Module: Introduction

Page: Introduction

CC0.1

Introduction

Please give a general description and introduction to your organization.

Novion Property Group (Novion) is one of Australia's leading retail property groups, with a fully integrated funds and asset management platform, and $14.9 billion in retail assets under management.

Listed on the Australian Securities Exchange, Novion holds interests in 27 directly-owned retail assets across Australia, manages 20 assets on behalf of strategic partners (9 of which are co-owned with Novion) and has over 17,000 investors across 19 countries.*

Novion's portfolio includes some of Australia's best shopping centres including Emporium Melbourne and Chadstone Shopping Centre in Victoria, Chatswood Chase Sydney in New South Wales, Queens Plaza and The Myer Centre Brisbane in Queensland and Midland Gate and Rockingham in Western Australia.

Novion is committed to responsible property investment. Details of Novion's Code of Conduct, commitment to Global Stewardship Principles, and Responsible Investment and Sustainability policies can be found in the corporate governance (http://novion.com.au/about-us/corporate-governance) and sustainability (http://novion.com.au/about-us/sustainability) sections of our website. Novion reports on its sustainability achievements on an annual basis through the sustainability section of our annual report (http://novion.com.au/media/78737/cfx-2014-annual-report-web.pdf) and our Climate Change position paper (http://novion.com.au/media/281244/novion-climate-change-position-statement.pdf) provides context on the challenge of climate change.

This is the tenth submission made by Novion to the CDP and covers the period 1 January 2014 until 31 December 2014. Previous submissions were made under CFS Retail Property Trust . Novion has been included in the Dow Jones Sustainability Index (DJSI) since September 2004 and the FTSE4Good Index since its inception in 2001. Novion is an active member of the Investor Group on Climate Change (IGCC) and is represented on its Property Working Group. Novion has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2007 (as the former Property Investment Division of Colonial First State Global Asset Management), and having reaffirmed its commitment to the Principles in 2014 in its own right. Our first Responsible Investment report will be published in 2016.

* Note: This year, we are transitioning our reporting boundary methodology for environmental metrics as we want to highlight our management approach that applies to all owned and managed assets, and results in improvements across our entire portfolio. Previous CDP submissions have been for the CFS Retail Property Trust and on that basis focused on our directly owned portfolio only, with the reporting boundary based on equity share. As a result of our de-merger from the Colonial First State Global Asset Management wealth management division of the Commonwealth Bank of Australia Group and transition from a listed property trust to a listed property company, it is appropriate that our climate change reporting boundary transition from equity control to operational control. This year's submission is therefore reflective of the whole of Novion's business, including its strategic partnerships. Any reference to 'our' assets or properties should be taken to mean all of the assets we manage, both directly owned and those managed for our strategic partners. We will make explicit 'our own' or 'our direct' assets when we are referring to Novion's directly owned properties in this submission.

CC0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Wed 01 Jan 2014 - Wed 31 Dec 2014

CC0.3
Country list configuration

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country

Australia

CC0.4
Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD ($)

CC0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sub-industries, companies in the oil and gas sub-industries, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco industry group should complete supplementary questions in addition to the main questionnaire.

If you are in these sector groupings (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx.

Further Information

Novion Property Group's Climate Change Position Statement, Responsible Investment and Sustainability policies are also attached to provide context.

Attachments

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC0.Introduction/novion_responsibleinvestmentpolicy.pdf

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC0.Introduction/novion_directpropertysustainabilitypolicy.pdf

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC0.Introduction/Novion climate change position statement.pdf

Module: Management

Page: CC1. Governance

CC1.1
Where is the highest level of direct responsibility for climate change within your organization?

Senior Manager/Officer

CC1.1a
Please identify the position of the individual or name of the committee with this responsibility

The Senior Manager, Sustainability is the highest level within Novion that has direct operational responsibility for climate change and the CEO is ultimately accountable for Climate Change. The Senior Manager, Sustainability reports directly to the Board, the Risk & Compliance Committee of the Board, and Executive Committee member, Head of Strategy. The Risk and Compliance Committee is the committee established by the Novion Board to oversee risk management and compliance matters for Novion, including environmental matters such as climate change.

The Senior Manager, Sustainability is vested with the full power and responsibility on behalf of the Board and the CEO, to implement climate change and more broadly sustainability policies and programs.

CC1.2
Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a
Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment

Corporate executive team	Monetary reward	Emissions reduction target Energy reduction target Efficiency target	It is a monetary incentive within the performance management process and a consideration in the overall remuneration arrangements of the Corporate Executive Team. Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, Novion has publicly disclosed short term energy reduction performance targets and the achievement of these at both individual building and portfolio trust level and how they influence Net Property Income is a consideration of the relevant remuneration package. (These energy reduction targets are effectively emission reduction targets).
Environment/Sustainability managers	Monetary reward	Emissions reduction target Energy reduction target Efficiency target	It is a monetary incentive within the performance management process and a consideration in the overall remuneration arrangements of the Sustainability and Responsible Investment team. Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, Novion has publicly disclosed short term energy reduction performance targets and the achievement of these at both individual building and portfolio trust level and how they influence Net Property Income is a consideration of the relevant remuneration package. (These energy reduction targets are effectively emission reduction targets).
Other: Property Management Team	Monetary reward	Emissions reduction target Energy reduction target Efficiency target	It is a monetary incentive within the performance management process and a consideration in the overall remuneration arrangements of the Property Management Team. Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, Novion has publicly disclosed short term energy reduction performance targets and the achievement of these at both individual building and portfolio trust level and how they influence Net Property Income is a consideration of the relevant remuneration package. (These energy reduction targets are effectively emission reduction targets).

Further Information

Page: CC2. Strategy

CC2.1
Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a
Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	The geographic areas considered are all Australian locations where we have property assets that may be impacted by the effects of climate change. (In effect the full operational jurisdiction of business operations).	> 6 years	At a company level assessment is conducted by the Risk and Compliance team, and at the asset or property level, by the property managers, operations team, and sustainability team. This is reported into regional portfolio managers and fund managers who have oversight over the long term value of assets. Climate change risks and opportunities are addressed in each asset's plans and budgets, that are approved by the executive and the board. Ad-hoc or organisational wide climate risks and opportunities are reported to the board in line with company-wide escalation thresholds.

CC2.1b
Please describe how your risk and opportunity identification processes are applied at both company and asset level

Our risk and opportunity identification processes are in place through our Climate Change Position Statement, our commitment to the

UNPRI, and implemented across the business by the use of our Sustainability Policy. We identify climate change specific issues through our: A. Prior experience with and exposure to climate risk and opportunities; B. Engagement with stakeholders including internal management, the board, property and investor industry forums; investors and strategic partners, strategic suppliers, tenants, shoppers and community members; C. Ongoing review of the latest climate change science, methodologies, frameworks, tools, emerging best practices, and societal norms and expectations. The Sustainability team is charged with the identification of climate change related issues and works with relevant teams across the business to regularly validate previously identified risks and opportunities, and confirm newly identified risks and opportunities.

Processes are governed by our enterprise-wide risk management framework that includes strategic, operational, compliance and financial risk (in accordance with ISO 31000). The processes are then incorporated at:

Company Level - into: 1. The company strategy, as reputation risk is closely monitored due to its potential effect on price and value; and 2. The Enterprise Risk Management (ERM) framework, risk register and risk profile. The company strategy and ERM are both reviewed and approved by the Executive Committee and the Board.

Asset level - through the implementation of our Sustainability Policy and our procedures to manage the assets which includes our internal Operational Performance Strategy, Climate Adaptation and Resilience Strategy and the Asset Efficiency Policy. These policies are designed to mitigate our direct impacts on climate change issue and to take the effects of climate change into account, provide guidance on how to mitigate these effects and build adaptation strategies and resilience.

CC2.1c
How do you prioritize the risks and opportunities identified?

Prioritising risks and opportunities associated with climate change utilises the enterprise risk framework and impact/likelihood process that is embedded through the organisation. The core drivers for prioritising the identified risks and opportunities are captured in the organisation-wide Impact Matrix, its categories being: Financial; Customer/Operations; Reputational; Regulatory/Legal; and People.These impacts are assessed along a severity axis, which comprises a five-part range of: negligible; minor; moderate; major; and severe. The impact categories and severities set out a 5x5 matrix which enables bands to be established to define how impactful and what priority level will attach to each risk, whether upside or downside risk. The financial impact components have an additional aspect, which provides bandwidth of monetary value for the 1-5 ranges of negligible to severe. These bands are set at the Novion Group level for the total organisation and corporate business units, and thereafter at an asset level, defined percentage ranges are used that is suitable to its specific operations to provide best context for the significance of an event at the asset level, and its position when considered on a group-wide basis.
Procedurally, the key mechanisms are established through the Risk Management Policy, supported through the Risk Appetite Statement and Enterprise Risk Profile, and then supported via the suite of sustainability policies. For specific risks and opportunities associated with climate change, they are assessed and prioritised against the 5x5 matrix based on a range of criteria including: prior experience; future activities; likelihood of exposure; current best practices and stakeholder expectations; macroeconomic trends and regulatory developments; and domestic or international influences regarding responsible investment practices.

CC2.2
Is climate change integrated into your business strategy?

Yes

CC2.2a
Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

(i) How the business strategy is influenced: Novion has a Climate Change Position Statement and a Risk Management framework for the management of its assets. Our PRI commitment and our Climate Change Position Statement form an integral aspect of the design of the 1 to 5 year business objectives planning and the long-term strategy of Novion. The management of these commitments, and those of the Sustainability Policy, are incorporated into the business model, strategic planning for each asset class, the management of specific assets individually, and the overall performance expectations of the products and services we deliver. Additionally, these plans are supported through a dedicated advocacy program, with a team of responsible investment professionals providing critical advice to the business and supporting it through representation to key government and industry bodies. Collectively, these elements work to set the operating parameters of Novion in terms of its target setting for actions identified elsewhere, and are actioned through the Sustainability Implementation Plans we have in place for each asset within Novion. These plans and the risk and opportunities relating to climate change are assessed on an asset by asset basis, as part of the Strategic Asset Planning process, on a quarterly basis. This is then rolled up to give an organisation wide view, and incorporated into asset and business strategies. The scope of the Strategic Asset Plan Process is to review all strengths, weaknesses, threats and opportunities, with climate change risk and opportunity included as part of this process. The Strategic Asset Plan process occurs annually, reviewed quarterly and also when required if asset conditions change or when issues are identified.
(ii) Aspects of climate change that have influenced the strategy: The overall vision is ‘to be the best in retail property’ which is driven by our best-in-class approach, including being part of the global leadership group on sustainability and responsible investment and management. Underpinning this are our business objectives, which are designed to achieve the strategy over the short, medium and long term horizon. We consider the short term time horizon to be 0-5 years, medium term 5-10 years, and long term 10-15 years and beyond. There has been no change to both the short and long term strategies since the last reporting period, given that climate change has been integrated into the time horizons. Climate change has been integrated into the long term Novion strategy through the asset operations which translates into financial risks; and through risk management and compliance where risk mapping is identifying that climate change is of increasing importance and focus for the business. Aspects are adaptation, mitigation and resilience.
(iii) Strategy for the short-term (short term = 0-5 years): There has been no change to the short term strategy since the last reporting period, given that climate change has been integrated into the time horizons. The focus is on adaptation to reduce carbon emissions and on mitigating the effects of climate change in running our buildings. Energy use and emissions are managed and analysed, through benchmarking tools like NABERS Energy, and then managed through efficiency measures to reduce emissions. Replacement of plant and equipment is analysed through their life-cycle with the aim being preparedness for climate extremes to ensure efficient operation of buildings and comfort conditions to occupants.
(iv) Strategy for the long-term (long term = 10-15+ years): There has been no change to the long term strategy since the last reporting period, given that climate change has been integrated into the time horizons. Our long term strategy has been influenced by considering resilience in all aspects of managing the business. It is about taking the long term effects such as increased intensity of weather events, floods, drought, heat, and cold into strategic planning. Ensuring that when refurbishing buildings these aspects are

