

Sustainability Policy for Direct Property

Local Government Superannuation Scheme

Effective date: 25/07/2019

Policy Statement

Local Government Super (LGS) is committed to ensuring that responsible management practices are in place to minimise the environmental impact of our properties and that we are making a positive contribution to society. LGS aims to continuously improve our sustainability performance and play a leadership role in the industry.

LGS believes that acting in an ethical and sustainable manner is the best practice approach to successfully managing an organisation's activities. Our commitment to sustainability ensures we are aligned with our members' interests and are a super fund of choice.

We endeavour to incorporate environmental and social considerations into all of our operations and investments, including the management of our property portfolio. LGS is mindful of the need to balance these considerations with economic imperatives when implementing this policy.

The policy is consistent with the long term objectives of LGS, its risk tolerance and the LGS Sustainable & Responsible Investment Policy.

Sustainability Principles

The following principles provide the framework to set goals, promote continual improvements and maintain a culture that achieves the sustainability performance to which we aspire for our property portfolio. We will strive to:

- Meet the requirements of environmental and social laws, as well as the policies, charters and other commitments to which we subscribe;
- Mitigate the effect our properties have on the environment and society by considering the environmental and social consequences of our investment management decisions;
- Address climate change risks to become more resilient over time;
- Minimise our energy use and carbon emissions and support renewable energy;
- Utilise sustainable materials and ensure resources are used efficiently;
- Minimise our waste generation and water usage;
- Provide healthy and safe workplaces for our employees and tenants;
- Ensure we conduct our business in a responsible manner and are respected by the community in which we operate;
- Regularly report the sustainability performance of our properties to tenants, members, local communities, the general public and other stakeholders;
- Engage our tenants, property and facilities managers, service providers, regulators and other relevant stakeholders to assist developing and implementing our property sustainability program and to seek feedback on our performance;
- Continually improve the building performance ratings targeting optimal performance;

- Ensure that our tenants and property and facilities managers have the necessary training, skills, knowledge and resources to meet our sustainability commitment and the requirements of this policy.
- Ensure that external Managers of our Direct Wholesale Property Fund mandates meet the intent of this document.

Targets

The LGS Direct Property Portfolio strives to achieve the follows sustainability targets and ratings:-

- Average 5.0 stars NABERS Energy rating;
- Average 4.0 stars NABERS Water rating ;
- Average 4.0 stars NABERS Waste rating (base building);
- GBCA 5-star Green Star Performance rating;
- Carbon Neutral certification (base building) under the National Carbon Offset Standard (NCOS) for Buildings;
- 80% of tenants signed up to purchase GreenPower; and
- Purchase 100% GreenPower for all electricity consumed by LGS.

Implementation

LGS is committed to implementing sustainability initiatives that make sound economic sense and optimise returns for our members.

The LGS Property Team will lead and actively support all efforts required to establish, communicate and implement this policy.

The LGS Property Team has responsibility for reviewing, monitoring and overseeing the implementation of this policy and will provide quarterly performance reports to the LGS Investment Committee.

Effective date: June 2019

Review date: June 2021

Author: Moya Yip – Head of Responsible Investment
Scott Armstrong – Head of Property
