

Environmental, Social & Governance (ESG) Strategic Roadmap



1.0

Our Commitment

When I joined Citycare over two decades ago, we were publicly reporting against a triple bottom line. There has always been an emphasis on sustainability and social outcomes. Now in 2023, as Chief Executive of Citycare Property, I am pleased to say that we have strengthened our focus and resources to ensure that our commitments to achieving and measuring our social value goals and impacts are met. We also choose to align ourselves with employees, customers and suppliers who hold similar values.

It is my commitment that Citycare Property will be a sustainable organisation by putting the best interests of our people, our customers, our communities, and our planet at the centre of everything we do. To hold us true to this undertaking, we have developed this Environmental, Social, Governance (ESG) Strategic Roadmap which outlines our four key guiding principles, our goals, and measures for each of these principles and a plan for how we intend to live by these principles.

As they say, what gets measured gets managed, and therefore we have committed to some significant Key Performance Indicators (KPIs). These declare to our people, our customers, and our suppliers that we take our commitment to protect the environment and to work in support of the achievement of broader outcomes, seriously. In practice this includes activities like the enhancement of our community partnership programme, a renewed commitment to helping local people into employment opportunities, improving the diversity of our workforce and our leadership team, reducing, and eliminating our carbon emissions and our waste and optimising leading-edge technology in the process.

Our shareholder, Christchurch City Holdings Limited (CCHL) is a Climate Reporting Entity (CRE) under the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. This legislation authorises an External Reporting Board (XRB) to develop climate reporting standards for the new regime. The Taskforce on Climate-related Financial Disclosures report and its recommendations will form the basis of the new standards. This ESG Strategic Framework provides a state of readiness for Citycare Property and is fully aligned to one of our Strategic High5s – We are a Good Kiwi Company.