taken into account to ensure resilience and that in new buildings, they are designed for the conditions expected from climate change.
(v) Strategic advantage: Addressing climate change provides Novion with a strategic advantage by ensuring that our retail tenants are offered efficient and lower carbon buildings. With increasing costs for energy, water, building materials and waste, it is economically more viable to have a more efficient building. Highly efficient buildings encourage greater demand from tenants, with lower operating costs, lower occupancy costs and lower vacancy rates (as well as less down time between tenants) and stronger rental growth. All of this results in assets with a lower risk profile and ultimately higher valuations. This strategy also provides investors with more confidence, putting upward pressure on Novion's share price. Short and longer term as part of this strategy, Novion has set NABERS Energy and NABERS Water ratings targets across the portfolio to encourage the continual improvement in the efficiency of Novion's portfolio of assets, targeting emission reduction of 1.5% by 2015, from the Trust's assets. (NABERS energy targets are effectively the emission reduction targets at individual assets). This strategy is important to our tenant engagement and satisfaction efforts as the achievement of better environmental outcomes from the building, benefits the building users and occupants, as well as the owner.
(vi) Resultant substantial business decisions: This year, we continued to drive and implement our substantial business decision to complete our formalised enterprise-wide assessment into "Climate adaptation" and this will help inform the short and long term strategy development and implementation processes described above. We have also improved our emission reduction target setting process over the past year. Our responsible investment professionals continue to actively engage with a range of industry and government bodies including: CDP Australia (eg presenting and attending key CDP events); Green Building Council of Australia (eg piloting their new Performance rating tool and Design certification of major developments); NABERS (eg Technical Working Group representation); Property Council of Australia (eg representation on the National Sustainability Roundtable); UNPRI; and Investor Group on Climate Change (eg representation on the Property Working Group).
The attachments include:
• Our Direct Property Sustainability Policy, which enumerates the actions we are committed to in terms of improving assets through the adoption of sustainable property management practice, and our expectation as to how those actions will achieve overall improvement to both the quality and lifespan of the asset, and maximise investor return. Similarly, • The Annual Report which includes a dedicated Sustainability Section under Responsible Property Investment (page 22-25).

CC2.2c
Does your company use an internal price of carbon?

No, but we anticipate doing so in the next 2 years

CC2.3
Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations

CC2.3a
On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Energy efficiency	Support with minor exceptions	Engagement with the Australian Federal Department of Industry on an aspect of The Energy Efficiency Opportunities Act prior to its repeal during 2014. This was in relation to the requirements to complete Energy Mass Balances on our properties.	For Novion to trial a different approach to that in legislation and apply the results over the portfolio to satisfy (in a deemed to satisfy) capacity to fulfil the regulatory obligations. We have found it is a more appropriate approach to fulfil the requirements of the Act.
Climate finance	Neutral	Through the Property Council of Australia, engagement with the Australian Federal Department of Environment in relation to the Emissions Reduction Fund (ERF) policy framework and property industry methdologies via the Department's Emissions Reduction Fund Reference Group and Building Energy Efficiency Technical Working Group. A number of barriers to entry under the property sector methodology, and the ERF policy framework more broadly, were identified. The barriers make it difficult for owners of existing commercial property, shopping centre owners in particular, to participate in the ERF.	Three key barriers for Novion include: tenor of crediting period; flexibility to accomodate sites subject to developments; and scale of minimum emission reductions. The solution to addressing the above issues will be through the tweaking of the existing methodology or the development of a new methodology that accommodates the needs of shopping centre owners. These views were shared with the Department of Environment.

CC2.3b
Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c
Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
		The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focussing on the impact that climate change has on the financial value of	Support - and continue to

IGCC (Investor Group on Climate Change)	Consistent	investments. The IGCC represents institutional investors, with total funds under management of approximately $1 trillion, and others in the investment community interested in the impact of climate change on investments. The IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuants and unit holders. We aim to: - Raise awareness of the potential impacts, both positive and negative, resulting from climate change to the investment industry, corporate, government and community sectors; - Encourage best practices approaches to facilitate the inclusion of the impacts of climate change in investment analysis by the investment industry; and - Provide information to assist the investment industry to understand and incorporate climate change into the investment decision.	work with the IGCC to strengthen the relevant positions, policies and guidelines relevant to property investment.
PCA (Property Council of Australia)	Consistent	The PCA's principal service to members is to champion their interests in the political arena. In the focus area of 'Environment' it advocates for a framework for sustainable development that recognises the role and interests of the property sector.	Support - and continue to work with the PCA to strengthen the relevant positions, policies and guidelines relevant to climate change risks and opportunities.

CC2.3h
What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

(a) Method of engagement: Novion subscribes to and supplies information to industry associations such as the Property Council of Australia (PCA) and the Green Building Council of Australia (GBCA), who engage directly with policy-makers on behalf of their members. We also engage directly ourselves with policy-makers as detailed in CC2.3(a) and we have supplied access to properties to the policy makers and their consultants to explore the practical implications of proposed legislation. All engagement related to climate change matters is coordinated through and overseen by the Senior Manager, Sustainability (as per the Industry and Government engagement commitments in the Sustainability Policy), and they ensure that activities are consistent with the Climate Change policy.
(b) Topics of engagement: The topics generally have related to the proposed legislation changes in regard to the Australian Government's climate change legislation. For example, the previous government's package of legislation relating to the carbon pricing mechanism and its related implications in regard to policy to our property assets, and the implication to investors; and more recently, the current government's emission reduction fund on the practicalities of participation in the fund.
(c) Nature of Engagement: This involves responding via the industry bodies to draft policy, legislation and other action on mitigation or adaptation, through research and by providing practical examples and results of the proposed policies, by example to the assets we manage. Sometimes the engagement is in support of climate adaptation proposals, and other times against proposed policies where these have not been thought through and result in impractical results for operators and investors.
(d) Actions Advocating: Our actions have encouraged endorsement of practical, low cost carbon mitigation actions and disclosure in regard to our assets and funds. Specific actions advocated have included showing support of development of both performance and design based green building rating tools, and assisting the PCA and GBCA which guide the real estate Industry to improve energy and GHG reporting.

CC2.4
Would your organization's board of directors support an international agreement between governments on climate change, which seeks to limit global temperature rise to under two degree Celsius from pre-industrial levels in line with IPCC scenarios such as RCP2.6?

No opinion

CC2.4a
Please describe your board's position on what an effective agreement would mean for your organization and activities that you are undertaking to help deliver this agreement at the 2015 United Nations Climate Change Conference in Paris (COP 21)

An effective agreement at the 2015 United Nations Climate Change Conference would significantly improve our ability to progress our policy commitments outlined in our board approved Climate Change Policy. It would contribute to providing a clear terms of reference for our organisation that we can point to in driving those commitments and through our interaction with internal and external stakeholders. The action we have taken in the lead up to the conference is to note our ongoing support for the reporting of climate change information in mainstream filings, as evidenced by our existing approach to include relevant information in our Annual Report, Investor Presentations and other public announcements.

Further Information

Attachments

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC2.Strategy/Novion_DirectPropertySustainabilityPolicy.pdf

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC2.Strategy/Novion climate change position statement.pdf

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC2.Strategy/CFX 2014 Annual Report (web).pdf

Page: CC3. Targets and Initiatives

CC3.1
Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute and intensity targets

CC3.1a
Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
Abs1	Scope 1+2+3	100%	0%	2006	107184	2013	This absolute target is internal and has been set for the benefit of having a KPI to track the operational performance of the assets. This target is set from "bottom up" forecasts, taking into account a combination of historical trends, business changes and emissions reduction projects. The Operational Performance Strategy (OPS) informs the process for setting the asset based targets, over the whole portfolio, and provides guidance on emissions reductions. With further roll-out of the OPS we expect the absolute reduction targets will be expanded over the long term.
Abs2	Scope 1+2+3	100%	0.1%	2006	107184	2014	This absolute target is internal and has been set for the benefit of having a KPI to track the operational performance of the assets. This target is set from "bottom up" forecasts, taking into account a combination of historical trends, business changes and emissions reduction projects. The Operational Performance Strategy (OPS) informs the process for setting the asset based targets, over the whole portfolio, and provides guidance on emissions reductions. With further roll-out of the OPS we expect the absolute reduction targets will be expanded over the long term.
Abs3	Scope 1+2+3	100%	1.5%	2006	107184	2015	This year, we are transitioning our reporting boundary methodology for environmental metrics as we want to highlight our management approach that applies to all owned and managed assets, and results in improvements across our entire portfolio. Previous CDP submissions have been for the CFS Retail Property Trust and on that basis focused on our directly owned portfolio only, with the reporting boundary based on equity share. As a result of our de-merger from the Colonial First State Global Asset Management wealth management division of the Commonwealth Bank of Australia Group and transition from a listed property trust to a listed property company, it is appropriate that our climate change reporting boundary transition from equity control to operational control. This year's submission is therefore reflective of the whole of Novion's business, including its strategic partnerships. Any reference to 'our' assets or properties should be taken to mean all of the assets we manage, both directly owned and those managed for our strategic partners. We will make explicit 'our own' or 'our direct' assets when we are referring to Novion's directly owned properties in this submission. Based on this change, Novion will reassess its approach to target setting, and update this in subsequent years. However, for this submission we have reported against our target based on the equity control boundary or 'our direct' assets as per prior CDP submissions. As a new company, we are in the process of redefining our corporate sustainability strategy including short and long term targets and objectives, which we will give an update on in next year's submission.

