in Lost-time Incidents against previous year).
- 100% workplaces and service providers independently audited.
- Developed our Work Health and Safety Strategic Plan FY21-FY25.
- COVID-19 response with a focus on providing safe, secure and healthy workspaces for our team and tenants, public areas and storage facilities. This included direct communication to all tenants and centralised collection, review and decision making to support our team and customers.

## Why is this important?

As a responsible corporate citizen, we recognise 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 Work Health and Safety Strategic Plan FY21-FY25 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. Aside from the continual improvement required with any management system, several planned focus areas and priorities have been proposed for FY21. Focus areas have been identified from a combination of sources including audits, industry trends, conference proceedings, research, incident reports and investigations, as well as insurance and regulator data – all of which form part of the Work Health and Safety Strategic Plan FY21-FY25.



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".*

## FY20 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 2020.

Key highlights from the year include:

- Severity Rate at <1.0 (Incl. 60% decrease in Lost-time Incidents against previous year);
- No regulator penalties;
- All Workplaces and Service Providers independently audited;
- All Workers audited (verification of competency);
- Work Health and Safety Strategic Plan FY2015-2020 delivered in-full.

## Abacus business continuity during COVID-19

COVID-19 created significant and rapid change to the way we operate as a business, and the health, safety and well-being of our employees was paramount. Shifting to secure, remote working became the new way of operating. A key enabler of our ability to deliver a remote workforce during the pandemic was our IT infrastructure, upgraded as part of the 2019 Digital and IT strategy, and flexible working guidelines. These combined measures ensured that we remained able to successfully continue regular business activities remotely and in a secure fashion.

These measures included:

- Improved mobility with all employees having already been issued with a portable laptop computer device;

- A VPN connection was in-place which enabled remote access to the on-premise services;
- A Universal Communication (UC) solution simplified communication between colleagues and external stakeholders by centralising all the methods used and making them accessible through a single user interface;
- The migration from on-premise applications to cloud-based Software as a Service (SaaS) platforms simplified the remote access to them;
- Providing employees with the option to access certain services through their own mobile devices (BYOD);
- Enhanced collaboration using Microsoft Teams.

Alongside the physical safety and wellbeing of our employees, mental health was also a consideration. Whilst everyone is impacted by COVID-19, it does not mean that everyone is affected in the same way. During the pandemic as employees were working from home, business unit leaders ensured regular communication and check-ins. More vulnerable employees were identified, and pulse feedback surveys ensured that our employees were able to voice their concerns and provide feedback in a number of ways.

As our people recommenced working back in the office (on a flexible basis), we put in place workplace 'Rules of Engagement' which outlined the changes employees needed to comply with such as physical distancing (e.g. sitting at alternate desks, 50% occupancy in meeting rooms, etc.), as well as the installation of Perspex workstation dividers, informative signage and additional cleaning of the offices to ensure the ongoing safety and wellbeing of our people.

A confidential COVID-19 register, which includes a record of internal team tracing and working with our landlord ensures we stay on top of the latest updates.

Additional measures implemented as recommended by the NSW Health business guidelines and parameters, include:

- refreshing our Pandemic Plan and response;
- introducing spacing and social distancing protocols reinforced by NSW Health signage;
- controlling access to our tenancy;
- removal of high touch kitchen items, including certain food and beverages;
- increased deep cleaning regimes, provision of personal sanitizers and disposable masks; and
- enabling DIY cleaning with sanitizer and disinfectant hubs.

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

- Safety Bulletins issued during the "emergence" phase of COVID-19;
- Posters and information packs prominently displayed in Workplace;
- Safety Alerts issued upon activation of Corporate Pandemic Plan;
- Safety Bulletins issued concerning remote working;
- Regular updates to employees.

## Worker Health and Safety Highlights

	FY20	FY19	FY18	FY17
Number of worker fatalities as a result of a work-related injury	0	0	0	0
Worker Incident Severity Rate	<1.0	1.0	1.0	1.2
Number of safety and environmental training hours completed	5,150	25,388	3,672	622

Increase in reported training hours in FY20 was due primarily to the transfer of management of retail workplaces to an external third party

## Work related injuries for all employees

KEY PERFORMANCE INDICATOR	FY20	FY19	FY18	FY17
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	N/A
Rate of high consequence work-related injuries (excluding fatalities)	0	0	0	N/A
Number of recordable work-related injuries	0	0	0	N/A
Rate of recordable work-related injuries	0	0	0	N/A
Number of first aid incidents	0	1	2	2
Number of medically treated incidents	0	0	0	0
Number of lost – time incidents	0	0	0	0
Total employee hours worked:	139,360	138,624 <sup>2</sup>	195,520	185,744
Standard employee hours worked	139,360	138,624	195,520	185,744

<sup>2</sup> Decrease in employee hours worked in FY19 compared to FY18 due to the transfer of retail site management to an external party in FY19.

## For all workers (excluding employees)

KEY PERFORMANCE INDICATOR	FY20	FY19	FY18	FY17
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	N/A
Number of recordable work-related injuries	2	7	5	N/A
Number of first aid incidents	31	40	57	54
Number of medically treated incidents	8	7	11	4
Number of Lost – time incidents	2	5	5	6



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

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 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.	Refer Annual Report (Group FY19 WHSE Performance Report)
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.	Refer Annual Report (Group FY19 WHSE Performance Report)
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.	Refer Annual Report (Group FY19 WHSE Performance Report)

### Other work-related hazards

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 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.	Refer Annual Report (Group FY19 WHSE Performance Report)



## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
In line with our WHS vision, we aim to achieve a zero harm target in the workplace		Continual monitoring.
Develop the Work Health and Safety Strategic Plan for FY21-FY25 and associated business plans		Achieved.
Review and refresh the Abacus WHS governance framework		Achieved – Work Health and Safety Policy revised and communications to all Workers in Q2FY20. WHS Standards and WHS Processes were revised with minor changes, no material changes.
Develop and implement a formal employee wellbeing program		In progress – Development plan completed, roll-out of initial training expected H1FY21 with manager/supervisor training to follow. Full implementation and verification expected H2FY21.
Develop and implement strategies, programs, and actions targeted at high-consequence risks		Not yet started – As detailed in the Work Health and Safety Strategic Plan FY21-25 (Initiative 1) and dependent upon adoption of same. Expected implementation of these activities now from H1FY21.

✓ Achieved Progressed Not yet progressed

### Future priorities

We recognise the importance of ensuring our approach to the health and safety of our people and customers continues to evolve with changing stakeholders' expectations. In addition to further improving our core safety metrics, our focus in FY21 will be the implementation of our WHS Strategic Plan for the next five year period and further developing our approach to employee wellbeing. A key component of this are three key programs being "Safe People", "Safe Processes", and "Safe Properties" and thirty focus areas.

# Customer attraction, satisfaction and retention, coupled with changing expectations

## Key achievements in FY20

- Active leasing and asset management strategies delivered like-for-like Office rental growth of 2.3%.
- Completion of our Lutwyche Market Central redevelopment.
- Opening of our new Self Storage facility in Brookvale.

## 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 Office and Self Storage sectors. At the core of our strategy for our portfolio is to create value through customer attraction and retention. We understand that customer attraction and retention contribute to:

- Sustainable cash flow for security holder distributions;
- Reduced cost of leasing fees and new customer incentives;
- Higher recovery of outgoings;
- Reduced vacancy losses;
- Improved valuations where vacancy is reduced, and/or the caliber of customer is improved;
- Lower turnover of customers generally means lower costs of refurbishment.

We recognise that customers are constantly evolving in terms of how they use their space and their expectations of the buildings they occupy. 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. The prompt establishment of a centralised COVID Support team facilitated direct and timely communication with our 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 Building Management System (BMS) analytics 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.

In **Office**, customer expectations regarding the use of space, wellness considerations and end-of-trip facilities continue to be an important consideration, however the pandemic caused attention to be diverted towards ensuring the health and safety of both building occupants and visitors. Enhanced cleaning regimes and facilitating physical distancing such as the installation of physical distancing signage, floor decals, hand sanitiser stations, changes to cleaning products and regimes including frequent sanitisation of high touch points and surfaces in the base building areas were implemented. End-of-trip facilities were closed, and hand sanitisers placed in key areas such as lifts, entrances and car park lobbies. Clear and regular communication to tenants was also a priority. Clear signage such as posters and floor decals in appropriate areas were installed and common area furniture was rearranged to ensure social distancing was adhered to.