Peter Lord

Chief Executive Officer

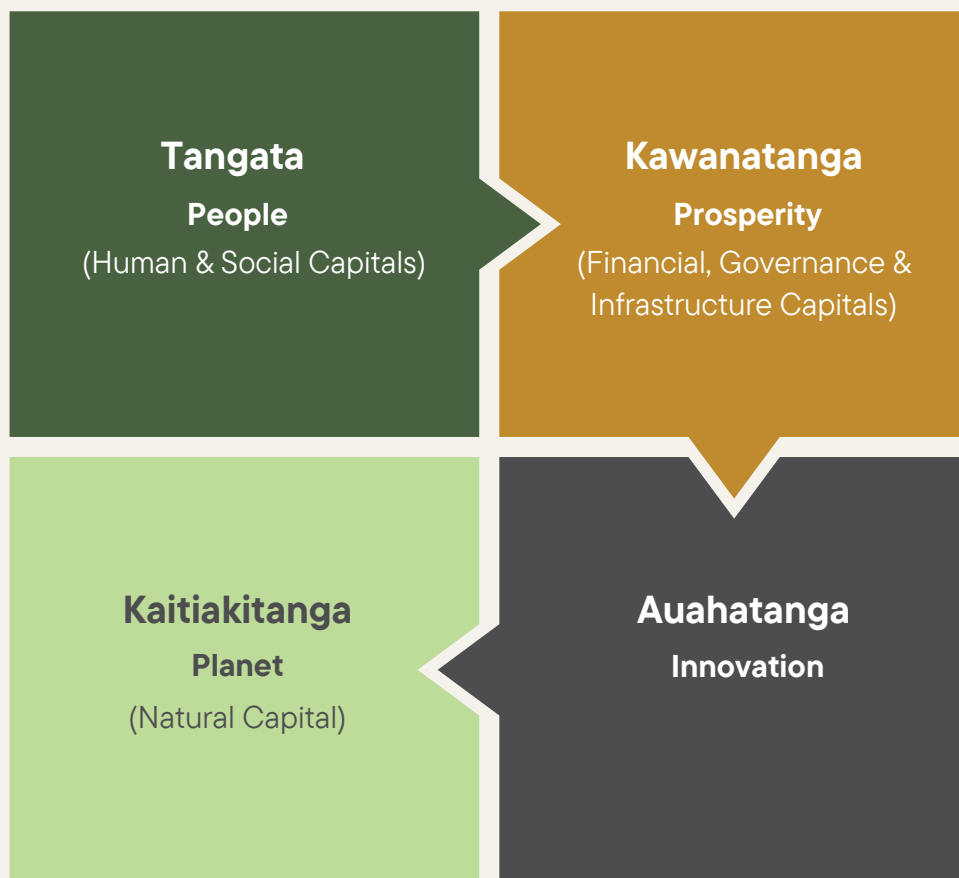
2.0

Our 4 ESG Guiding Principles

Citycare Property has identified four guiding principles that underpin our ESG strategy: Tangata (People), Kaitiakitanga (Planet), Kawanatanga (Prosperity) and Auahatanga (Innovation).

These principles support our ongoing disclosures and correlate well to the “capitals” of our preferred Integrated Reporting (IR) framework, (see Figure 1.0). Innovation is an essential element of strategy delivery and a fundamental approach to how Citycare Property plans to grow its business.

Figure. 1.0





Tangata / People (Human & Social Capital)

Our People and their safety are at the heart of everything we do. We will invest in their development, provide opportunities for growth, and celebrate their diversity. We are committed to supporting the communities we operate in and to contributing to the wellbeing and aspirations of mana whenua.



Kaitiakitanga / Planet (Natural Capital)

We will positively contribute to the regeneration of the natural environments in which we work and minimise our environmental impact. We are committed to reducing our carbon footprint and responsibly managing our waste in all aspects of our operations. We will work hard to ensure that we mitigate the risks posed by climate change on our day-to-day operations and our long-term sustainable future.



Kawanatanga / Prosperity (Financial, Governance & Infrastructure Capital)

We believe in ethical and social procurement throughout our supply chain. Through robust corporate governance and strong customer communication and engagement we will ensure financial sustainability.



Auahatanga / Innovation

We will be innovative in all aspects of our business, and our innovation will drive customer and employee loyalty, engagement, and growth.

2.1 - How we developed our guiding principles

Sustainability can be a large and sometimes overwhelming topic. We saw the effective communication of our strategy as a critically important outcome in helping us to achieve our principles.

We, therefore, aimed for our ESG strategy to:

- Be easily understood by all our stakeholders.
- Communicate our approach to sustainability in an engaging way.
- Enable continued engagement with stakeholders to deliver our strategy.
- Enable our strategy to be easily implemented into our operations.

2.1.1 - From Global to Local - Leveraging the United Nations Sustainable Development Goals (SDGs)

As an organisation of significant size and scale, Citycare Property recognises its role in developing and implementing strategies to improve the state of our people, customers, and communities – whilst meeting the challenges of climate change and environmental sustainability.

The United Nations Sustainable Development Goals (SDGs) were selected as the reference framework to assess sustainability at Citycare Property. All 193 members of the United Nations have committed to the SDGs, setting the scene for sustainability in both national and international contexts. The SDGs not only focus on environmental sustainability, but social and economic goals as well. The UN SDGs have guided our ESG Strategic Framework and our four key guiding principles.

The SDGs enabled us to take a global view of social and environmental issues that are important to a sustainable future. They also provided a useful lens to look at our business operations, our place in society and where we can have the most impact. Through a process of review, we identified our closest synergies with five of the seventeen goals. We see these as fundamental to our business and include them here with key business themes that are relevant to Citycare Property.

8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> • Employment • Economic inclusion • Non-discrimination • Capacity Building • Availability of a skilled workforce • Elimination of forced or compulsory labour
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> • Infrastructure investments • Environmental investments • Research and development • Technological legacies
11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none"> • Infrastructure investments • Sustainable transportation • Access to public spaces • Sustainable buildings
13 CLIMATE ACTION 	<ul style="list-style-type: none"> • Energy efficiency • Environmental investments • GHG emissions • Risks and opportunities due to climate change
15 LIFE ON LAND 	<ul style="list-style-type: none"> • Deforestation and forest degradation • Land remediation • Landscapes forest management and fibre sourcing • Natural habitat degradation • Terrestrial and inland freshwater ecosystems

A further six secondary SDGs were also identified that we will consider in the implementation and delivery of our roadmap:

2.1.2 Partnership for the Goals

SDG 17 speaks to the partnerships needed to deliver all the SDGs. Citycare Property recognises the importance of working with others, both internally and externally to implement our ESG roadmap and to achieve the outcomes we collectively strive for. Examples of these partnerships include other CCHL entities, our customers, suppliers and subject matter experts.