CC3.1b
Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment

Int1	Scope 1+2+3	100%	11%	metric tonnes CO2e per square foot	2006	107184	2013	This intensity target is internal and has been set for the benefit of having a KPI to track the operational performance of the assets and benchmarks emissions intensity for our assets. This target is set from "bottom up" forecasts, taking into account a combination of historical trends, business changes and emissions reduction projects. The Operational Performance Strategy (OPS) informs the process for setting the asset based targets, over the whole portfolio, and provides guidance on emissions reductions. With further roll-out of the OPS we expect the absolute reduction targets will be expanded over the long term.
Int2	Scope 1+2+3	100%	15%	metric tonnes CO2e per square meter	2006	107184	2014	This intensity target is internal and has been set for the benefit of having a KPI to track the operational performance of the assets and benchmarks emissions intensity for our assets. This target is set from "bottom up" forecasts, taking into account a combination of historical trends, business changes and emissions reduction projects. The Operational Performance Strategy (OPS) informs the process for setting the asset based targets, over the whole portfolio, and provides guidance on emissions reductions. With further roll-out of the OPS we expect the absolute reduction targets will be expanded over the long term.
Int3	Scope 1+2+3	100%	16%	metric tonnes CO2e per square meter	2006	107184	2015	This year, we are transitioning our reporting boundary methodology for environmental metrics as we want to highlight our management approach that applies to all owned and managed assets, and results in improvements across our entire portfolio. Previous CDP submissions have been for the CFS Retail Property Trust and on that basis focused on our directly owned portfolio only, with the reporting boundary based on equity share. As a result of our de-merger from the Colonial First State Global Asset Management wealth management division of the Commonwealth Bank of Australia Group and transition from a listed property trust to a listed property company, it is appropriate that our climate change reporting boundary transition from equity control to operational control. This year's submission is therefore reflective of the whole of Novion's business, including its strategic partnerships. Any reference to 'our' assets or properties should be taken to mean all of the assets we manage, both directly owned and those managed for our strategic partners. We will make explicit 'our own' or 'our direct' assets when we are referring to Novion's directly owned properties in this submission. Based on this change, Novion will reassess its approach to target setting, and update this in subsequent years. However, for this submission we have reported against our target based on the equity control boundary or 'our direct' assets as per prior CDP submissions. As a new company, we are in the process of redefining our corporate sustainability strategy including short and long term targets and objectives, which we will give an update on in next year's submission

CC3.1c
Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
Int1	Increase	2.4	Increase	27	The increase in absolute emissions is attributable to increased size and total area of the portfolio following acquisitions and development since the base year. The Novion Operational Performance Strategy (OPS) at this point is 3 years into a 4 year roll-out. This means that any reduction in emissions are, at this stage, coming from a very significant reduction at a small number of sites. The magnitude of portfolio reductions will increase significantly over the coming years as the OPS roll-out continues. The increase in Scope 3 emissions is primarily driven by the increased portfolio size and associated waste being generated and the continual improvement in capturing data from impacts from waste.
Int2	Decrease	2.3	Increase	20.4	The increase in absolute emissions is attributable to increased area of the portfolio following acquisitions and development since the base year. This means that the reduction in emissions intensity, at this stage, is coming from the significant emissions reduction activities across a number of assets as they drive towards the benchmark target for our assets. The magnitude of portfolio reductions will increase significantly over the coming years as the

					OPS roll-out continues. The increase in Scope 3 emissions is primarily driven by the increased portfolio size and associated waste being generated and the continual improvement in capturing data from impacts from waste.
Int3	Decrease	3.7	Increase	18.5	The increase in absolute emissions is attributable to increased area of the portfolio following acquisitions and development since the base year. The magnitude of portfolio reductions will increase significantly over the coming years as the OPS roll-out continues. As a new company, we are in the process of redefining our corporate sustainability strategy including short and long term targets and objectives, which we will give an update on in next year's submission. The increase in Scope 3 emissions is primarily driven by the increased portfolio size and associated waste being generated and the continual improvement in capturing data from impacts from waste.

CC3.1d
For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
Abs1	100%	100%	This absolute target has been impacted by the increase in emissions from an increasing portfolio size, in number of assets and total area.
Int1	100%	100%	This target was established as an intermediary to the full deployment of the Operational Performance Strategy across all of the retail assets. After the roll-out finishes (FY13/14) and site level improvement schedules are developed across the whole portfolio, detailed (bottom up) and long term targets will be used as part of the operational process. So far the program has yielded NABERS ratings (performance benchmarking) across 21 of the total 30 assets and improvement plans for 18 of the assets. At 5 sites so far, we have been successful in securing federal government co-contributions to significant energy efficiency upgrades of the centres, and wholly owner funded projects are under-way at the remaining properties
Abs2	100%	100%	This absolute target has been impacted by the increase in emissions from an increasing portfolio size, in number of assets and total area.
Int2	100%	100%	This target was established as an intermediary to the full deployment of the Operational Performance Strategy across all of the retail assets. After the roll-out finishes (FY13/14) and site level improvement schedules are developed across the whole portfolio, detailed (bottom up) and long term targets will be used as part of the operational process. So far the program has yielded NABERS ratings (performance benchmarking) across 21 of the total 30 assets and improvement plans for 18 of the assets. At 5 sites so far, we have been successful in securing federal government co-contributions to significant energy efficiency upgrades of the centres, and wholly owner funded projects are under-way at the remaining properties
Abs3	87.5%	100%	This absolute target has been impacted by the increase in emissions from an increasing portfolio size, in number of assets and total area.
Int3	87.5%	100%	This target was established as an intermediary to the full deployment of the Operational Performance Strategy across all of the retail assets. After the roll-out finishes (FY13/14) and site level improvement schedules are developed across the whole portfolio, detailed (bottom up) and long term targets will be used as part of the operational process. So far the program has yielded NABERS ratings (performance benchmarking) across 23 of the total 28 assets and improvement plans for 20 of the assets. At 5 sites so far, we have been successful in securing federal government co-contributions to significant energy efficiency upgrades of the centres, and wholly owner funded projects are under-way at the remaining properties.

CC3.2
Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

CC3.2a
Please provide details of how the use of your goods and/or services directly enable GHG emissions to be avoided by a third party

1. The efficiency of our properties directly enables Scope 1, 2 & 3 emissions to be avoided by a third party, particularly relating to our tenants.
The implementation of energy and waste efficiency initiatives can deliver significant scope 1, 2 & 3 emissions reductions, Novion's Operational Performance Strategy (OPS) has identified and implemented a range of technologies including energy-efficient HVAC systems, efficient lighting, the optimisation of building management systems, and advanced integration and planning of energy efficiency and emission avoidance opportunities for major building upgrades and developments. An example of the GHG emission impact of a project can be demonstrated through a case study on Clifford Gardens Shopping Centre.

Our goal since 2006 has been to improve the overall efficiency of the building and recently to improve the NABERS Energy rating, and to do this we have used life cycle analysis on major capital items, and replaced plant and equipment where deemed suitably beneficial, undertaken energy and water reticulation analysis, optimised the HVAC system including installing 2 low Load Chillers, 3 Variable Speed Drives (VSDs) onto AHU 1, 2 and 2A, high efficiency supply air fan motors, reprogramming the control strategy for 23 PAC Units, 5 AHU, and 48 Electric Duct Heaters, chilled water balancing, centralised 3 major HVAC DX units to common chilled water, and an effective system for monitoring energy performance at the centre.
ii. At Clifford Gardens, since 2006 baseline year the savings have been 1,800 tonnes C02e (Full fuel cycle emissions savings 2,200 tonnes CO2e (Scope 1, 2 & 3)) in emissions. This also has reduced electricity by 23%, equating to a saving of 780,000 kWh in electricity, and in the order of $339,000 in financial savings. The base building NABERS Energy rating is now 3.5 (3.75 decimal) stars.
This strategy has been implemented across our entire portfolio. To date, the total avoided GHG emissions from our 'direct' portfolio, is approximately 79,000 tonnes CO2e (since our baseline 2006) which equates to $11.2 million in avoided costs.
iii. The methodology used to measure these outcomes is undertaken through the extensive utility sub-metering, monitoring and analysis system that is installed throughout Clifford Gardens. All assets within Novion will have a similar building management system functionality which is referred to in the OPS.
The emission factors used were 0.94 kg C02-e / kwh (GWP source is IPCC Second Assessment Report (SAR - 100 year) please refer to attachment in CDP response 7.2,).
Electricity savings were based on current average 0.17c\kWh. Supporting Programs consist of Tenancy Design and Development Guidelines which allows both Novion and its tenants to improve the carbon performance of its assets while removing the barriers to energy efficiency. Novion is currently in the process of developing a methodology to quantify the GHG emissions avoided by its tenants due to the installation and ongoing management of energy efficiency initiatives,
The development of this methodology will also take into consideration any existing and future opportunities to create carbon credits in national or international schemes however at the present time the emission reduction initiatives we are implementing do not qualify for CERs or ERUs. Some Australia based schemes being utilised for carbon abatement include the state government's Energy Savings Scheme and Victorian Energy Efficiency Target which provide financial incentives from generating certificates for implementing prescribed energy efficiency projects such as lighting upgrades.

CC3.3
Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

CC3.3a
Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	319	
To be implemented*	63	3325
Implementation commenced*	68	4870
Implemented*	328	37029
Not to be implemented	49	

CC3.3b
For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building services	Retrofitting lighting: LED lighting upgrades. Altona Gate, Castle Plaza, Eastlands, Elizabeth, Grand Plaza, Keilor, Myer Centre Adelaide and Queens Plaza all implemented LED lighting upgrades in 2014 as part of a national program progressively rolling out across all assets where applicable. Apart from significant energy savings, the LED technology also reduces lamp replacement costs and maintenance due to the long life time of the lamp.	1110	Scope 1 Scope 2 Scope 3	Voluntary	254339	779160	1-3 years	6-10 years	

Energy efficiency: Building services	Energy efficient HVAC equipment: Install Economy Cycle Function at Corio Shopping Centre on PAC-MM1, PAC-MM2, PAC-R1	112	Scope 1 Scope 2 Scope 3	Voluntary	6000	18000	4-10 years	11-15 years
Energy efficiency: Building services	Energy efficient HVAC equipment: Control strategies to optimise HVAC controls at Elizabeth, including chiller and PAC unit controls	229	Scope 1 Scope 2 Scope 3	Voluntary	38100	37000	<1 year	11-15 years
Energy efficiency: Building services	Building EMS: BMS control of evaporative coolers in Food Court tenancies at Elizabeth	10	Scope 1 Scope 2 Scope 3	Voluntary	2000	8000	4-10 years	11-15 years
Energy efficiency: Building services	Building EMS: Re-program the Building Management System (BMS) controls at Forest Hill Chase	777	Scope 1 Scope 2 Scope 3	Voluntary	57200	25000	<1 year	11-15 years
Energy efficiency: Building services	Building EMS: Introduce Enthalpy Control to BMS system for more efficient HVAC function at Keilor Downs	86	Scope 1 Scope 2 Scope 3	Voluntary	9000	1500	1-3 years	11-15 years
Energy efficiency: Building services	Energy efficient HVAC equipment: Optimise minimum outside air damper percentage opening at Lake Haven	150	Scope 1 Scope 2 Scope 3	Voluntary	21000	29000	1-3 years	11-15 years
Energy efficiency: Building services	Energy efficient HVAC equipment: Implement Demand Ventilation at Lake Haven	29	Scope 1 Scope 2 Scope 3	Voluntary	4100	11850	1-3 years	11-15 years
Energy efficiency: Building services	Energy efficient HVAC equipment: PAC unit compressors at Lake Haven	21	Scope 1 Scope 2 Scope 3	Voluntary	3150	7150	1-3 years	11-15 years
Energy efficiency: Building services	Energy efficient HVAC equipment: VSDs on carpark ventilation fans at Myer Centre Brisbane	2644	Scope 1 Scope 2 Scope 3	Voluntary	181476	344804	1-3 years	11-15 years

CC3.3c
What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	Energy and waste reduction targets. Each year an indicative energy reduction performance target set for each asset. The targets are set in collaboration with asset operations teams, and monitored throughout the year to track progress to target.