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. Moving, downsizing and renovating are all factors that are driving demand for off-site storage. During FY20, Abacus acquired eight new Self Storage facilities in Australia and New Zealand, including four sites for development and we remain committed to growing our presence in metropolitan areas while ensuring the portfolio is operating as efficiently and profitably as possible. During the year we also expanded our portfolio to Western Australia with the acquisition of four Self Storage facilities. We consider WA a growing market for storage, aligning with our metro focused strategy. Along with three new builds, five facilities were also expanded during the year, with minimum sustainability standards including zoned LED lighting on timers and sensors as well as solar PV.

The COVID-19 pandemic required our Self Storage facilities to take extra precautions in order to provide a safe working environment for employees as well as customers. Additional cleaning regimes as well as 'contactless operations' were implemented. This involved remote access arrangements to assist customers continue to operate throughout the COVID-19 restrictions as well as additional screens at facilities to reduce customer/employee contact.

In **Retail**, we understand the importance of ensuring our centres respond to the needs of the surrounding community. This includes ensuring accessibility to the centre, convenient parking, and the appropriate combination of retail options.

Improving the sustainability of our centres is also important to us. During the year we completed our redevelopment at Lutwyche Market Central which incorporated a number of efficiency improvements

such as LED lighting, new mechanical plant and BMS analytics and prior to the pandemic, the centre was seeing a good increase in foot traffic and revenue.

During COVID-19, while many of our smaller retailers had to close, our shopping centres stayed open and played an essential role for our communities, providing access to fresh food, medical services and other household needs. Ashfield and Lutwyche Market Central in particular saw an increase in foot traffic and sales early in the pandemic due to the predominance of supermarket tenancies and essential services.

From a health and safety perspective, we took extra precautions to ensure our assets were clean and hygienic and our occupants and visitors were kept as safe as possible. This included more frequent cleaning and disinfecting of high-touch surfaces and areas such as bathrooms, food courts (when reopened), common areas, lift buttons, handles and rails. Communication via signage such as posters and floor decals were installed, and furniture was rearranged to ensure social distancing was adhered to.

## Our approach to managing

At acquisition and on an ongoing basis, Abacus considers the lease up required of the building and determines what strategies will be applied to achieve optimal outcomes. This may range from a combination of refurbishment opportunities (tenant space, bathrooms, lighting, lobby, end of trip facilities), improving environmental standards, upgrade of mechanical services, changes to retail mix or changes to marketing approach. During the year we

commenced or finalised a number of capital works projects including a new lobby at 14 Martin Place, a BMS and co generation upgrade at Westpac House, and the redevelopment of Lutwyche Market Central. Our Office development in partnership with Salta in Richmond, Victoria, is making good progress with construction on track as of 30 June.

## Business Impact from COVID-19

COVID-19 created significant disruption to many of our customers and their businesses. At 30 June 2020 across the Commercial Property portfolio, the Group has received requests for rent concessions from 41% of the total tenants of which 62% are SME tenants who qualified under the Code. The total amount of rent concessions provided to tenants to 30 June 2020 is \$4.0 million with 61% or \$2.5 million provided in the form of a rent waiver.

To facilitate support for our customers during the COVID-19 pandemic, we developed a rental relief strategy for the portfolio. The key pillars of the strategy are:

- Centralised assessment for relief requests for the Commercial portfolio;
- Self Storage portfolio rent relief requests are dealt with separately by Storage King via a centralised hotline;
- All requests are assessed in accordance with the National Code of Conduct and state level regulations;
- The tenant's circumstances are considered surrounding the request with deals tailored where necessary to suit the tenant;

- For tenants who are not SMEs, do not qualify for Jobkeeper or have otherwise approached on a deal outside the National Code of Conduct, these requests are assessed on a case by case basis;
- Majority of assessments are made month to month, on a 3-month basis or on a 6-month basis if circumstances dictate;
- In the Commercial portfolio, the assistance has been provided via a waiver / deferral combination depending on the type of tenant and length of arrangement;
- In the Self Storage portfolio, assistance to customers have been provided via waivers only.

Due to the COVID-19 pandemic, it is expected that short to medium term downside risks to demand and rental growth will emerge. 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.

The Group continues to communicate with all tenants, particularly the tenants whose businesses have been severely impacted 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.

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; and
- Have ample car parking spaces.

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

	FY20	FY19	FY18	FY17
Occupancy (Commercial)	92.6 %	91.9%	91.3%	90.5%
Occupancy (Self Storage)	88.1 %	88.4%	89.4%	89.2%
WALE (Commercial)	3.8	3.7	4.1	4.1

## FY20 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 FY20 portfolio include:



#### 187 TODD ROAD, PORT MELBOURNE HVAC upgrade and Power Factor Correction

##### Improvements made

187 Todd Road is a three story commercial office building with a net lettable area of 9,213m<sup>2</sup>. Two existing chillers in the property had reached the end of their economic life and were replaced with two new, energy efficient models. In addition, the building had been having some issues with tenant comfort. The new chillers will ensure comfortable indoor temperatures will be achieved whilst significantly reducing the overall operating cost of the air conditioning system. Power factor correction was also implemented at the same time, leading to additional savings of approximately \$5,000 per month.

In addition to the chiller replacement, the following air-conditioning upgrades were also made to the building:

- Variable speed drives fitted to existing chilled water pumps;
- New modular high efficiency 750kW boiler system;
- Variable speed drive fitted to existing heating pump;
- Replacement of nine package units with more efficient units;
- Installation of economy outside air cycles to package units;
- Re-balancing of air flows;
- Replacement of ageing AHU variable speed drives;
- BMS upgrade to suit new equipment and energy improvements;

- Zone reheat recommissioning throughout the office floors.

It is expected that these initiatives should improve the NABERS Energy rating by half a star a year after completion.

##### Impact on tenant attraction, engagement, satisfaction and retention

- Improved thermal comfort for occupants;
- Energy cost savings;
- Improvement to energy efficiency leading to higher NABERS Energy rating.

##### WALE by income

1.79

##### Total lettable area (sqm)

9,213

##### Major tenants

Workwear Group;  
George Weston Foods; K Line

##### NABERS Energy

3 stars

##### NABERS Water

3 stars



**91 KING WILLIAM STREET (WESTPAC HOUSE)**  
 Building Management System (BMS) and  
 co-generation plant upgrade

**Improvements made**

Westpac House is a 27 story commercial A grade office building with 29,300m<sup>2</sup> of net lettable area. It was constructed in the late 1980's and has a NABERS Energy rating of 4.5 stars.

The building had a BMS and pneumatic controls that had reached their end of life. This older BMS technology limited the ability to implement energy efficiency technologies and occupant comfort control air-conditioning strategies and needed to be replaced.

The BMS upgrade, which will be finished in FY21, will allow improved building fine tuning and provide a significant technology improvement to the building with enhanced control and monitoring. It also offers the potential to be expanded to incorporate air-conditioning and lighting in new and existing tenancy fit-outs.

In addition to the BMS, Westpac House had a basement cogeneration system that was coming to the end of its economic life. Its replacement will save up to 20% in gas consumption and coupled with the BMS upgrade, the building is expected to achieve a 5 Star NABERS Energy base building rating after being near or fully occupied one year post practical completion.

**WALE by income**

2.4

**Total lettable area (sqm)**

29,300

**NABERS Energy**

4.5 stars

**NABERS Water**

3 stars

**Major tenants**

Westpac, HWL Ebsworth & SA Government



**BROOKVALE SELF STORAGE**  
 628 Pittwater Road, Brookvale

**Improvements made**

Development of a premium grade, purpose built facility, conveniently located opposite Warringah Mall. The facility allows small business clients to store excess retail stock as well as residential customers who are downsizing, decluttering or selling their home.

Opened in October 2019, the facility has 900 units over 4 levels. Lighting consist of energy efficient LED's with controls. Customer security is enhanced with an automated lighting system, activated via access control. When triggered, lighting illuminates the customers pathway to their storage unit. 30kW of solar was also added during the development.