3.0

Stakeholder Expectations

Whilst the SDGs provided a useful foundation for our strategy, we felt it is crucial that it also reflected the thoughts and views of our many stakeholders. In December 2022, we commissioned **Thinkstep** to undertake a comprehensive Materiality Assessment. This involved a wide range of our stakeholders in a robust process that provided insights on what to base our ESG strategy on to deliver integrated outcomes for all over time. We make further reference to the Customers, Shareholder and regulatory compliance requirements that need to be met by this strategy.

3.1 Our Materiality Assessment

A materiality assessment provides a foundation for ESG strategy development through engaging with internal and external stakeholders to identify and prioritise issues or “material topics” that are important for the business. One of the key outputs is a materiality matrix that can be used as a blueprint to further integrate sustainability into existing strategy and to focus communications with stakeholder groups. A materiality assessment requires a business to understand the views of stakeholders, particularly those who have significant influence over the business or industry.

The Citycare Property materiality assessment approach included eight specific steps:

- Identify internal and external stakeholders.
- Conduct interviews with identified stakeholders.
- Check topics against compilations of material topics, sustainability frameworks and sustainability indices to ensure completeness – UN SDGs, Megatrends, DJSI, GRI etc.
- Compile a final material topics list.
- Send a ranking survey to interviewees and a wider pool of stakeholders.
- Conduct a leadership team workshop to rank topics with a business impact lens.
- Develop a materiality matrix from the results of the survey and workshop.
- Formulate sustainability strategy and reporting based on stakeholder engagement results.

The primary output of a materiality exercise is a matrix that presents the most material topics in an ordered way to reflect both business and stakeholder viewpoints (see Fig 2.0). Whilst all topics on the matrix are important, those toward the top right will form the basis for identifying key performance indicators, measurements, and reporting in this, our baseline year. Focus will still be applied to the remaining topics, particularly where these manage potential business impacts and/or support our existing sustainability initiatives.