Compliance with regulatory requirements/standards	Energy Efficiency Opportunities Act (EEO). Novion has implemented a program to comply with the Australian Government's EEO legislation. This requires assessment and public reporting of energy efficiency opportunities available within the portfolio. The implementation of the Operational Performance Strategy satisfies all EEO obligations. The EEO legislation has been repealed, however the framework implemented is still used to drive emissions reduction activities.
Internal incentives/recognition programs	Energy and Waste reduction targets. As part of the Operational Performance Strategy, each year a bottom up analysis of the portfolio is conducted to forecast the improvement in energy and waste emissions reduction performance at each asset. From this baseline a portfolio wide target is calculated and multi-site programs are developed to further drive improvement in the targets. The absolute portfolio target is calculated and publicly committed to in the annual report. The site teams are assessed against these targets as part of their performance reviews.
Financial optimization calculations	Sustainability Improvement Plans (SIP). As part of the Operational Performance Strategy, every 3 years action plans for improving the operational efficiency performance of each asset are developed. These plans provide a suite of potential emission reduction activities, including a cost benefit analysis. These activities are prioritized and included in planning for the asset. The SIPs are updated each year to track implementation of the action plan and emissions reduction initiatives.

Further Information

Page: CC4. Communication

CC4.1
Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document
In mainstream financial reports but have not used the CDSB Framework	Complete	Annual Report - Pages 22-25	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC4.1/CFX 2014 Annual Report (web).pdf
In other regulatory filings	Complete	Annual Results Presentation - Slides 8 and 21	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC4.1/140821-cfx-annual-results-presentation-final-2pp.pdf
In other regulatory filings	Complete	Interim Results Presentation - Slide 24	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC4.1/150218-hy15-results-preso-final-2pp.pdf
In other regulatory filings	Complete	Interim Results Investor Review - Page 4	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC4.1/150218-hy-investor-review-final.pdf
In voluntary communications	Complete	Website - http://novion.com.au/about-us/sustainability	

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1
Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

CC5.1a
Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Emission reporting obligations	Emission reporting obligations which Novion is currently required to participate include: National Greenhouse and Energy Reporting (NGER) Act (2007); and State based Environmental schemes. To avoid fines and penalties, this risk requires Novion to ensure it has robust systems in place to collate data, analyse and report.	Increased operational cost	>6 years	Direct	Virtually certain	Low-medium	Annual cost of maintaining a data management system, collecting data, and doing audits of the assets. Financial implications are now considered part of normal business as we have been doing this for a number of years. Potential for financial penalties for non-compliance with the NGER Act are in the order of $340,000.	An environmental data management system has been embedded into standard business processes for many years accompanied by a regular audit and assurance program since 2010.	Annual cost of maintaining a data management system, collecting data, and undertaking external assurance of data and systems in place is around $250,000 which includes reporting assistance and annual assurance costs. Since the requirements of this legislation commenced in 2008, we have spent up to $1,000,000 in management costs to ensure compliance.
Uncertainty surrounding new regulation	The Australian Government has repealed the carbon pricing mechanism (CPM), which was effectively a cap and trade scheme to drive least cost abatement throughout the economy. The Australian Government now has in place the Emissions Reduction Fund (ERF) that effectively acts as a reverse auction for emissions abatement. This regulation is currently not a practical legislative instrument to support ongoing emission reduction in most property companies, and particularly our business, due to the onerous legislative requirements and emissions reduction threshold	Other: Business uncertainty	1 to 3 years	Direct	Very likely	Low	The CPM repeal has reduced our total energy spend by approximately $2,500,000 per year. However reduced energy prices have impacted the strength of the business case for emission reduction initiatives linked to energy reduction. The CPM allowed for a simple understanding of the business case as avoidance of pass-through costs translate easily into financial benefits for our business and tenants. The cost of participating in the ERF has not been	Participation in ERF conferences and monitoring the progress of the legislation and underlying methdologies to see if the ERF will be amended to assist property companies to participate. We are also lobbying through our industry associations, including the Property Council of Australia, NABERS Program, Green Building Council of Australia and Investor Group on Climate Change.	No major costs at this stage, but management effort and cost is required to continually monitor and understand the regularly changing policy landscape, and it is estimated that this translates to $10,000 to $20,000 in management costs per year.

	requirements. The risk to Novion is potentially reduced investment in emission reduction activities, and increased administrative and management burden to participate in the ERF.						has not been accurately assessed due to its current barriers to entry for our business but the existing requirements of the scheme in its current form could translate to greater than $250,000 per year if we were to participate.	Regardless, we continue implementing our energy efficiency and carbon reduction programmes.	
Renewable energy regulation	The Australian Government has undergone a review of the Renewable Energy Target (RET) legislation that has created significant uncertainty over 18 months mainly due to the reduction in the generation target from 41,000 Gigawatt hours to 33,000 Gigawatt hours. This has directly impacted the renewable energy industry and caused an indirect effect on the economy, due to uncertainty within the renewable energy investment market. The uncertainty has a flow-on effect to Novion and increases the risk of making our own investment decisions in relation to renewable energy generation.	Other: Business uncertainty	Up to 1 year	Direct	Very likely	Low	Additional management time and effort being spent to increase due diligence in assessing the business case for renewable energy generation across our property portfolio. This increase in management effort is estimated to $10,000 to $20,000 per year.	Wait and see what the revised RET target will do to the renewable energy sector. Also, continue investigation of the business case for renewable energy generation across our property portfolio.	No major costs at this stage, but management effort and cost is required to continually monitor and understand the regularly changing policy landscape, and it is estimated that this translates to $10,000 to $20,000 in management costs per year.
	The Australian Government, Department of Industry and Science has commissioned an independent review of the Commercial Building Disclosure (CBD) Program						Our management approach to data management and emission reduction efforts and disclosure put us in good stead to respond to this legislation and therefore have mitigated most potential risks. Any subsequent costs would be in the form of additional management effort to manage any requirements	We are lobbying through our industry association, the Property Council of Australia. However, our current management	Additional management time and effort to manage and coordinate the requirements of the program (approximately

Emission reporting obligations	(that requires energy efficiency information to be provided when commercial office space of 2000 square metres or more is offered for sale or lease). One of the areas of consideration is the extension of the program to other asset types, such as shopping centres. As a shopping centre property investor, this presents a potential regulatory risk to Novion.	Increased operational cost	>6 years	Direct	More likely than not	Low	of the program, possible consulting fees and application lodgement fees which would be less than $5,000 per asset. Furthermore, the flow on impact of mandatory disclosure of building efficiency is a manufactured competitive market for efficient assets that subsequently impacts asset values and ability to sell. The financial impact of this is uncertain and difficult to estimate for shopping centres where the legislation does not yet exist.	management approach by establishing programs that undertake the majority of potential requirements and continuing our environmental efficiency and carbon reduction programs limit our potential exposure to further cost increases from these types of legislative changes.	$20,000 per year), and consulting fees could vary significantly based on the volume of transactions that may trigger relevant legislative requirement, with an average cost during a typical year of approximately $100,000.
General environmental regulations, including planning	Potential for changes to general environmental regulations has created uncertainty around our environmental management and due diligence approach to acquisitions and divestments, and developments. This could be in the form of more stringent Environmental Management Plans as well as the proposed updates in legislation from the current review of the "Environmental Protection and Biodiversity Conservation Act" and the proposed National Wildlife Corridors plans. Additionally the productivity commission is currently looking into ways to reduce emissions and increase efficiency, and one potential outcome is a more stringent Building Code of Australia (BCA).	Increased capital cost	3 to 6 years	Direct	More likely than not	Low-medium	Expected to be an increase in cost of consulting for assessing changes to environmental legislation and the potential impact on our business. Estimated at approximately $50,000 per annum.	Specify increased work as part of the implementation of development and reconfiguration works to buildings. This means that development and reconfiguration costs would increase.	Management costs are difficult to estimate but could be an additional $50,000 consultant cost.
								We are

Voluntary agreements	Green Star Performance and the National Australia Building Efficiency Rating System (NABERS) are national schemes used to benchmark the efficiency of properties. These methodologies are and have been used in the past as the standard to applying for various government funding programs. The increased number of voluntary agreements and the increases in the breadth and depth of requirements poses an operational and financial risk to Novion in relation to obtaining funding towards our programs.	Increased operational cost	1 to 3 years	Direct	Likely	Low-medium	Current funding availability and risk to obtaining access to funding in unknown at this stage. Financial implications if both are required could see increases in costs to our existing program – up to $20,000 per asset per funding application if Green Star is required over and above NABERS.	currently undertaking a trial of the Green Star Performance to better understand this voluntary rating tool. A clear example of how we are managing the risk of access to funding is through our public commitment and policy is to undertake NABERS ratings across all rateable assets each year. NABERS ratings across our portfolio are renewed annually and managed within the Sustainability team's regular program of works. This allows Novion to meet the requirements of most existing and future funding mechanisms.	Green Star performance costs of undertaking the trial has been estimated to be around $20,000 from mainly internal resources NABERS ratings are in the order of $3,000 per asset.

CC5.1b
Please describe your inherent risks that are driven by change in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	The frequency of extreme weather events such as droughts, flooding, dust storms, heat waves, extreme cold and tropical cyclones is predicted to increase due to climate change, and therefore affect the						Financial impact can be difficult to forecast as it depends on the nature and intensity of the event, however the	This management of this risk is integrated by strictly monitoring and improving our insurance cover, to ensure cover for increased physical risks due to climate change To address these risks we have quarterly risk management meetings between the operational teams, risk and compliance personnel. External risk management advisers address our approach to risks at our assets (including physical risks) and the appropriateness of our risk program and insurance coverage. We also focus on improving the operational	During 2014 we experienced no material increase in insurance costs; however there is the expectation that insurers will want to recuperate their losses through increased premiums. We require our

Other physical climate drivers	affect the operating conditions for shopping centres. Possible damage to building fabric; Increase in insurance premiums; Disruption to property operations and customer traffic; Increased energy and water consumption, if not mitigated. Extreme weather events can and do inflict general property damage and disruption to Novion centres across affected areas, impacting net property income, tenant revenues and maintenance of safety levels.	Other: Several impacts including: increased insurance costs, potential disruption to business, reduction in productive capacity	>6 years	Direct	Likely	Medium	however the 2011 flood events in QLD resulted in over $2,000,000 in costs and for Runaway Bay was in the order of over $40,000. The uncertainty and scale of impact are sufficiently material such that all potential assets for acquisition are assessed on their exposure and vulnerability to weather extremes.	performance and undertake initiatives to mitigate as much risk as possible. For new developments we comply with environmental planning laws regarding the location and design of our assets appropriate to the environmental risks prevalent. For sites that we may acquire, we undertake a review of the climate risks during our due diligence process, and during 2014 a number of sites were found to be exposed to sufficiently material levels of climate related risks such that they influenced the acquisition negotiation process. An example of how we monitor the appropriateness of our insurance was to undertake a review after the Queensland floods in January 2011 of all of our insurance policies to ensure that our level of cover is appropriate.	developments to have a 5 star Greenstar rating to mitigate physical risks. The cost of these 5 star ratings varies, but a rule of thumb is 5% average additional cost to secure these essential ratings for new buildings. During asset acquisition processes, additional due diligence of exposures and vulnerabilities can result in additional management effort ranging from $10,000 to $50,000 depending on the nature of exposure or vulnerability.
								The management approach is to offset an increasing price of water by reducing reliance on mains water and implementing mitigation measures for times of water scarcity. The Novion Operational Performance Strategy (OPS) is an operational document guiding the business to increase the eco-efficiency across its assets, mainly focussing on our key environmental impacts of energy & greenhouse gas emissions, water, waste and establishing a systematic approach to monitoring and measuring our performance. We	The OPS is integrated into the business and is managed by sustainability department within Novion at an estimated cost of $250,000. The cost to undertake water assessments is around $90,000