**Impact on tenant attraction, engagement, satisfaction and retention**

Prominent commercial exposure location to Pittwater Road which supports a significant volume of residential traffic, strong property fundamentals opposite Westfield, Bunnings and the new health centre, affluent catchment area (household income), higher density housing, strong small business market and aligned with Abacus expansion strategy.

Occupancy as at 30 June 2020 is 39% which has exceeded expectations at this stage of operation.

**WALE by income**

N/A

**Total lettable area (sqm)**

6,750

**NABERS Energy**

N/A





**NABERS Water**

N/A

**Major tenants**

N/At

## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
Undertake annual or biannual tenant customer engagement survey with findings used to inform strategic decision-making		Moved to FY21 due to COVID-19
Maintain an occupancy rate of at least 90% for the Commercial portfolio		Achieved an occupancy rate of 92.6%
Maintain an occupancy rate of at least 88% for the Self Storage portfolio		Achieved an occupancy rate of 88.1%
Maintain a WALE of at least 3.7 for the Commercial portfolio		Achieved a WALE of 3.8

✓ 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:

- Undertake an office tenant customer engagement survey with findings used to inform strategic decision-making.
- Maintain an occupancy rate of at least 90% for the Commercial 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 Commercial 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.



Image: 99 Walker Street,  
North Sydney NSW

# Responsible resource management

## Key achievements in FY20

- Office portfolio NABERS Energy average, 4.26 stars (up from 4.1 stars 30 June 2019).
- Office portfolio NABERS Water average, 3.34 stars (up from 3.2 stars 30 June 2019).
- Development of energy, water and waste improvement pathways and targets for our Commercial assets.
- Roll-out of smart water metering, finding opportunities with an immediate ROI.

## Why is this important?

As the owner of a diversified property investment portfolio of Office, Self Storage and Retail properties, Abacus acknowledges the built environment impacts Australia's emissions and wider resource consumption profile. We recognise that we 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. Responsible management of our buildings will also contribute to the capital appreciation of those buildings over time and we recognise the importance of ensuring our buildings are operating as efficiently as possible to reduce operating costs for our customers.

In addition to energy and water consumption, waste management is a critical issue identified by our stakeholders and management. The construction and operation of buildings produces waste, which we can manage to minimise negative impacts. The costs to remove waste and send to landfill are increasing

and as a responsible business and property owner, we have the responsibility to ensure that the waste produced in our buildings is being responsibly dealt with.

## Our approach to managing

Abacus is committed to reducing the environmental impact of our operations by integrating resource efficiency considerations into our business decisions. In line with our strategy of investing longer term, we continue to review and improve the sustainability of our property portfolio and operations and are focused on energy, water and waste efficiency, as well as carbon emission reductions across our property portfolio. This includes looking at opportunities which may have a longer payback. Where we are buying new assets, we seek Office buildings with high NABERS energy and water ratings, or assets that can be improved by capital upgrades. We continue to investigate and implement on-site renewable energy where feasible.

## Environmental Targets

In FY20, Abacus developed energy, water and waste targets and improvement pathways for each Commercial property. These pathways included operational and capital works upgrades in line with asset business plans. These pathways will ensure our assets have ongoing improvement opportunities and will lead to better performance and operational cost savings, and improvements in NABERS ratings. We have also re-set our reporting baseline to FY19 to better reflect the portfolio as part of the overall strategy of retaining assets for the longer term.

During the year we also implemented a sustainability reporting platform to collect and report on energy, water and waste data across our Commercial properties. The new platform will enhance our processes, more accurately capture data and improve our reporting and monitoring capability at our assets. We are also looking to implement the platform across our Self Storage division in FY21, capturing electricity and solar data as a 'single source of truth'.

## FY20 Performance

### Energy efficiency in operations

Energy consumption is a large part of a building's environmental impact and operating expenses 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 14.9% drop in emissions from the previous year on like-for-like assets, due in part to the reduction in building occupancy from COVID-19. We expect these figures to normalise as buildings return to pre-COVID-19 occupancy levels. Pre-COVID-19, 12 months to 29 February 2020, greenhouse gas emissions were down by 3.8% respectively comparing like-for-like assets.

Across all assets we have upgraded or are in the process of upgrading lighting to LED which will reduce maintenance and increase the quality of lighting, in addition to saving costs. We are also undertaking Building Management System (BMS) and chiller replacements across a number of assets including 187 Todd Road in Port Melbourne, 63-73 Ann Street in Surry Hills and Westpac House in Adelaide. These initiatives will not only reduce operational expenditure on energy and assist in achieving our sustainability targets, they will also improve tenant thermal comfort and control. As part of the BMS upgrade at Westpac House, we are implementing a smart building IoT platform and analytical package. This is a significant technology improvement to the building which will provide enhanced HVAC control and monitoring, ensure optimised comfort and productivity for occupants, and push the building to a 5 star NABERS Energy base building rating at full occupancy.

We have also implemented BMS analytics across a number of our properties in order to provide increased transparency into building operations, allow the fine tuning of plant and equipment, improve thermal comfort and inform capex planning. Using this technology will help push our assets to achieve a high NABERS Energy rating and drive further efficiencies using real data.

Alongside energy efficiency upgrades we are installing solar PV with 51 Allara Street installing a 99kw system this year. Our 99kw system in Alexandria installed last year, saw a consumption drop of nearly 50% in grid electricity comparing December 2019 to December 2018.

In FY19 we installed solar on 10 Self Storage facilities and FY20 has seen an additional 24 solar PV systems installed or included at time of purchase. Future installations are planned for more storage facilities, including WA in FY21. We are also looking to implement a lighter weight solar PV for storage facilities with less roof load bearing capacity. This system utilises a newer type of solar panel which are up to 70% lighter than conventional glass panels and has a similar efficiency and payback. Going forward, 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.

### Impact from COVID-19

The impact from COVID-19 including the drop in occupancy and subsequent drop in energy and water consumption, and waste generated, was felt across both our Office and Retail assets but perhaps more heavily in Retail with more tenancies forced to close and visitor numbers reduced.

In Office, the average drop in energy and water consumption across like-for-like assets over the period April to June compared to the same period in the previous year was 30%. Whilst overall occupancy is purported to be down more than that, aspects of building operations such as air-conditioning cannot always be easily turned down to match occupancy. Despite this, set points and run times have been adjusted to save energy where possible. In Retail, energy consumption and emissions from the April to June quarter were down 29% (comparing like for like assets) compared to the same period last year. This reflects changes to air conditioning such as starting later and finishing earlier due to lower customer patronage as well as switching off air handling units to tenancies that were closed due to COVID-19.

While we are seeing increases in occupancy post 30 June 2020 for Commercial property, we expect overall energy, water and waste consumption to be lower than in previous years for a little while longer, reflecting increases in office occupants working from home as well as less foot traffic in our retail centres.



## Improving the energy efficiency across our portfolio

During the year, in line with our commitment to upgrading the resource efficiency of our assets across our portfolio where sustainable and commercial outcomes can be achieved, we implemented upgrades across several of our assets. Key highlights from these activities are outlined below:



### 444 QUEEN STREET, BRISBANE NABERS Energy rating from 0 to 4.5 stars in 2 years

In 2018, two existing chillers in the property were replaced with two 1,100kW energy efficient Powerpax units. The upgrade led to reductions of more than 25% in electricity consumption year on year, and, coupled with an increase in occupancy from 70% to over 90%, the NABERS rating went from 0 stars to a 3-star NABERS Energy rating in 2019. As of June 2020, with a full year of operation, the asset is now at a 4.5 star NABERS Energy rating.



### 51 ALLARA STREET, CANBERRA Solar Installation

Abacus had a desire to take advantage of the large footprint and install solar panels that would improve the NABERS rating of the building. Commissioned in June 2020, it is expected that this system will generate 144.9MWh of solar per year, save over \$24,000 in electricity costs, and have a 4 year and 11 months payback. This combined with the improvement in occupancy to 97% should result in a 5 star NABERS Energy rating after one year of operation.