Citycare Property materiality matrix 2023

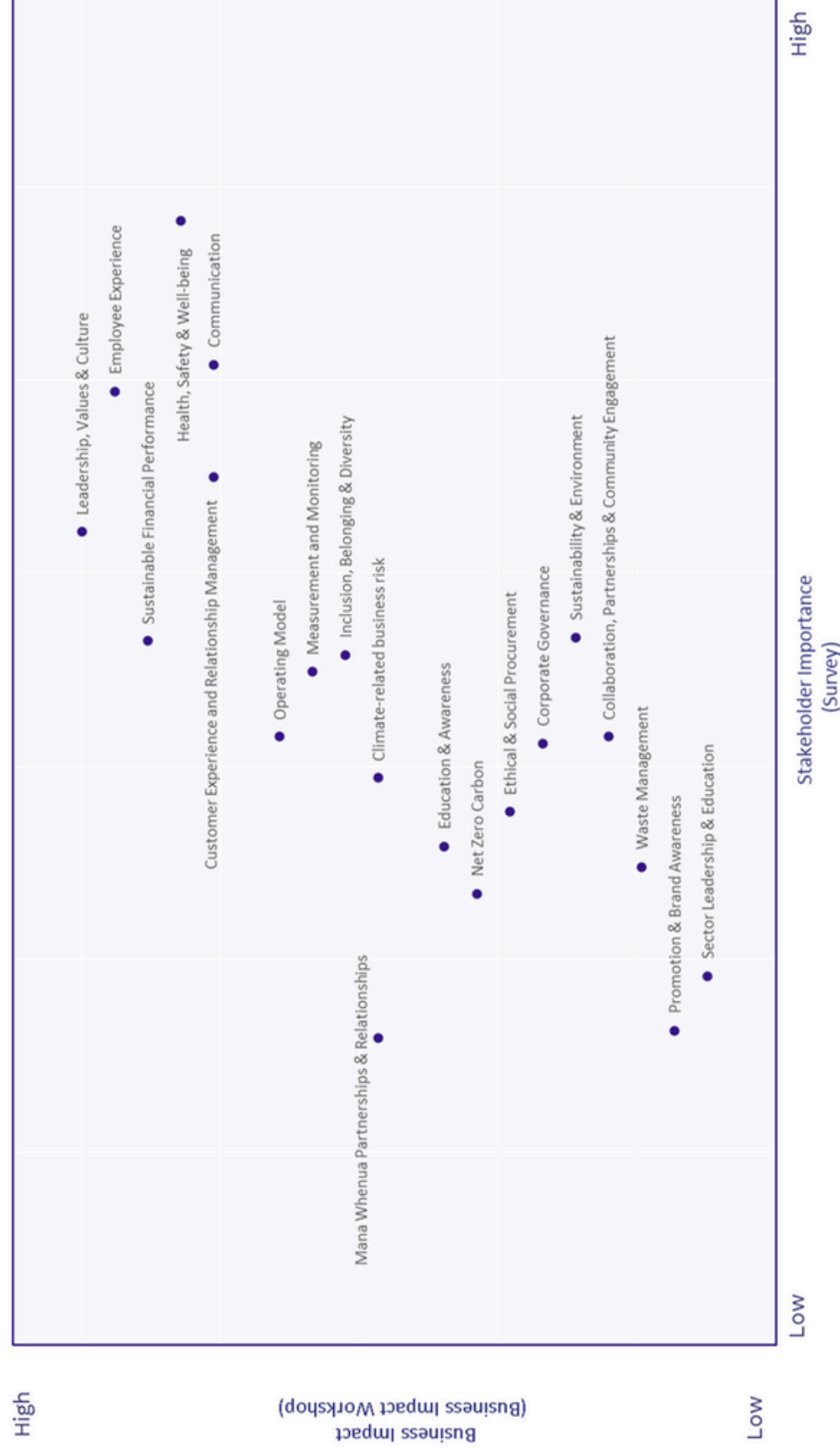


Figure 2.0: Citycare Property Group materiality matrix 2023

5.0

From Strategy to Transparency

Having defined the core focus of our ESG Roadmap we then turned our minds to how it could be operationalised and how we could measure our performance, so stakeholders understand clearly where we are, where we intend to be in the future and how we will get there.

We have developed a 2023 baseline of our performance, across a wide range of ESG-related key performance indicators (KPIs). We intend to use these KPIs, each year, to transparently disclose our performance all the way out to 2050, and beyond.

We have also developed 2025 and 2030 targets, which help to provide a sense of direction, communicate our level of ambition and align with business planning and investment timelines.

We understand that sustainable business practice, and performance, will receive increasing scrutiny from all stakeholders. Our disclosures will follow the IR framework, clearly communicating the outcomes associated with operating a sustainable business model in a timely and relevant manner.

Table 2 provides an overview of our 2023 ESG baseline and is followed, in section 5.2, by a detailed breakdown of each element of our ESG strategy.

5.1 Our ESG Performance Measures and Targets

For each of our four guiding principles we have identified a number of performance measures with quantitative and qualitative targets to both 2030 and 2050 (see Tables on pages 10 and 11). They cover all the areas that matter most to our stakeholders, provide focus for our people and are essential for a sustainable business future. Over time our disclosures will provide a transparent record and dashboard of our performance, our successes, and areas for improvement.