Change in precipitation pattern	Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher associated energy and water supply costs for Novion. These increased operating costs affect the profitability of our centres and their value.	Increased operational cost	>6 years	Direct	Likely	Low-medium	The impact of changes to precipitation patterns and water scarcity could result in higher costs of water. For example, if our cost of water use went up by 20% this would results in an additional $2,200,000 cost to Novion and its retailers, since some of this cost would be borne by tenants.	undertake water assessments of our asset to identify measures to reduce our water consumption and dependency at our assets which are then built into our Sustainability Implementation Plans (SIPs) to be implemented on an ongoing basis, which includes measures such as rainwater harvesting, water efficient fixtures and fittings, and water monitoring. We also address water efficiency through our centre upgrade design standards, and as part of our amenities upgrade programs we have progressively been upgrading our amenities to water efficient equipment such as waterless urinals, and low-flow taps as a minimum specification WELS 4 star (refer attached DFO Moorabbin Specification). The design standards also include our developments and extensions. In our recently completed developments (Rockingham, Chadstone, Chatswood, Northland) we have introduced water efficiency measures such as water harvesting and introducing water efficient fixtures and fittings (including waterless urinals).	$90,000 across our portfolio. Since the implementation of the OPS in 2006, we have invested around $3,000,000 on water efficiency measures such as rainwater harvesting, water efficient fixtures and fittings, and water monitoring. This has resulted in a reduction of our water intensity by 25% across our portfolio since 2006. The cost to undertake water efficiency sustainability initiatives as part of the upgrade and development of these assets was not considered material relative to overall development costs.
	Predicted and observed increases in volume and speed of						If roof and gutter design and specifications are not capable of handling greater volumes of water, this can impact roof integrity and create significant damage to the building roof structure as well as common	Building strength and services capacity is reviewed on a quarterly basis, with operational and capital expenditure processes used to invest in improving asset resilience to	The management costs associated per instance of roof leaks is estimated around $2,000 per event, extrapolated over a year and across our

Change in precipitation extremes and droughts	precipitation due to climate changes are resulting in increased instances of property failures and damage, via a combination of insufficient building services capacity within our assets and associated public infrastructure. These increased operating costs, unless they are able to be passed onto tenants, insurers or infrastructure providers, affect the profitability of our centres and their value.	Increased operational cost	>6 years	Direct	Likely	Low-medium	areas and tenant spaces. Water entering our centres also pose potential safety risks to our employees, tenants and shoppers. In most cases, these costs are insurable, but excesses per claim and management efforts can still be borne by the business. Minor damages can average between $2,000-5,000 per incident through to major damages that can avergage between $100,000-250,000 per incident dependant on the severity of precipitation events.	ensure continued trading for tenants and shoppers. Another approach we are taking is through our “Climate Adaptation and Resilience Strategy”. Novion commenced a structured approach to climate adaptation in the past year, that commenced with a portfolio-wide risk assessment to more systematically understand the nature and extent of our exposures based on the latest available science and forecasts. This body of work will inform and strengthen our asset management processes described above.	portfolio is an annual cost of around $250,000, with the potential to increase with changes in intensity of precipitation patterns. The ongoing strengthening of our resilience and management approach from a portfolio perspective is included within the Sustainability team’s program of works, and is estimated to be approximately $100,000 per year, addressing all the risks outlined in this table and question.
Change in temperature extremes	Changes to extremes in temperatures is likely to put excess demand on the HVAC requirements of our assets. If plant is unable to operate as designed due to temperature extremes, Novion may not be able to maintain adequate levels of tenant and shopper comfort leading to loss of rent. Higher temperatures and prolonged periods of high temperatures will place pressure on energy demand which may cause	Increased operational cost	>6 years	Direct	Likely	Medium	The implications are increased energy consumption and energy demand coupled with the increasing electricity prices For example a 10% increase in energy cost across the Novion portfolio would equate to an estimated increase of $2,000,000. The cost of HVAC	To mitigate this risk, we focus on improving the overall energy efficiency of our assets as well as reducing our overall consumption. Novion has implemented an Operational Performance Strategy along with other physical efficiency monitoring, management and educational tools to improve the overall efficiency of its portfolio. Building Management Software has also been utilised across many of our centres to provide monitoring functionality at Novion assets which has assisted in identifying and rectifying HVAC issues and optimisation measures which are estimated to have avoided around $300,000	The OPS is integrated into the business and is managed by the Sustainability department within Novion at an estimated annual cost of $250,000 with associated energy related program costs of around $1,000,000 per annum across our

	may cause electricity retailers to either have power failures or outages impacting our centres' ability to operate and trade.						efficiency upgrade projects for 2014 totalled approximately $15,000,000.	in energy costs. Novion has also targeted reduction in energy use since FY11, while also undertaking a number of initiatives to reduce overall portfolio consumption. In summary HVAC related projects with efficiency gains were undertaken across 10 properties totalling 15 projects delivering projected annual savings of $284K and 454MWh.	across our portfolio.

CC5.1c
Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Induced changes in human and cultural environment	Changes to demographics in relation to the nature and size of trade areas, and consumption patters and propensities could result. These need to be studied and factored into long term planning for Novion's assets. Novion's assets that are located in low lying coastal areas could be impacted by reduced trade area through rising sea levels.	Other: Could be a broad range of impacts which are difficult to quantify, but could include reduced market penetration for our centres and vice versa.	>6 years	Direct	More likely than not	Medium	The implications could be the loss of our target market which could have implications in a reduced service offering to a reduced client base: tenant trade issues. A 10% drop in retail trade, could ultimately translate into a 10% drop in rental income could translate into $850,000 cost to the business. This is not forecast in the short or medium-term, but we are mindful of the longer term threat over the next 20-50 years.	The on-going monitoring of the catchment area in terms of demand and changing trends, via surveys, the tenant's turnover and trade will also be monitored. Monitoring sea-level rise is on the radar of our Risk Management Committee, but is not something that changes materially on a quarterly basis. One approach we are taking is under our "Climate Adaptation and Resilience Strategy". Novion will start a structured approach to climate adaptation this year.	The costs in monitoring will not be large, as this active management and monitoring is business as usual in shopping centres and their catchments, so effectively at $0 in year one. In terms of our "Climate Change and Adaptation Strategy", adaptation can be costly over the total portfolio that is why we will be addressing the overview, and detailed examination of one asset. We believe this investigation will cost in the region of $40,000 in FY14.
	Management of reputation risks is becoming increasingly critical for Novion as increased focus on climate change issues occurs. Several large Global pension funds							We address this risk, by improving the efficiency of our assets, by reporting on our achievements that are	

Reputation	are using sustainability as a key criterion when selecting investments such as Novion; a trend which is becoming increasingly pertinent to investment funds (particularly pension funds that have a particular interest/ responsibility in long-term investment) across the world. An impact on Novion's reputation could translate into rising costs of debt and equity, and the reduced ability to retain key staff members. At this point in time, a selection of investors are actively focused on our approach to sustainability, but there are a few large investors who are now showing signs of becoming more active in their investigations into these risks. A poor reputation can lead to a lack of investor confidence, put downward pressure on the share price, and make it difficult (and costly) to raise debt and equity which is a normal part of managing a listed property trust. This would mean that we would lose a competitive edge and would have a reduced number of opportunities for investment (which is material but difficult to quantify in terms of the impact on the growth of the business) as well as some indirect impacts such as rising cost of debt (through low investor confidence), the inability to keep good staff, thus damaging Novion's potential performance going forward.	Reduced stock price (market valuation)	>6 years	Direct	Likely	Medium-high	The reputation impact would have an impact on Novion. A poor reputation can lead to a lack of investor confidence, put downward pressure on the share price, and make it difficult (and costly) to raise debt and equity. For example if Novion wanted to raise $200m and its unit price fell 10%, then it would have to issue 11% more units to raise $200million. Assuming an annual distribution of 13.6 cents, an initial trading price of $2.20, then a 10% fall in price would cost an extra $1,400,000 in dividend.	recognised in international surveys and then reporting this information regularly to our investors. To manage our reputation risk in addition to undertaking to improve the efficiency of our portfolio, we continue to report (to our debt and equity investors) on our achievements through reporting to FTSE4Good since 2001, DJSI since 2004, GRESB since 2009, and CDP since 2006. We also do voluntary investor surveys through researchers such as Sustainalytics and Trucost and PRI questionnaires. We report on sustainability every six months as part of our statutory reporting including a full review of our sustainability achievements (and review of commitments) in our annual report. In addition we also hold regular one on one meetings with sell side analysts and buy-side institutional investors (both domestic and international).	The cost of mitigating our reputation risk is in the form of personnel across Novion. The additional cost is estimated at around $650,000 per year across Novion and its managed funds. In terms of our debt costs, if our reputation was spoiled by poor sustainability credentials to the extent of a downgrade in our debt the impact of a downgrade in Novion's debt rating by one notch could cost the company in the order of 5 to 10 basis points of additional debt cost (or $1-3 million pa on $2.5bn of debt).

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in physical climate parameters
Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Emission reporting obligations	Novion's focus of energy and water efficiency and improved waste reduction/diversion causes changes in management approach and therefore translates into reduced operating costs. Novion recognises the opportunities that arise through improved efficiency standards for operational management, being lower cost of overheads and outgoings, and therefore higher value of the properties (with rental income static) through	Reduced operational costs	>6 years	Direct	Very likely	Medium	There is the opportunity to engage and develop highly efficient and alternative technologies with stakeholders, as well as streamlined data management and reporting. Development of these technologies has the potential to create savings at Novion properties. If we were able to introduce greater energy saving measures and save 20% off our electricity	This opportunity is about making the Novion assets as efficient as possible. Novion has implemented Sustainability Implementation Plans (SIP) as part of the OPS for each asset. Across all assets in the portfolio we have level 3 energy management plans in place and a target to reduce overall energy consumption. All properties are undertaking accredited NABERS assessments annually. During 2014 we have maintained detailed NABERS Improvement Plans that will target all areas of effective operational efficiency. Generally across the board where an environmental efficiency initiative has a short to medium term payback we are undertaking them. More energy efficient assets could translate into lower outgoings which from a valuation perspective, could translate into higher valuations. In addition, changes to Novion's regulatory reporting requirements have been the	The entire OPS program related to energy costs is around $1,000,000 per annum. The investment in energy audits is around $290,000 across the portfolio. In addition, management time and effort to manage and coordinate our efficiency program equates to a minimum of $250,000 across head office and asset level human resources. The recurring savings being realised and the continually improving