### BUILDING MANAGEMENT SYSTEM ANALYTICS FOR BUILDING HVAC FINE TUNING

Building Management System (BMS) analytics was implemented across 11 assets in our Commercial portfolio with two leading industry providers. The system connects to the building's BMS and provides real time data and additional transparency into the operation of our buildings allowing for energy savings, improved performance, improved tenant comfort and capital expenditure planning based on real time performance data. Due to COVID-19 and the reduction in building occupancy, the strategy was modified so the focus was instead on ensuring that buildings were catering for the part load situations, whilst still looking for operational tweaks to enhance performance. The BMS analytics at Lutwyche Market Central was also instrumental in helping identify any remaining air-conditioning issues with the builder.

### 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. FY20 saw a drop in water consumption across like-for-like assets of 9.4% compared to last year. This reflects the lower occupancy of buildings due to COVID-19 as well as the correction of water leaks and incorrect utility billing.

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 has already resulted in early leak detection as well as the discovery of an incorrectly calibrated water utility meter, resulting in a significant refund from the water utility provider.

With the implementation of our new sustainability reporting platform, we have taken the opportunity to restate some of our data. Figures have changed slightly due to improved data capture and reporting accuracy including the collection of additional ‘actual’ data rather than relying on estimations.

### Responsible Resource Management Highlights

The following environmental data is for the reporting period 1 July 2019 to 30 June 2020 (FY20) 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.

Where invoices are unavailable, estimates based on the ‘same day, previous year’ consumption are used for reporting.

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.



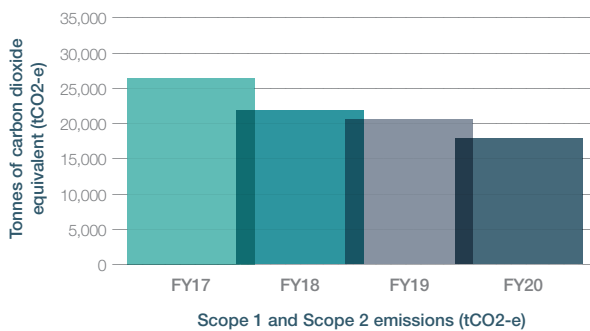
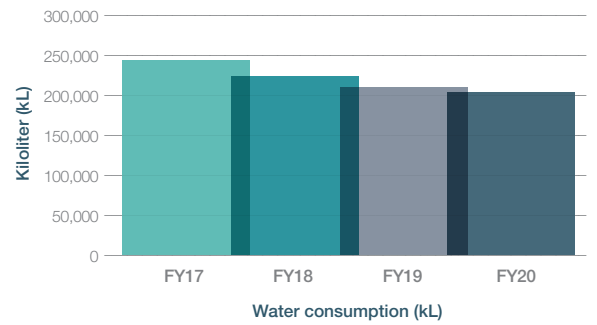
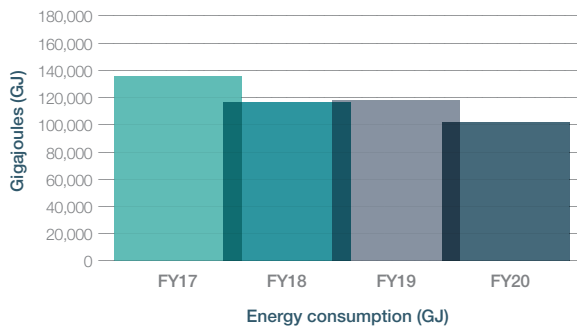
#### Waste

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.

## Responsible resource management highlights

	FY20	FY19	FY18	FY17
Energy consumption (GJ)	103,751	125,258 <sup>3</sup>	118,317	157,606
Scope 1 and Scope 2 emissions (tCO <sub>2</sub> -e)	18,170	21,842	21,599	27,150
Water consumption (kL)	204,090	232,485	217,144	311,689
Total waste generated (tonnes)	2,448	3,351	N/A	N/A
Total recycled (tonnes)	677	1,191	N/A	N/A

<sup>3</sup> Increase in consumption reflects the addition of on-site cogeneration electricity consumption at 710 Collins Street which was previously not captured



## Energy consumption and production

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE
Stationary energy – Natural Gas (GJ)	27,267	33,075	26,509	51,947
Stationary energy – Diesel (GJ)	71	0	47	3,338
Total energy consumption – Fuels (GJ)	27,338	33,075	26,556	55,285
Energy Produced (GJ) <sup>4</sup>	2,791	3,515	n/a	n/a
Energy consumption – Electricity (GJ)	73,622	88,668	91,807	105,659
Total energy consumption (GJ)	103,751	125,258	118,363	160,944
Energy use per square metre of gross lettable area (MJ/m <sup>2</sup> ) <sup>5</sup>	395	443	382	415

<sup>4</sup> Energy produced from gas fired co-generation system at 91 King William Street, Adelaide and 710 Collins Street, Melbourne

<sup>5</sup> 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

## Emissions

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE
Carbon emissions (scope 1) associated with energy consumed (t CO <sub>2</sub> -e)	2,499	2,655	2,072	3,305
Carbon emissions (scope 2) associated with energy consumed (t CO <sub>2</sub> -e)	15,671	19,187	19,526	23,844
Carbon emissions (scope 3) associated with energy, water, waste and corporate travel (t CO <sub>2</sub> -e)	6,460	9,008	N/A	N/A

## Water consumption

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE
Water consumption (KL)	204,090	232,485	217,144	311,689



## Waste efficiency in operations

Minimising our impact on the environment by reducing waste to landfill is a key part of our property operations and is outlined in our Sustainability and Environmental Policy. We capture waste and recycling reporting from the assets under our operational control and are working progressively with our property managers and waste contractors to improve waste diversion from landfill. Initiatives which we are implementing in order to achieve this include:

- Additional recycling streams (e.g. organics, soft plastics, e-waste, secure paper and co-mingled);
- Implementation of on-site scales that can accurately record the waste and recycling from each floor or tenancy;

- ‘User Pays’ swipe cards which allow waste to be charged back using actual weight measurements in our retail centres so tenants are incentivised to recycle their waste correctly.

We have put in place waste diversion targets for FY25 across our Commercial properties and have developed improvement pathways for each asset in order to achieve this. These pathways are asset specific and include initiatives such as waste audits, improving recycling infrastructure and signage at site, improving tenant communication, and incentivising recycling by allocating swipe cards to retail tenants for what they send to landfill. A NABERS Waste rating has also commenced at 2 King Street in Brisbane, which will be finalised in FY21.

## Case study

During the year our Oasis Shopping Centre at Broadbeach in Queensland implemented a waste and recycling improvement program, in collaboration with the waste contractor. Prior to the program, waste management at Oasis was quite basic with minimal separation and cardboard being the only recycling stream. All other waste was directed to the general waste compactor. A big component of this program involved implementing a ‘user pays’ system for the retailers. Swipe cards for the general waste compactor were allocated to each retailer which meant that they would then be charged (by weight) for what they sent to landfill. This incentivised them to separate their waste into the three waste streams of cardboard, organics and co-mingled and divert as much as possible from landfill to reduce their charges. This program has reduced the overall outgoing costs for waste along with a significant reduction of the centres landfill contribution.

## 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.

This year we commenced NABERS ratings across our Retail assets. Ashfield was certified with a 3 star Energy and 2 star water rating and we will use these results as a benchmark to assess energy and water efficiency achievements as part of the redevelopment. To enable Lutwyche Market Central and Oasis Shopping Centre to undertake NABERS ratings, we are in the process of reviewing what sub-metering is required in order to split the office component from the retail mall.