Tangata/People - Key Performance Measures

Capital(s)	Material Topic	KPI(s)
Human	Leadership, Values & Culture	% of Females in Senior Leadership Roles (T1-T4)
		My manager supports me with opportunities to learn
		My manager lets me know how I am performing
Human	Employee Experience (Attraction, Development & Retention)	Increase in Employee Net Promoter Survey (ENPS) Score
Human	Inclusion, Belonging & Diversity	% of Female Employees
		% of employees who identify as Māori
		% of employees who identify as Pasifika
Human	Health, Safety and Wellbeing	Increase in Concordia Survey Index Score
		My manager cares about me as a person
Social	Communication	I feel informed about what is happening at Citycare Property
Human	Customer Experience & Relationship Management	Customer NPS
	Promotion & Brand Awareness	

Kaitiakitanga/Planet - Key Performance Measures

Capital(s)	Material Topic	KPI(s)
Natural	Greenhouse Gas Emissions Reduction	Annual reduction of Company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals.
		Absolute reduction in scope 1 and 2 TCO2e (%)
		Percentage of (non-operational) passenger vehicles that are low emission vehicles
	Waste Management	Percentage of waste diverted from landfill
	Climate Risk Mitigation	We understand our key physical and transitional climate risks and opportunities
		Report our climate related disclosures in accordance with NZ climate standards

Kawanatanga/Prosperity - Key Performance Measures

Capital(s)	Material Topic	KPI(s)
Human	Employee Experience (Attraction, Development & Retention)	Innovation – At Citycare Property we act on promising new or innovative ideas

Auahatanga/Innovation - Key Performance Measures

Capital(s)	Material Topic	KPI(s)
Human	Corporate Governance	Integrated Reporting Framework

5.2 From Vision to Action

Tangata / People

Our People and their safety are at the heart of everything we do. We will develop and provide opportunities for growth and celebrate their diversity. We are committed to supporting the communities we operate in and contributing to the wellbeing and aspirations of mana whenua.

Focus Areas

- Leadership
- Employee Engagement
- Inclusion
- Safety & Wellbeing
- Communication with Stakeholders
- Partnerships
- Education

Material issues

- Leadership, Values & Culture
- Employee Experience (Attraction, Development & Retention)
- Inclusion, Belonging & Diversity
- Mana Whenua Partnerships & Relationships
- Health, Safety & Wellbeing
- Communication
- Customer Experience & Relationship Management
- Promotion & Brand Awareness

SDGs



Kaitiakitanga / Planet

We are committed to reducing our carbon footprint and responsibly managing our waste in all aspects of our operations. We will manage and minimise our environmental impact and the effects that climate change will have on our day-to-day operations and mitigate the risks associated with those impacts.

Focus Areas

- Greenhouse Gas Emissions Reduction
- Waste
- Climate resilience

Material issues

- Net Zero Carbon
- Waste Management
- Climate Related Business Risks

SDGs



5.2 From Vision to Action (continued)

Kawanatanga / Prosperity

We believe in ethical and social procurement throughout our supply chain. Through robust corporate governance and strong customer communication and engagement we will ensure financial sustainability.

Focus Areas

- Finance
- Procurement
- Governance

Material issues

- Sustainable Financial Performance
- Ethical Social Procurement
- Corporate Governance

SDGs



Auahatanga / Innovation

We will be innovative in all aspects of our business, and our innovation will drive customer and employee loyalty, engagement, and growth.

Focus Areas

- Automation
- Insights
- Innovation Framework
- Leadership

Material issues

- Operating Model
- Measuring & Monitoring

SDGs



6.0

Governance & Capability

6.1 Governance

The Chief Executive and the Executive Leadership Team will be responsible for the implementation of this Strategic Roadmap and for the achievement of its targets. We will report monthly to the Board of Directors and provide an annual summary on KPI achievement.

We will establish an Environment & Sustainability Working Group comprised of employees (managers and staff) and possibly involve suppliers and customers at certain points. This ESGWG will be charged by the Sustainability & Environment Manager.

The key KPIs in the ESG Strategic Roadmap will be reported externally in the Statement of Intent and the Annual Report.

6.2 Capability

This Strategic Roadmap assumes capability and knowledge by the Board of Directors and the ELT and there is an obligation on the organisation to ensure that capability and knowledge are improved throughout the organisation.

There has been limited investment to date on Sustainability at Citycare Property. An important aspect of the change management process will be to connect our people to the strategy and bring it to life through their own mahi. We intend to deliver the appropriate training to increase the capability of our people in this area and will be developing self-directed learning modules to achieve this purpose.

Ngā mihi nui

Thank you