stronger valuations of buildings.	costs this could translate into a saving of $4,600,000 per annum (to Novion and retailers).	catalyst for the adoption of Just-In-Time monitoring on several Novion waste compactors ensuring that efficient waste management practices could be adopted, reducing transport costs and ensuring waste data collection of compactor weights. Being proactive about climate change is one way Novion can retain or enhance the value of the portfolio. Reductions in outgoings through more efficient water, energy and waste management techniques can flow through to financial returns. To the extent that outgoings fall, tenants are able to pay a higher net rent and be no worse off as occupancy cost remains the same.	improving recoveries from asset efficiency investments made more than outweigh the cost of management.
Potential availability of government funds on achieving emission		Emission reduction funding (incorporating water and waste) exist nationally at federal, state and local government levels and these funds can be utilised to subsidise significant capital investment by Novion, provided the business case is adequately prepared. To date funding has been limited for shopping centre assets, although with current government focus on energy	Cost is currently factored into

							reduction. This can assist in providing a cost benefit incentive to projects. The financial benefits however could be: • Reduced operating costs, therefore higher income and value creation • Availability of funds from programs, therefore reducing capital requirements. If initiatives saved electricity costs by 20% this would translate in a $4,600,000 saving to Novion and clients per year.	efficiency, we are managing this by working with various local, state and federal government departments and funding vehicles. For example we are having discussions with a fund manager and federal government agency to work on innovative funding methods to ensure further implementation of energy efficiency initiatives across Novion properties, through solar PV innovation. Novion is also investigating the state government's Environmental Upgrade Agreements as another potential capital funding method for energy efficiency projects. Another example of opportunities in this area relates to the successful prior government's Green Building Fund Round 7 grants which have assisted in co-fund over $1,400,000 in energy efficiency projects at several Novion properties.	management time and effort of the internally funded asset efficiency program, but the additional effort involved in staying abreast of funding and grant opportunities would be approximately $10,000 per year. For past grants, typical costs associated with the preparation of funding applications were approximately $5,000 per application for each individual asset efficiency project.
Voluntary agreements	By voluntarily improving efficiency performance in utilities and waste across the Novion portfolio we may become eligible for funding under government incentive programmes such as the Emission Reduction Fund, Energy Upgrade Agreements or other State-based initiatives.	Reduced capital costs	>6 years	Direct	About as likely as not	Medium			
Renewable energy regulation	The legislative focus on renewable energy and active public debate on Australia's energy future allows Novion to focus its own efforts in relation to	Reduced operational costs	>6 years	Direct	Likely	Medium	The financial implications from the generation of renewable energy at our assets would result in reduced overheads, reduced costs for our tenants, and improved asset profitability and	Continue investigation of the business case for renewable energy generation across our property portfolio. We are also lobbying through our industry associations, including the Property	Management costs have been incurred to investigate the opportunity and develop business case

	relation to renewable energy opportunities, particularly in relation to on-site energy generation.							valuations. While the financial benefits vary among each asset, the range is between $250,000 and $1,000,000 per property per year.	Property Council of Australia to encourage improved mechanisms that allow our sector to benefit from and implement on-site generation capabilities.	information are estimated to be between $40,000 and $60,000.

CC6.1b
Please describe the inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in precipitation pattern	Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher associated energy and water supply costs. By having a lower dependency on natural resources the opportunity for Novion is to be better prepared for periods of water scarcity.	Reduced operational costs	3 to 6 years	Direct	Likely	Low-medium	The financial implications involve installation of equipment to ensure water efficiency and security to reduce effects from resource scarcity. Water management plans at each asset outline initiatives to reduce water use. The implication of securing water at our shopping centres could result in a significant impact on the visitation of customers (if other centres in our catchment area cannot secure water). Our water efficiency program generates around $650,000 of avoided water costs per annum.	This opportunity is managed at enterprise level through an operational performance strategy; and at an asset level through the Sustainability Implementation Plans. These SIP plans pull together initiatives derived from the assets' various management plans (water, energy and waste) in order to identify, evaluate and monitor site specific efficiency opportunities and resource saving opportunities. Initiatives include the upgrade of amenities blocks across Novion centres which include the installation of high water efficient fixtures such as timed tap-ware, dual flush toilets and waterless urinals. HVAC equipment reviews are also conducted, and innovation captured in the SIPs.	The OPS is integrated into the business and is managed by sustainability department within Novion at an estimated cost of $250,000. The cost to undertake water assessments is around $90,000 across our portfolio. Since the implementation of the OPS in 2006, we have invested around $3,000,000 on water efficiency measures such as rainwater harvesting, water efficient fixtures and fittings, and water monitoring. This has resulted in reduction of our water intensity by 25% across our portfolio since 2006. The cost to undertake water efficiency sustainability initiatives as part of the upgrade and development of these assets was not considered material relative to overall developments costs.
								The opportunity for Novion is to have more	

Other physical climate opportunities	The frequency of extreme weather events such as droughts, flooding, dust storms, heat waves and tropical cyclones is predicted to increase due to climate change, and therefore affect the operating conditions for shopping centres. The opportunity for Novion is to have stronger risk management processes and risk mitigation practices in place leading to lower insurance premiums.	Reduced operational costs	1 to 3 years	Direct	Likely	Low-medium	Having more efficient shopping centres with better environmental and risk management practices, will make our insurance premiums lower. A 10% fall (or avoided increase) in insurance premiums would result in approximately $450,000 saved by Novion per annum.	rigorous risk management processes and more resilient and efficient buildings to minimise insurance premiums whilst maintaining an appropriately high level of cover. For Novion, addressing this opportunity means making our assets more resilient and efficient, while also having in place a rigorous risk management framework, and ultimately negotiating competitive insurance premiums. We have quarterly risk management meetings between the operational teams, risk and compliance personnel, external risk management advisers to address our approach to risks at our assets (including physical risks) and the appropriateness of our insurance coverage. For new developments we comply with environmental planning laws regarding the location and design of our assets appropriate to the environmental risks prevalent. We design for climate change resilience, safeguarding against risk. An example of how we monitor the appropriateness of our insurance was to undertake a review after the Queensland floods in January 2011 of all of our insurance policies to ensure that our level of cover is appropriate (and it is). The following actions have been undertaken or	The cost of keeping our processes rigorous involves the employment of risk management advisers for a fee of approximately $315,000 per year. This is unchanged from the prior year. The cost of our insurance per annum is approximately $4,500,000 across all properties in Novion, up around 2% annually. If our rigorous risk management can save 5% off premiums this would translate in savings of $500,000. This is a difficult figure to estimate and represents the approximate potential benefit we could obtain.

Change in temperature extremes	Changes to extremes in temperatures are likely to put excess demand on the HVAC requirements of our assets. The opportunity for Novion is to have more efficient assets which minimises the increase in electricity cost, and reduces the cost of tenancy for our tenants.	Reduced operational costs	3 to 6 years	Direct	Likely	Medium	The financial implications include the opportunity to improve the property building fabric to minimise damage from extreme weather events, in new developments and in retrofits and refurbishments. This includes the installation of efficiency equipment to reduce overall resource consumption at Novion properties. The opportunity to save on electricity costs would amount to around $4,600,000 if a 20% reduction in costs could be achieved.	planned by Novion to manage potential opportunities; 1. Novion has established individual property Sustainability Implementation Plans to capture, manage and monitor all potential opportunities. 2. Addressing climate change currently provides opportunities on new developments and on existing centres. Novion has already recognised this as an opportunity as it targets a 5-star green star rating (Green Building Council of Australia) on new projects. Novion used the NABERS shopping centre tool to have accredited ratings across all of its assets. 3. In addition to this Novion development projects are also subject to a design brief and life-cycle cost analysis that considers environmentally sustainable design elements and equipment selection to maximise financial outcomes and address foreseeable climate change risks.	Costs associated with undertaking accredited NABERS ratings have been approximately $90,000. The OPS entire program related to energy costs is around $1,000,000 per annum. The investment in energy audits is around $290,000 across the portfolio. In addition, management time and effort to manage and coordinate our efficiency program equates to a minimum of $250,000 across head office and asset level human resources. The recurring savings being realised and the continually improving recoveries from asset efficiency investments made more than outweigh the cost of management. Incorporating sustainability measures into our redevelopments is not a material addition to cost or difficult to segregate.
	Predicted and observed increases in volume and speed of precipitation due to climate changes are resulting in increased instances of property						If roof and gutter design and specifications are not capable of handling greater volumes of water, this can impact roof integrity and create significant damage to the building roof structure as well as common areas and tenant spaces. Water	Building strength and services capacity is reviewed on a quarterly basis, with operational and capital expenditure processes used to invest in improving asset resilience to ensure continued trading for tenants and shoppers. Another approach	The management costs associated per instance of roof leaks is estimated around $2,000 per event, extrapolated over a year and across our portfolio is an annual cost of around

Change in precipitation extremes and droughts	failures and damage, via a combination of insufficient building services capacity within our assets and associated public infrastructure. The opportunity for Novion is to have more resilient assets that sustain manageable levels of damage so as to not significantly impact operating costs and the continuation of retail trade by our tenants.	Reduced operational costs	>6 years	Direct	Likely	Low-medium	entering our centres also pose potential safety risks to our employees, tenants and shoppers. While in most cases, these costs are insurable, the improvements in structure and avoided safety issues can result in avoided costs incurred of $25,000 per event per property, on average. For an average centre, avoiding a 1% drop in retail trade, could ultimately translate into avoiding a 1% drop in rental income and avoiding an average cost of $85,000 to the business.	we are taking is through our “Climate Adaptation and Resilience Strategy”. Novion commenced a structured approach to climate adaptation in the past year, that commenced with a portfolio-wide risk assessment to more systematically understand the nature and extent of our exposures based on the latest available science and forecasts. This body of work will inform and strengthen our asset management processes described above.	around $250,000, with the potential to increase with changes in intensity of precipitation patterns. The ongoing strengthening of our resilience and management approach from a portfolio perspective is included within the Sustainability team’s program of works, and is estimated to be approximately $100,000 per year, addressing all the risks outlined in this table and question.