PROPERTY	ENERGY FY20	ENERGY FY19	ENERGY FY18	WATER FY20	WATER FY19	WATER FY18
Abacus HO	5.0	N/A	5.0	N/A	N/A	N/A
21/27 Grant Street, Port Macquarie NSW	5.0	4.5	4.5	4.5	4.0	4.0
4 Martin Place, Sydney NSW	4.0	3.5	3.5	1.5	2.0	2.5
14 Martin Place, Sydney NSW	4.0	4.0	3.5	2.5	2.5	2.5
201 Elizabeth Street, Sydney NSW	4.5	N/A	N/A	3.5	N/A	N/A
99 Walker Street, North Sydney	5.0	N/A	N/A	4.5	4.0	N/A
11 Bowden Street, Alexandria NSW	5.0	5.0	4.5	4.5	4.0	N/A
63 Ann Street, Surry Hills NSW	4.5	4.5	4.5	4.0	4.0	4.0
5-6 Grevillea Street, Eagle Farm QLD	4.0	3.5	4.5	4.0	3.5	3.5
12 Short Street, Southport QLD	0	0	0	4.0	4.5	5.0
33 Queen Street, Brisbane QLD	3.5	3.0	2.5	2.0	0	0
444 Queen Street, Brisbane QLD	4.5	3.0	0	3.0	2.0	0
324 Queen Street, Brisbane QLD	3.5	3.5	3.0	3.5	3.5	3.5
2 King Street, Fortitude Valley QLD	6.0	6.0	N/A	4.5	4.5	N/A
247 Adelaide Street, Brisbane	4.0	N/A	N/A	4.5	N/A	N/A
51 Allara Street, Canberra ACT	4.0	4.0	4.0	1.0	2.0	2.0
91 King William Street, Adelaide SA	4.5	4.5	4.5	3.0	2.0	3.0
710 Collins Street, Melbourne Vic	5.0	5.0	5.0	3.5	3.0	4.0
187 Todd Road, Port Melbourne Vic	3.0	3.0	3.5	3.0	4.0	3.5
464 St Kilda Road, Melbourne Vic	3.5	4.0	3.0	2.5	N/A	N/A
452 Johnston Street, Abbotsford Vic	4.0	4.0	4.0	4.0	4.0	N/A

## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
Develop energy and water targets for each asset as well as portfolio average targets	✓	Energy and water targets for FY22 and FY25 agreed for each asset as well as portfolio average.
Develop energy and water improvement pathways for poorer performing assets	✓	Energy and water improvement pathways developed, and initiatives included as part of asset business plans and budgets.
Develop waste and recycling targets for each commercial property	✓	FY25 waste diverted from landfill targets set with pathways to improve recycling rates developed.
Benchmark our Retail assets using NABERS	✓	Ashfield Mall NABERS rating achieved. Lutwyche Market Central and Oasis implementing sub-metering in order to be able to rate NABERS in the future.
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

Abacus will be formalising its approach to responsible resource management with the development of a sustainability strategy which will include future targets and focus areas to improve environmental performance and measure progress in a consistent and meaningful way.

- Achieving year on year progress towards NABERS and environmental targets.
- Undertake waste audits and develop a plan to improve diversion rates to meet our targets.
- Install sub-metering 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 FY20

- Increased our investment in on-site solar PV in our Office portfolio with a 99kW system installed on 51 Allara Street, Canberra.
- Ongoing implementation of our Self Storage solar program with 35 assets having solar PV and further installations planned for FY21.
- Developed targets and pathways to reduce carbon emissions intensity for each Office and Retail asset.





## 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 in its Sustainability and Environmental Policy that integrating sustainability, 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, the installation of solar PV across our portfolio and developing targets and strategies to enhance the environmental performance and resilience of our assets.

## 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 life-cycle 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 facade are factored into decision making.

## FY20 Performance

### Investment in renewable energy

Investing in on-site renewable energy has been a key focus for Abacus for the past two 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 over 30 solar PV systems across our Self Storage and Office portfolios and have additional installations planned for FY21.




### Office

This year we completed the installation of a 99kW system at 51 Allara Street in Canberra. This system is expected to save over \$24,000 per year in electricity and improve the NABERS rating to 5 stars. The Office portfolio now has 3 assets each with 99kW of solar PV. Our 99kW solar system in Alexandria, which was installed in June 2019 resulted in a nearly 50% drop in electricity consumption over the summer months.

### Self Storage

The Self Storage solar PV program, which commenced with ten installations in FY19 across assets in the ACT, NSW, VIC and QLD has seen an additional 17 solar PV systems added to the portfolio this year. Combined with the solar systems installed as part of developments, or included via an acquisition, the storage portfolio now has a total of 35 systems, totaling 637kW in size. Future installations are planned for more storage facilities, including WA in FY21. We are also looking to implement a lighter weight solar PV for storage facilities with less roof load bearing capacity. This system utilises a newer type of solar panel which are up to 70% lighter than conventional glass panels and has a similar efficiency and payback.

## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
<p>To enhance our understanding of the range of climate-related risks and opportunities across our portfolio, we will evaluate the TCFD recommendations in the context of our business. Informed by the outcome of this exercise, we will consider aligning our disclosures in this area with the TCFD Recommendations.</p>		<p>Discussions are ongoing.</p>
<p>To inform our understanding of the physical climate parameters relevant to our portfolio across divergent future scenarios, we will undertake a portfolio-wide risk assessment of exposure and vulnerability based on asset location and type. The output of this analysis will be used to develop appropriate climate change adaptation and resilience plans for relevant assets.</p>		<p>Not yet commenced.</p>
<p>Abacus is cognisant that creating low impact, sustainable investments streams can benefit the environment and investors alike. As such, we will continue investing and conducting feasibility analysis for on-site renewables and integration of solar energy across the Australian Self Storage, and Commercial portfolio through FY21.</p>		<p>Ongoing initiative.</p>

✓ 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 will form a key component in the development of our sustainability strategy and will include the following:

- Continue to investigate and conduct feasibility analysis for on-site renewables across the Self Storage and Commercial portfolios.
- Review new solar technologies such as the thin-film solar PV for their applicability to assets where conventional solar may not be practicable.
- Continual focus on building performance optimisation to minimise climate related impacts.
- Evaluation of risk and opportunities and climate related disclosures in line with our business, strategy and peers.

# Governance, risk, cyber and transparency

## Key Achievements in FY20

- Ms Myra Salkinder has been appointed as Chair (effective 1 September 2019), improving gender diversity to 50% female representation and supporting diversity of perspective, skills and experience across the business.
- Implementation of an online integrated compliance system which streamline compliance activities, enhances reporting capabilities and increases transparency and audit functionality.
- Delivery of report 429 Cyber Resilience: Health Check to the Audit and Risk Committee. The health check considers the 'preparedness' of a responsible entity in the event of a cyber security breach, attack or failure of key IT systems.

## 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.

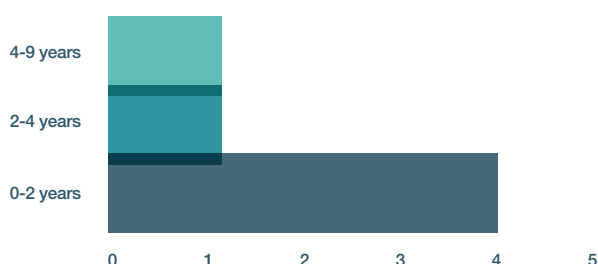
## Our approach to managing

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 FY20 Corporate Governance Report within our Annual Reporting Suite.

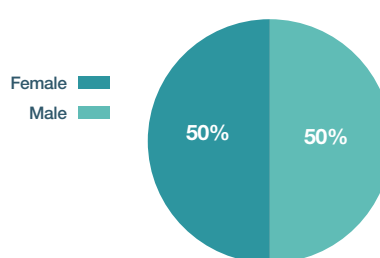
We believe that integrating sustainability into our investment decision making and business

operations is congruent with the responsibility we have to our stakeholders. We manage environmental risk through the due diligence process undertaken with each acquisition. Key risks are reported to the Audit and Risk Committee and the Board as part of the governance framework and risks associated with each property are monitored as part of the Group's asset management process and reported to the Investment Committee.

## Board Directors – Tenure (years)



## Board Directors – Gender



Our key charters and policies include:

<b>Code of Conduct</b>	<b>Performance Evaluation Policy</b>	<b>Business Risk Management Policy</b>
<b>Continuous Disclosure and Securityholder Communication Policy</b>	<b>Trading Policy</b>	<b>Privacy Policy</b>
<b>Sustainability and Environmental Policy</b>	<b>Diversity and Inclusion Policy</b>	<b>Work Health and Safety Policy</b>
<b>Board Charter</b>	<b>People Performance Committee Charter</b>	<b>Nominations Committee Charter</b>
<b>Audit and Risk Committee Charter</b>	<b>Whistle-blowing Policy</b>	<b>Human Rights Policy</b>
<b>Fraud, anti-bribery and corruption policy</b>	<b>Supplier Code of Conduct</b>	

Our suite of publicly available policies are available at our Corporate Governance page on the Abacus Property Group website at [www.abacusproperty.com.au](http://www.abacusproperty.com.au)

## Non-compliance with laws and regulations

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE	FY17 PERFORMANCE
<p>Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <p>i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms.</p>	Nil	Nil	Nil	Nil
<p>Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <p>i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms.</p>	Nil	Nil	Nil	Nil

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

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE
<p>Number of substantiated complaints received concerning breaches of customer privacy categorised by</p> <p>i. complaints received from outside parties and substantiated by the organisation; ii. complaints from regulatory bodies.</p>	Nil	Nil	Nil
<p>Number of identified leaks, thefts, or losses of customer data.</p>	Nil	Nil	Nil

## Confirmed incidents of corruption and actions taken

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE	FY19 PERFORMANCE	FY18 PERFORMANCE
<p>Total number and nature of confirmed incidents of corruption.</p>	Nil	Nil	Nil
<p>Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p>	Nil	Nil	Nil
<p>Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p>	Nil	Nil	Nil
<p>Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.</p>	Nil	Nil	Nil

## FY20 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. Our Risk Management Framework guides our approach to identifying, assessing and managing risk. 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 February 2020. Key 2020 Board and Audit and Risk Committee led risk activities in line with the risk management framework included:

- A Board risk workshop was held in September 2019 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;
- As part of the annual review, a review of the Risk Appetite Statement was completed by the Board and Executive 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;

– In April 2020, a control risk assessment which documents new controls and processes to adequately manage elevated risk as a consequence of COVID-19 was reported to the Audit and Risk Committee. The control risk assessment articulated additional stress testing, financial and non-financial modeling and additional Board reporting required to manage and monitor the ongoing impact of COVID-19.

### Cyber security governance

In February 2020, report 429 Cyber Resilience: Health Check was delivered to the Audit and Risk Committee. The health check considers the 'preparedness' of a responsible entity in the event of a cyber security breach, attack or failure of key IT systems.

Completion of this report aligns with our increased focus and acknowledgment that cyber security and resilience is an evolving space and therefore is an area of continual improvement at Abacus. Abacus is also a partner of the Australian Cyber Security Centre (ACSC) and relevant team members regularly attend any events or webinars they host.

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 policies and processes covering information systems incident response, network security, business continuity and disaster recovery, user access control and acceptable use. 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. 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 from a remote working environment in April 2020. The test of the Business Continuity Plan was signed-off by appropriate business unit heads (IT, People and Culture, Finance, Company Secretary and Compliance and Risk).

### Compliance and risk system automation

An online compliance system went live in March 2020 in preparation for the year end compliance audit. The benefits of the system include automation and streamlining of numerous compliance activities, enhanced reporting capabilities, increased transparency and improved audit capability.

Compliance and risk training was delivered by the Head of Compliance and Risk to all employees in May 2020 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, breaches, conflicts of interest, modern slavery, privacy and the impacts of COVID-19 on compliance at Abacus.

### 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 FY20, online training was delivered to all employees to ensure the fundamental principles and behaviors within Abacus remain in line with our values and spirit of

the Code of Conduct and whistle-blowing 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 whistle-blowing policies and procedures.

## F20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
Zero tolerance for non-compliance with laws and regulations	✓	Achieved.
Aim to maintain gender diversity on the Board at 50% throughout FY20	✓	Achieved.
Complete a detailed gap analysis and implementation plan to align and transition to the ASX Fourth Edition of the Corporate Governance Principles and Recommendations	✓	Achieved. Details above.
Implement an online integrated compliance system with which to create efficient processes	✓	Achieved. Details above.

✓ 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 will:

- Delivery of revised Corporate Governance Statement in line with the ASX Fourth Edition of the Corporate Governance Principles and Recommendations.
- Independent review of risk management framework in line with Regulatory Guide 259: Risk Management Systems of Responsible Entities.
- Recognition that cyber security and resilience is an evolving space and an area of continual improvement at Abacus.

# Responsible procurement

## Key achievements in FY20

- Ongoing implementation of Modern Slavery Action Plan and collaboration with the Property Council Modern Slavery working group.
- Completion of supplier due diligence via the Informed365 platform.
- Delivered Modern Slavery training to all employees.
- Strengthened governance processes including Board approved Human Rights Policy, Abacus Supplier Code of Conduct sent to all key suppliers and contract terms updated to include modern slavery clauses.

## Why is this important?

Responsible Procurement means considering the ethical, environmental and social impacts of purchasing decisions and looking for opportunities where outcomes can be enhanced. As a large property company with an extensive supply chain we have the ability to have a positive influence and we are committed to ensuring high standards in our operations and throughout our supply chain.

## Our approach to managing

The Abacus supply chain encompasses a broad range of products and services across our operations, development and corporate business units and includes contractors, subcontractors and consultants as well as suppliers of products and services. Respecting and proactively promoting human rights is an integral part our business, forms a key component of our sustainability commitment and is outlined in our Supplier Code

of Conduct and Human Rights Policy. Abacus operates wholly within Australia and New Zealand, countries which have democratic governments with high standards of governance and strong legislative systems that support human rights, national employment standard, privacy, anti-corruption and non-discrimination. 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.

Abacus guiding principles include:

- The expectation that our employees, 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 employees, 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; and
- Allowing freedom of association and collective bargaining.

## FY20 Performance

### Ongoing collaboration with the Property Council of Australia's Modern Slavery Working Group

Recognising that these systemic issues 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, working alongside peers in the industry to develop a supplier due diligence platform. This collaboration allows members to assess and report on their supply chain networks more easily through the single online platform which collects, compares and shares data on all suppliers. This ensures 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. This data can then be accessed by Property Council members through the platform's dashboard to enable better evaluation, decision-making and reporting. Using this portal allows Abacus to gain insights and transparency into our supply chain and support informed decision-making around supply chain management.




During the year we invited key suppliers across our highest risk categories to disclose their labour management practices via the tool, which will allow us to deepen our understanding of modern slavery risk in our supply chain and identify areas for further supplier engagement.

Additional initiatives completed to enhance how we address modern slavery risks across our supply chain included:

- Developed our methodology for undertaking supply chain due diligence as required under the Modern Slavery Act (2018);
- Developing a Modern Slavery Reference Guide available to all employees on the intranet;
- Delivered online employee training as part of the annual compliance training;
- Clarified our expectations for suppliers through updating contractual documentation and ensuring the consideration of modern slavery risk factors during the supplier selection process.

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 inaugural Modern Slavery statement will summarise our approach in line with the reporting requirements and is on track to be delivered by the reporting due date of 31 March 2021.

## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
Implement the Property Council of Australia's modern slavery due diligence tool and target 'high risk' suppliers where Abacus have a direct relationship to be vetted using this tool		Achieved.
Communicate our Human Rights Policy and Supplier Code of Conduct to our suppliers to ensure their alignment with our values and expectations		Achieved.
Finalise our Modern Slavery Action Plan in preparation for completion of our inaugural Modern Slavery Statement		In progress for completion by the 31 March 2021 deadline.

✓ Achieved  Progressed  Not yet progressed

### 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:

- Ongoing supplier due diligence using the Informed365 supplier engagement portal.
- Development of a Modern Slavery compliance plan.
- Continue to work with key stakeholders to progress our group-wide response to modern slavery.
- Develop and strengthen our response to modern slavery over time including undertaking a deeper dive into our supply chain.
- Completion of inaugural Modern Slavery Statement.

# Employee engagement and motivation

## Key achievements in FY20

- Integration of the Abacus Values.
- Launched benefits@Abacus.
- Introduced a self-guided learning and development platform.
- Developed individual development plans for every team member.
- Launched ‘Evolution@Abacus’ and ‘Digital@Abacus’ working groups.

## Why is this important?

Attracting, engaging and retaining talented people is fundamental to delivering the Group’s strategic objectives. 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.

## FY20 Performance

### Improving our performance management processes

We continue to improve our performance management processes focusing on consistency and transparency. KPIs for FY20 were developed and centralised. Refresher information sessions about the annual performance and remuneration process were held for team members. As part of these sessions, we revisited the concept of calibration panels to review performance assessments for consistency, fairness and links to company performance.