CC6.1c
Please describe the inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Induced changes in	Changes to demographics in relation to the nature and size of trade areas, and consumption patters and propensities could result as climate related developments can have direct impacts on Novion. In the	Increased					Potential increase in population in trade catchment areas, and also weather induced changes to consumer patterns, mean more visitors and more spend resulting in more income for Novion as the increase in shoppers will ensure tenant demand for space and	People could be attracted more to mall shopping, rather than strip shopping, due to the controlled environment. Opportunities such as this relating to climate change are assessed on business level risk identification and on an asset by asset basis as part of the Strategic Asset Plan process. This is then rolled up to give an organisation wide view. The scope of the Strategic Asset Plan Process is to review all strengths, weaknesses, threats and	Uncertainty of the impact means difficulty in placing a financial cost on this opportunity. It is integrated into the strategic process and becomes a business cost. The cost of this opportunity is $0 since it is an external factor not

changes in human and cultural environments	case of extreme hot and cold weather, shopping centres are seen as a place of refuge. If this becomes more frequent, it could translate into more visitation and sales through increased retail trade by our tenants.	demand for existing products/services	Unknown	Direct	Likely	Low-medium	space and ability to pay the rents; resulting in value increase. If this were to translate into a 5% increase in sales this could translate into a 5% increase in rents as they are renewed. Based on NPI, this would result in $13.5million value increase over time.	threats and opportunities, with climate change risk and opportunity slotting into this process. The materiality of the opportunities are measured in financial terms as the cost to remedy the risk, the impact on income or ongoing cost, and the resultant value created (opportunity) or lost (risk). The process is undertaken by the property managers in the first instance, and is reviewed by the Regional Managers, who present findings to the fund management team.	driven by Novion. Any additional planning that is required is incorporated into costs of running centres, so $0 marginal impact. The human capital cost equivalent could possibly be estimated circa $250,000 per year across the Novion managed properties.
Reputation	Management of reputation opportunities for Novion is becoming increasingly critical as the focus on climate change issues continues to increase. In addition, several large Global pension funds are using sustainability as a key criterion when selecting property trust investments; a trend which is becoming increasingly pertinent to investment funds (particularly pension funds that have a particular interest/ responsibility in long-term investment) across the world. The opportunity for Novion is that it builds a strong reputation among investors, shoppers and	Increased stock price (market valuation)	1 to 3 years	Direct	Likely	Medium	A strong reputation can lead to greater investor confidence, put upward pressure on share price, make it easier (and cheaper) to raise capital. An impeccable record on sustainability could translate into an improvement in the cost of debt where Novion could be entitled to a 15 to 20 basis points improvement in debt costs. If Novion had $2.4billion of debt, the improvement in debt costs would translate into a $4.2million saving. A higher share price would	We continue to report on our achievements through reporting to FTSE4Good since 2001, DJSI since 2004, GRESB since 2009 and CDP since 2006. We also do voluntary investor surveys through researchers such as Trucost and Sustainalytics; and PRI questionnaires. We report (including to our debt and equity investors) on sustainability every six months as part of our statutory reporting, including a full review of our sustainability achievements (and review of commitments) in our annual report. In addition we also hold regular one-on-	The cost of this opportunity is in the form of human capital, comprising: a team of professional sustainability personnel, the additional working hours of other staff in the business to report on our sustainability achievements as well as a number of consultancy firms used for advisory and consulting. The human capital cost equivalent could be estimated circa $400,000 per year across the business.

shoppers and tenants as the preferred investment, shopping destination and place of business respectively.		price would results in the cost of equity becoming cheaper.	one meetings with sell-side analysts and buy-side institutional investors (both domestic and international).

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1
Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Sun 01 Jan 2006 - Sun 31 Dec 2006	2205
Scope 2	Sun 01 Jan 2006 - Sun 31 Dec 2006	123992

CC7.2
Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

Australia - National Greenhouse and Energy Reporting Act

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other

CC7.2a
If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Australia: National Greenhouse Accounts – June 2009
Australia: National Greenhouse Accounts – June 2010
Australia: National Greenhouse Accounts – June 2011
Australia: National Greenhouse Accounts – June 2012
Australia: National Greenhouse Accounts – June 2013
Australia: National Greenhouse Accounts – June 2014
National Greenhouse and Energy Reporting (Measurement) Determination 2008 - issued July 2012

CC7.3
Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
Other: N20	IPCC Second Assessment Report (SAR - 100 year)
HFCs	IPCC Second Assessment Report (SAR - 100 year)

CC7.4
Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/EnergyEmission FactorUnitReference

Further Information

Attachments

https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/ClimateChange2015/CC7.EmissionsMethodology/NovionPropertyGroup-CDP attachment - Emissions Factors 2014.xlsx

Page: CC8. Emissions Data - (1 Jan 2014 - 31 Dec 2014)

CC8.1
Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

CC8.2
Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

6163

CC8.3
Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

138219

CC8.4
Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

CC8.5
Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Data Gaps Extrapolation Metering/ Measurement Constraints Other: Published emissions factors	Novion has procedures and processes in place for data collection for all sources of emissions. In addition, we have an effective data management system (CarbonScope) that analyses and verifies our energy data. There are no significant sources of data uncertainty as our data are primarily invoice based data. Minor sources of data uncertainty primarily were related to extrapolation for some of the data. For Scope 1 emissions, 99.73% were estimated using actual data and only 0.27% was extrapolated. The uncertainty of our emissions estimate is calculated in accordance with the methodology provided in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended (the Determination).
Scope 2	Less than or equal to 2%	Data Gaps Extrapolation Metering/ Measurement Constraints	Scope 2 emissions for Novion are related entirely to purchased electricity. Our robust data collection processes and data management system ensure that our data are reviewed and verified. There are no significant sources of data uncertainty for Scope 2 as our data are primarily invoice based data. Minor uncertainties are inherent in the metered consumption invoiced by electricity retailers and extrapolation for some data. The Electricity data used to calculate emissions includes 99.15% actual data. The remaining 0.85% was estimated using extrapolation and interpolation. The uncertainty of our Scope 2 emissions estimate is calculated in accordance with the methodology provided in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended (the Determination). The National Electricity Market (NEM) metering uncertainty of ± 1.5% (NEM Rules, Version 34, Schedule 7.2.2) was applied to the percentage of data sourced from invoices and a 2% uncertainty was applied to the usage figures, to encapsulate uncertainties relating to extrapolation and data management

CC8.6
Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance complete

CC8.6a
Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the

relevant statements

Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Limited assurance	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC8.6a/Novion_CDP_AssuranceCoverLetterandStatement_2015.pdf	Independent Assurance Statement	ISAE3000100	

CC8.7
Please indicate the verification/assurance status that applies to your reported Scope 2 emissions

Third party verification or assurance complete

CC8.7a
Please provide further details of the verification/assurance undertaken for your Scope 2 emissions, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Limited assurance	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC8.7a/Novion_CDP_AssuranceCoverLetterandStatement_2015.pdf	Independent Assurance Statement	ISAE3000100	

CC8.8
Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Other: Water and waste to landfill data (scope 3)	Limited assurance was obtained for energy, emissions, water and waste operational data

CC8.9
Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

Further Information

Page: CC9. Scope 1 Emissions Breakdown - (1 Jan 2014 - 31 Dec 2014)

CC9.1
Do you have Scope 1 emissions sources in more than one country?

No

CC9.2
Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By facility
By GHG type
By activity

CC9.2b
Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude

Altona Gate Shopping Centre VIC	330	-37.8304	144.83438
Ballina Fair Shopping Centre NSW	0	-28.868483	153.560001
Bathurst City Centre NSW	0	-33.41862	149.582275
Bayside Shopping Centre VIC	389	-38.15723	145.15654
Bendigo Marketplace Shopping Centre VIC	10	-36.758711	144.283747
Brimbank Central Shopping Centre VIC	250	-37.7775	144.77222
Broadmeadows Shopping Centre	28	-37.67694	144.92167
Castle Plaza Shopping Centre SA	0	-34.9814	138.57241
Chadstone Shopping Centre VIC	652	-37.88275	145.08799
Chatswood Chase Shopping Centre NSW	85	-33.80077	151.1796
Clifford Gardens Shopping Centre QLD	0	-27.56665	151.95001
Corio Shopping Centre VIC	18	-38.07472	144.37056
DFO Essendon VIC	0	-37.727	144.912
DFO Homebush NSW	0	-33.867	151.069
DFO Moorabbin VIC	557	-37.962	145.06
DFO South Wharf VIC	67	-37.823	144.966
Eastlands Shopping Centre TAS	0	-42.87197	147.41446
Elizabeth Shopping Centre SA	127	-34.71976	138.66627
Emporium Melbourne VIC	669	-37.814107	144.96328
Forest Hill Chase Shopping Centre VIC	548	-37.88333	145.16667
Gateway Plaza Leopold VIC	0	-38.186505	144.454574
Grand Plaza Shopping Centre QLD	0	-27.67191	153.0287
Hyperdome Shopping Centre ACT	214	-35.416935	149.068613
Keilor Shopping Centre VIC	35	-37.773201	144.882202
Lake Haven Shopping Centre NSW	92	-33.30848	151.4236
Midland Gate Shopping Centre WA	274	-31.889818	116.008996
Mount Pleasant Shopping Centre QLD	267	-21.118074	149.159802
Northgate Shopping Centre TAS	14	-42.5	147.17
Northland Shopping Centre VIC	940	-37.73483	145.03221
Post Office Square QLD	208	-27.48251	153.03432

QueensPlaza Brisbane QLD	9	-27.48251 153.03432
Riverside Plaza NSW	31	-35.352057149.234969
Rockingham City Shopping Centre WA	11	-32.28117 115.73437
Roxburgh Park Shopping Centre VIC	104	-37.6839 144.93539
Runaway Bay Shopping Centre QLD	0	-27.91534 153.39604
Salamander Bay Shopping Centre NSW	71	-32.73642 152.108097
The Entertainment Quarter NSW	58	-33.89655 151.21998
The Myer Centre Adelaide SA	13	-34.922222138.600556
The Myer Centre Brisbane QLD	90	-27.48251 153.03432

CC9.2c
Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
CO2	4052
CH4	8
N2O	3
HFCs	2100

CC9.2d
Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
Heating	3916
Cooling	2100
Back-up Generators	146

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2014 - 31 Dec 2014)

CC10.1
Do you have Scope 2 emissions sources in more than one country?

No

CC10.2
Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By facility
By activity

CC10.2b
Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 emissions (metric tonnes CO2e)
Altona Gate Shopping Centre VIC	2775

Ballina Fair Shopping Centre NSW	467
Bathurst City Centre NSW	469
Bayside Shopping Centre VIC	9049
Bendigo Marketplace Shopping Centre VIC	272
Brimbank Central Shopping Centre VIC	3538
Broadmeadows Shopping Centre	6029
Castle Plaza Shopping Centre SA	714
Chadstone Shopping Centre VIC	21451
Chatswood Chase Shopping Centre NSW	6622
Clifford Gardens Shopping Centre QLD	1747
Corio Shopping Centre VIC	3142
DFO Essendon VIC	2690
DFO Homebush NSW	3007
DFO Moorabbin VIC	1352
DFO South Wharf VIC	8840
Eastlands Shopping Centre TAS	321
Elizabeth Shopping Centre SA	3074
Emporium Melbourne VIC	5544
Forest Hill Chase Shopping Centre VIC	6245
Gateway Plaza Leopold VIC	91
Grand Plaza Shopping Centre QLD	3103
Hyperdome Shopping Centre ACT	3623
Keilor Shopping Centre VIC	1155
Lake Haven Shopping Centre NSW	2086
Midland Gate Shopping Centre WA	3384
Mount Pleasant Shopping Centre QLD	2082
Northgate Shopping Centre TAS	253
Northland Shopping Centre VIC	12052
Post Office Square QLD	464

QueensPlaza Brisbane QLD	2474
Riverside Plaza NSW	1011
Rockingham City Shopping Centre WA	3547
Roxburgh Park Shopping Centre VIC	1676
Runaway Bay Shopping Centre QLD	2614
Salamander Bay Shopping Centre NSW	1574
The Entertainment Quarter NSW	988
The Myer Centre Adelaide SA	3189
The Myer Centre Brisbane QLD	5503

CC10.2c
Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 emissions (metric tonnes CO2e)
Lighting and Common Area Power	138219

Further Information

Page: CC11. Energy

CC11.1
What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

CC11.2
Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	21831
Electricity	141328
Heat	0
Steam	0
Cooling	0

CC11.3
Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	21193
Liquefied petroleum gas (LPG)	394
Diesel/Gas oil	244