### Integration of the Abacus Values

The new Abacus Values were internally launched in August 2019 to promote shared values amongst our team members and to progress our culture.

The Abacus Values have been integrated in the employee life-cycle (i.e. recruitment, onboarding, orientation, learning and development) and will continue to be integrated into all people assessment processes. To further build and embed the Abacus Values, the following initiatives have also been undertaken since the launch:

- Values workshops were conducted across December 2019 and involved revisiting the “why” of Abacus Values and the research that supports the link between company values, culture and performance. Team members contributed to identifying behaviors that are good examples of upholding Abacus’ culture and values;

- Values commitments were written and signed by each workshop participant and these commitments have been placed on the “commitment wall”, holding each team member to public account for their contribution to the culture of Abacus.

The Abacus Values are Board approved and are in line with ASX Corporate Governance Principles.

### Established foundational learning and development concepts

Abacus understands the importance of investing in our team members’ professional development ensuring that team members are continuously learning, challenged, and up-skilled enabling successfully delivery of the business strategy.

In 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.

Furthermore, a self-guided learning and development platform was launched to provide employees with access to infinite resources to develop their knowledge and skills, assisting them to achieve their personal and professional goals.

### Evolution@Abacus and Digital@Abacus working groups

During the year we launched two internal, cross-divisional working groups focused on creating a culture of innovation, collaboration and entrepreneurial thinking across Abacus.

Evolution@Abacus is an ongoing initiative that seeks to build upon the Abacus DNA of entrepreneurship and encourage employee empowerment and participation, enhance engagement and help strengthen ‘We are One Team’. It consists of a number of components including the ability for all employees to suggest new ideas and opportunities for evolving Abacus into the future.





Digital@Abacus aims to utilise technology to enhance business processes, asset performance, or the customer experience. As part of this we have developed a digital roadmap for Abacus, focused on opportunities that optimise building performance and sustainability, reduce operational costs, improve data transparency, and enhance the customer experience. Initiatives that have been implemented as part of this strategy include BMS analytics, digital reporting platform, online asset registers and smart metering.

These working groups will serve to encourage new ways of thinking and doing across Abacus, and empower our people to take action, in line with our entrepreneurial values across the Abacus business.

### **\$850,000 JCA Frank Wolf Leadership Foundation established**

In memory of Frank Wolf and in consultation with The Wolf family, the Frank Wolf Executive Leadership (FWEL) Fund was established through one of Frank's much loved charities, the Jewish Community Association (JCA). The development

of people was a purpose he held close to his heart. It was his belief that good leaders are people who make things happen, that good leaders also mentor and develop. The FWEL program is being co-designed by Shari Lowe and Prof. Leanne Piggott from JCA with external consultant Dr Ali Walker, a Senior Lecturer at UNSW Business School. Its aim is to build leadership capacity of current and future leaders in Jewish community organisations and in turn improve the performance of these organisations. The program will encompass both tailored learning experiences as well as one-on-one coaching.

### **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 FY20, our efforts have been focused on initiatives improving gender diversity, including:

- Developed and implemented a primary and secondary carer's leave benefit and policy.
- International Women's Day celebrations involved:
  - A question and answer session with our Chair Myra Salkinder;
  - Team members completing pledge cards to commit to an action towards gender equality as part of the #EachforEqual campaign;
- Maintained gender diversity on the Abacus Board of directors, with continued female representation at 50% (three females);
- Embedded flexible working arrangements for all team members to support work life quality and balance.

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

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of full time employees	18	36	20	35	34	42	35	41
Number of part time employees	10	0	9	0	5	0	5	4
Number of temporary employees	1	1	1	0	0	0	2	8
Total number of employees <sup>6</sup>	29	37	30	35	39	42	42	53

## New employee hires by gender, age and region

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE	
	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)
<b>New employees by gender</b>								
Female	2	7	6	21	6	15	11	28
Male	4	14	7	20	2	5	8	18
<b>New employees by age group</b>								
Under 30 years old	2	-	3	-	2	-	10	-
30-50 years old	2	-	10	-	6	-	7	-
Over 50 years old	2	-	0	-	0	-	2	-
<b>New employees by region</b>								
Australia	6	9	13	23	8	10	19	22

## Employee turnover by gender, age group and region

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 PERFORMANCE	
	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)	Number	Rate (% of total workforce)
<b>Employee turnover by gender</b>								
Female	3	11	7	12	7	18	3	7
Male	2	6	5	29	5	11	3	7
<b>Employee turnover by age group</b>								
Under 30 years old	3	-	2	-	2	-	1	-
30-50 years old	1	-	4	-	9	-	5	-
Over 50 years old	1	-	9	-	1	-	0	-
<b>Employee turnover by region</b>								
Australia	5	8	15	21	12	14	6	7

<sup>6</sup> Drop in numbers partially attributed to the transfer of retail management to an external third party.

## Percentage of individuals within Abacus' governance bodies by gender

KEY PERFORMANCE INDICATOR	FY20 PERFORMANCE		FY19 PERFORMANCE		FY18 PERFORMANCE		FY17 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	2	33	1	17
Audit and Risk Committee	2	50	1	33	1	33	0	0
People performance and nominations Committees	2	50	2	67	1	33	1	33
Compliance Committee	3	100	2	67	2	67	1	33

## 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

	FY20 PERFORMANCE			FY19 PERFORMANCE			FY18 PERFORMANCE			FY17 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 <sup>7</sup>	0	2	n/a	0	3	n/a	-	5	-	-	5	-
Executive (excl. KMP)	1	5	58	1	4	60	1	3	92	1	3	90
Senior Management	4	13	92	4	12	91	2	6	93	1	7	94
Other Management <sup>8</sup>	-	-	-	-	-	-	5	6	79	5	6	84
Middle management	8	13	85	8	7	81	9	19	89	12	19	104
Support and specialist roles	16	4	99	17	9	81	22	3	132	23	13	133
<b>TOTAL</b>	<b>29</b>	<b>37</b>	<b>-</b>	<b>30</b>	<b>35</b>	<b>-</b>	<b>39</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>53</b>	<b>-</b>

<sup>7</sup> Key Management Personnel.

<sup>8</sup> "Other Management" category used in prior years to align with WGEA reporting. FY20 and FY19 reported as per Financial year. FY18 and FY17 reported as per WGEA reporting period 1 April - 31 March.



## 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 current philanthropic program includes employee volunteering days, dollar for dollar matching on team members donation drives, corporate sponsorships with charitable organisations and providing vacant space/casual leasing at Retail shopping centres or Office buildings to charitable organisations at minimal or no cost. In addition to our Group-level philanthropic program, Abacus supports division-specific initiatives aimed at building and fostering strong local community relationships.

During the year, as part of a move towards formalising our corporate philanthropic strategy, we asked our employees which areas they wanted to focus their giving and

volunteering activities on. Four areas of interest were chosen and will form the basis for our strategy moving forward.

- Youth
- Disabled
- Education
- Environment

### Key highlights include:

#### 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. This year, our regular volunteering activities were impacted by COVID-19 with only the Parramatta River Foreshore Clean-up and the Infants Home in Ashfield able to continue.

We were, however, nominated for the 'Best Corporate Volunteer Team of the Year' with the Royal Institute for Deaf and Blind Children.

Other initiatives supported through the year included:

- Bushfire Appeal
- Shoes for Planet Earth
- The Long Bloody Walk for the Mitochondrial Foundation
- Cancer Council Australia's Biggest Morning Tea
- WIRES
- Team Rubicon

#### Self Storage

Abacus' Self Storage properties with its manager Storage King, 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. **Garage Sale Trail (AU only)**  
Garage Sale Trail is one weekend of garage sales that happens across Australia late October. The trail is an idea to help encourage reuse, reduce waste and minimise our impact on the environment. Garage Sale Trail is supported by over 120 Local Council partners across the country and nearly 400,000 Australians shopping and selling at more than 18,000 garage sale events. The cost of sponsoring this initiative is \$55K.
3. **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.

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

During COVID-19, Storage King provided additional community support by way of donation of boxes to assist Uniting Care, Lifeline and the Canberra Relief Network help vulnerable people in the local community.



## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY19 PERFORMANCE
Development of an Abacus Giving and Volunteering program		Abacus volunteering program established. Investigation into an Abacus Giving program was commenced but not finalised due to the pandemic.
Maintain or improve employee volunteer participation rate of 83%		Not Achieved. Due to the COVID-19 pandemic, volunteering opportunities in the second half of the year were unable to be undertaken.
Conduct an annual employee engagement survey with feedback used to inform strategic decision-making		The annual engagement survey has been postponed to FY21 due to the pandemic. In the interim, a feedback survey was conducted to obtain feedback from team members on how they can be further supported.
Integrate and embed Abacus Vision, Strategy and Values		Achieved. Refer above under FY20 Performance for more information.
Introduce succession planning workshops, assessment processes and tools		Achieved. Fundamentals of Succession Planning have been introduced to the MD and his direct reports. An emergency “Go to” succession plan was developed, and Board approved.
Establish foundational learning and development concepts		Achieved. Refer above under FY20 Performance for more information.
Market scan of People and Cultures systems for potential integration		Ongoing. Trialled Employment Hero in FY20, however, for FY21 will undertake market scan of efficient HRIS apps including consideration of Anaplan.
Whole sale refresh of Abacus people policies		Ongoing – Developed diversity and inclusion plan for FY20 and FY21 – Introduced Primary Carer’s and Secondary Carer’s leave – Finalising Talent Attraction and Acquisition strategy.
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 and training		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 FY20 include:

- Develop and market the Abacus NextGen Graduate Program.
- Develop and introduce an employee referral program.
- Implementation of the Individual Development Plans.
- Continue focus on Ex Co Leadership development.
- Expand the Abacus Benefit offering with a focus on support of employee wellbeing.



Image: 2 King Street,  
Fortitude Valley, QLD

# Financial performance

## Key achievements in FY20

- 12.5% growth in net property rental income to \$129.2 million.
- Storage +14.8%.
- Commercial +10.9%.
- Successfully deployed \$820 million<sup>9</sup> of capital into our key sectors of Office and Self Storage with 87%<sup>10</sup> of total assets now deployed in these sectors.
- Maintained strong Balance Sheet (low range gearing) and high liquidity (increased bank facility on attractive terms).

## 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. Beyond the positive impacts, we understand that our operating activities can have a negative impact and aim to minimise this, wherever possible. Our actions and impacts include:

- Disclosing responsible investment information enabling investors to make informed decisions;
- Improving high value assets which support the growth of our cities;
- Creating spaces that support productivity and lifestyle improvements for our tenants;

– Supporting community development via charitable donations and community partnerships.

## 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 Office 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:

- Recognition that customer attraction and retention is important. 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 ESG into decision making processes. As part of the property acquisition due diligence process, Abacus engages advisers to review for 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.

<sup>9</sup> Includes investments exchanged but not settled during FY20.

<sup>10</sup> Excluding investments in cash and other assets.

## FY20 Performance and the COVID-19 pandemic context

Abacus Property Group has, over the past two years, refocused its strategy to become a high conviction owner and manager of an investment portfolio concentrated in the Office and Self Storage sectors. This transition has required a significant reallocation of capital from legacy investments toward these two prioritised sectors, along with a considerable reinvestment in people, culture, processes, and systems.

Notwithstanding the extraordinary impact of the pandemic on every facet of the business environment, Abacus has achieved underlying profit and FFO results which exceeded target. The team has also made significant progress during FY20 on delivery of our business priorities.

Achievements include:

- delivered high quality Office and Self Storage asset acquisitions of \$743.8m;
- exited \$65.4m of legacy Retail and non-strategic Office assets;
- achieved repayment of over \$150m of legacy loans;
- maintained high levels of occupancy;
- implemented new talent, compliance and core financial systems and maintained a high level of employee engagement; and
- maintained strong balance sheet and distributions.

In the second half of the financial year, these results were secured against the backdrop of the dynamic and unpredictable events arising from COVID-19 and the

subsequent lock-downs. We are especially proud of the team's achievements in maintaining a safe and effective remote working environment and supporting the needs of our tenants where appropriate. Further, Abacus has not required any government financial support, has not needed to raise additional capital, nor have we needed to reduce positions or salaries.

## Direct economic value generated and distributed

For detail, refer to the Abacus Property Group Annual Financial Report 2020.

## FY20 Priorities and Performance

COMMITMENTS	STATUS	FY20 PERFORMANCE
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.
Deliver distribution per security growth of 2-3% for FY20	○	FY20 distribution per security held at FY19 level of 18.50c.
Payout ratio for FY20 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 Office 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



# GRI index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
<b>General disclosures</b>			
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. 46-48	
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 p. 44 for additional information about Abacus' Risk Management Framework
102-12 External initiatives		p. 60	
102-13 Membership of associations		p. 60	
<b>Strategy</b>			
102-14 Statement from senior decision maker		pp. 6-7	
<b>Ethics and integrity</b>			
102-16 Values, principles, standards, and norms of behavior		pp. 49-50	
<b>Governance</b>			
102-18 Governance structure		pp. 11-12	
<b>Stakeholder engagement</b>			
102-40 List of stakeholder groups		p. 15	
102-41 Collective bargaining agreements	Zero employees on collective bargaining agreements		
102-42 Identifying and selecting stakeholders		p. 14	
102-43 Approach to stakeholder engagement		pp. 14-15	
102-44 Key topics and concerns raised		p. 15	
<b>Reporting practice</b>			
102-45 Entities included in the consolidated financial statements		Abacus Property Group Annual Financial Report 2020 – Notes to the Financial Statements	
102-46 Defining report content and topic boundaries		pp. 12-13	
102-47 List of material topics		p. 13	
102-48 Restatements of information		p. 33-34	Improvements to data capture processes implemented in FY20 resulted in restatements to our prior years' responsible resource management data.
102-49 Changes in reporting	N/A		

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION AND EXPLANATIONS
<b>Reporting practice (continued)</b>			
102-50 Reporting period		Inside front cover	
102-51 Date of most recent report		Inside front cover	
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.

GRI STANDARD	DISCLOSURE	PAGE REFERENCE	
<b>Health, safety and security of our people and customers</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 16
	103-2	Management approach and its components	p. 16
	103-3	Evaluation of management approach	pp. 18-21
GRI 403: Occupational Health and Safety	403-9	403-9 Work-related injuries	p. 19
<b>Customer attraction, satisfaction and retention, coupled with changing expectations</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	pp. 22-23
	103-2	Management approach and its components	pp. 23-24
	103-3	Evaluation of management approach	pp. 25-27
<b>Responsible resource management</b>			
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. 30-37
GRI 302: Energy	302-1	Energy consumption within the organisation	pp. 33-34 and p. 36
	302-3	Energy intensity	p. 34
GRI 303: Water	303-1	Water withdrawal by source	pp. 33-34 and p. 36
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	pp. 33-34
	305-2	Energy indirect (Scope 2) GHG emissions	pp. 33-34
	305-3	Other indirect (Scope 3) GHG emissions	p. 34
<b>Climate-related risks and opportunities</b>			
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
<b>Governance, risk, cyber and transparency</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 41
	103-2	Management approach and its components	pp. 41-42
	103-3	Evaluation of management approach	pp. 43-45
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	p. 43
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	p. 43
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 43
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	p. 43
<b>Responsible procurement</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 46
	103-2	Management approach and its components	p. 46
	103-3	Evaluation of management approach	pp. 46-48
<b>Employee engagement and motivation</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 49
	103-2	Management approach and its components	p. 49
	103-3	Evaluation of management approach	pp. 49-55
GRI 401: Employment	401-1	New employee hires and employee turnover	p. 52
GRI 401: Employment	401-3	Parental Leave?	p. 53
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. 47
<b>Financial performance</b>			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	p. 57
	103-2	Management approach and its components	p. 57
	103-3	Evaluation of management approach	p. 58
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	p. 58 and Abacus Property Group's Annual Financial Report 2020



# 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.



**Abacus Property Group**

Level 34 Australia Square

264-278 George Street

Sydney NSW 2000

T +61 2 9253 8600

F +61 2 9253 8616

E [enquiries@abacusproperty.com.au](mailto:enquiries@abacusproperty.com.au)

[www.abacusproperty.com.au](http://www.abacusproperty.com.au)