CC11.4
Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the Scope 2 figure reported in CC8.3

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comment
No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor		

Further Information

Page: CC12. Emissions Performance

CC12.1
How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

CC12.1a
Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	3.6	Decrease	Through the implementation of Novion's Operational Performance Strategy (OPS), we have continued to drive improvements in emissions performance by identifying and implementing emission reduction initiatives across our portfolio, mainly through energy efficiency. Specific emission reduction initiatives are detailed in question 3.3b, and as demonstrated in our results we have reduced emissions by 5,174 tonnes CO2e scope 1 & 2 emissions across our portfolio. Calculation explained is 5,195 tCO2e were reduced by our emissions reduction projects, our total S1 and S2 emissions in the previous year was 145,307 tCO2e, therefore - (5,195 / 145,307) X 100 = 3.6%.
Divestment	3.6	Decrease	In the reporting period 2014 we divested four assets in our portfolio which included Ballina, Bendigo, Entertainment Quarter and Post Office Square which has decreased our 2014 absolute emissions by 5,251 tCO2e. Calculation explained is 5,251 tCO2e were reduced by divestment, our total S1 and S2 emissions in the previous year was 145,307 tCO2e, therefore - (5,251 / 145,307) X 100 = 3.6%.
Acquisitions	5.5	Increase	In 2014 Novion acquired four assets which included Bathurst, Emporium, Gateway, Riverside leading to a 5.5% increase in absolute emissions. The most notable being the opening of our multi-level premium asset Emporium in Melbourne CBD which has contributed to a 4.3% increase in absolute emissions. Calculation explained is 7,993 tCO2e were added by investments , our total S1 and S2 emissions in the previous year was 145,307 tCO2e, therefore - (7,993 / 145,307) X 100 = 5.5%.
Mergers			
Change in output			
Change in methodology			
Change in boundary			
Change in physical operating conditions			
Unidentified			
Other	1.0	Increase	The change in operations at a few of our assets has impacted our operational performance. The main cause of these fluctuations are caused by redevelopments at the asset compared to 2013 which has increased our emissions by 1,528 tCO2e. Calculation explained is 1,528 tCO2e were added by investments , our total S1 and S2 emissions in the previous year was 145,307 tCO2e, therefore - (1,528 / 145,307) X 100 = 1.1%.

CC12.2
Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
153.848	metric tonnes CO2e	unit total revenue	13	Decrease	The significant improvement in intensity per revenue units is a combined effect from an increase in total revenue by 14% and a reduction in absolute emissions by 0.6%

CC12.3
Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
194.32	metric tonnes CO2e	FTE employee	3	Increase	From 2013 to 2014 we reduced FTE from 771 to 743. This has caused our emissions intensity to increase, as our absolute emissions decreased as a result of emissions reduction initiatives. The FTE measure is not the most effective measure for emissions intensity for a retail property company as the extent we manage our human resources aspect of the business it does not have a direct relationship with emissions from the operations of our assets.

CC12.4
Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.086	metric tonnes CO2e	square meter	0	No change	Our emissions intensity across our assets has remained stable which understates the improvements we have made from emissions reduction initiatives across our assets through the continued implementation of Operational Performance Strategy (OPS) through the identification and implementation of energy efficiency upgrades. The efforts made across our assets has been offset from the growth of our portfolio, and also the opening of our premium shopping centre Emporium in Melbourne CBD. If we compare our emissions based on a like-for-like basis we actually reduced our emission intensity by 5%, from 0.80 to 0.076 tonnes CO2e per square meter.

Further Information

Page: CC13. Emissions Trading

CC13.1
Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.2
Has your organization originated any project-based carbon credits or purchased any within the reporting period?

No

Further Information

There is no clear path for an Emissions Trading Scheme in Federal Australia over the next 2 years. Australian Federal Government's current emissions reduction legislation is the Emissions Reduction Fund a section of the (Direct Action legislation) which is essentially a reverse auction for funding for greenhouse gas abatement measures.

Page: CC14. Scope 3 Emissions

CC14.1
Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Not relevant, explanation provided	0		0.00%	Not applicable for Novion business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres.
Capital goods	Not relevant, explanation provided	0		0.00%	Not applicable for Novion business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	19879	These emissions relate to indirect emissions of Novion's scope 1 and 2 emissions, being those attributable to the extraction, production and transportation of fuels and for electricity, the electricity lost in the transmission and distribution network. For each fuel type, emissions have been calculated by multiplying the total quantity of fuel/electricity consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4	96.60%	Scope 3 emissions for fuel and energy related activities are calculated from supplier invoices. Where there are gaps in invoice data estimates are used.
Upstream transportation and distribution	Not relevant, explanation provided	0		0.00%	Not applicable for Novion business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres.
Waste generated in operations	Relevant, calculated	22752	These emissions relate to the indirect emissions associated with the collection of solid waste for disposal in landfill. Emissions have been calculated by multiplying the total quantity of waste consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors, July 2010. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4.	100.00%	Activity data used to calculate Scope 3 emissions for waste is obtained from reports provided by our appointed waste consultant collected from invoices from our waste service providers
Business travel	Relevant, calculated	1641	This impact includes air emissions from domestic and international air travel, and fuel emissions from hire-car land business travel. Air travel emissions have been calculated by using flight data and emissions factors used, as referenced by DEFRA (Department for Environment Food and Rural Affairs). Emissions generated from fuel use in car hire is tracked using kilometres travelled per booking and average emissions per km by car type. All data is supplied by third party supplier.	100.00%	Activity and emissions data is derived directly from our centralised travel services provider and relevant flight data, and hire car data is supplied by national provider with kilometres travelled data.
Employee commuting	Not relevant, explanation provided	0	Methodology for calculating employee commuting GHG emissions not yet developed	0.00%	Employee commuting is not a material impact to our total greenhouse gas emissions and as a proportion is insignificant. Due to the nature of our decentralised physical presence, calculation of this metric is complicated. We will continue to investigate the potential to develop a methodology for calculating this data.

Upstream leased assets	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Downstream transportation and distribution	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Processing of sold products	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Use of sold products	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
End of life treatment of sold products	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Downstream leased assets	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Franchises	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Investments	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Other (upstream)	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres
Other (downstream)	Not relevant, explanation provided	0	0.00%	Not applicable for Novion's business operations due to the nature of the activities of the Fund, which is investment in Retail Shopping Centres

CC14.2
Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance complete

CC14.2a
Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 3 emissions verified

assurance			(%)
Limited assurance	https://www.cdp.net/sites/2015/91/3091/Climate Change 2015/Shared Documents/Attachments/CC14.2a/Novion_CDP_AssuranceCoverLetterandStatement_2015.pdf	Independent Assurance Statement	ISAE3000100

CC14.3
Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a
Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	4.8	Decrease	Through the implementation of Novion's Operational Performance Strategy (OPS), we have continued to drive improvements in emissions performance by identifying and implementing emission reduction initiatives across our portfolio, mainly through energy efficiency. Specific emission reduction initiatives are detailed in question 3.3b, and as demonstrated in our results we have reduced emissions by 4.8% across our portfolio.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Divestment	3.7	Decrease	In the reporting period 2014 we divested four assets in our portfolio which included Ballina, Bendigo, Entertainment Quarter and Post Office Square which has decreased our 2014 scope 3 emissions from fuel and energy by 3.7%
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Acquisitions	4.9	Increase	In 2014 Novion acquired four assets which included Bathurst, Emporium, Gateway, Riverside leading to a 4.9% increase in scope 3 emissions from energy and fuel. The most notable being the opening of our multi-level premium asset Emporium in Melbourne CBD which has contributed to a significant increase in fuel and energy and subsequently scope 3 emissions
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Other:	2.2	Decrease	The change in operations at a few of our assets has impacted our operational performance. The main cause of these fluctuations are caused by redevelopments at the asset compared to 2013 which has increased our emissions by 2.2%
Waste generated in operations	Emissions reduction activities	6.6	Decrease	Through the implementation of Novion's Operational Performance Strategy (OPS), we have continued to drive improvements in emissions performance by identifying and implementing emission reduction initiatives across our portfolio which includes waste. The main focus has been to introduce new recycling streams across more assets like organics and plastics ,improving our waste infrastructure and enhancing our tenant education to recover more recycling and reduce waste to landfill which has led to a reduction of waste scope 3 emissions by 6.6% across our portfolio.
Waste generated in operations	Divestment	3.3	Decrease	In the reporting period 2014 we divested four assets in our portfolio which included Ballina, Bendigo, Entertainment Quarter and Post Office Square which has decreased our 2014 scope 3 emissions from waste by 3.3%
Waste generated in operations	Acquisitions	5.4	Increase	In 2014 Novion acquired four assets which included Bathurst, Emporium, Gateway, Riverside leading to a 5.4% increase in scope 3 emissions from energy and fuel. The most notable being the opening of our multi-level premium asset Emporium in Melbourne CBD which has contributed to a significant increase in scope 3 waste

operations				emissions/
Waste generated in operations	Other:	2.1	Increase	The change in operations at a few of our assets has impacted our operational performance. The main cause of these fluctuations are caused by redevelopments at the asset compared to 2013 which has increased our emissions by 2.1%

CC14.4
Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

CC14.4a
Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

Suppliers - In 2014, we rolled out an online Supply Chain Survey to engage directly with key suppliers classed as critical and high spend. This is a pilot program and has had limited rollout to date, with survey responses and feedback used to refine the survey for broader use across our suppliers. Also during the year, we completed a sustainability supply chain risk assessment which included climate change considerations. The outcomes of the sustainability risk assessment will inform how we prioritise the suppliers we will continue to engage with across a range of sustainability matters, including climate change. To measure the success of this program, we will track survey responses and improvements in responses and performance levels to survey questions. Where relevant with individual suppliers, we also plan to assess performance against mutually agreed qualitative and quantitative performance objectives and targets.
Customers - Engagement with our customers (the tenants in our centres) occurs regularly between our Leasing team and their Property teams, and on a selective basis between the sustainability practitioners of both organisations. During sustainability specific engagements, we share our emissions and climate change strategies and seek to understand their objectives, both across their organisation and in relation to their tenancy within our centres. These engagements typically identify areas of mutual benefit in relation to sustainability matters, including climate change matters. We plan to measure the success of customer engagement on climate change through direct feedback provided to the Novion Sustainability team. Where relevant with individual customers, we also plan to assess performance against mutually agreed qualitative and quantitative performance objectives and targets.
Strategic (other) partners - Novion has deep working relationships with its strategic partners (who comprise joint venture asset owners and wholesale funds for whom we provide fund management and asset management services). Engagement with strategic partners is via monthly and quarterly performance reporting where climate change performance data is reported and discussed. We assess the success of this engagement through the feedback obtained directly from partners and as part of the Sustainability team's regular process of continuous improvement.

CC14.4b
To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend	Comment
4	7%	

CC14.4c
If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details
We do not have any data	We plan to obtain further data on our suppliers' GHG emissions and climate change strategies in future years to assess performance against identified climate change risks or opportunities to be managed within specific suppliers' contracts and objectives.

Further Information

Module: Sign Off

Page: CC15. Sign Off

CC15.1
Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category

Richard JamiesonChief Financial OfficerChief Financial Officer (CFO)

Further Information

CDP: [D][-,-][D2]