

# PUBLIC DISCLOSURE STATEMENT

**GOODMAN GROUP** 

ORGANISATIONAL CERTIFICTAION FY 2020 - 2021 (PROJECTED)





### Climate Active Public Disclosure Statement





An Australian Government Initiative

#### NAME OF CERTIFIED ENTITY: Goodman Group

REPORTING PERIOD: Financial year 1 July 2020 - 30 June 2021 (projected).

#### Declaration

To the best of my knowledge, the information provided in this Public Disclosure Statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.

Date

Signature

19 July 2021

Name of Signatory

Michael O'Sullivan

Position of Signatory

Chief Risk Officer



Australian Government Department of Industry, Science, Energy and Resources

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Version number February 2021



### **1.CARBON NEUTRAL INFORMATION**

#### **Description of certification**

This certification includes Goodman Group's (ABN 69 000 123 071) global operations including its corporate activities in Australia and operations across its global platform. This includes Goodman's public entities and affiliated Partnerships across Australia, New Zealand, Greater China, Japan, the United Kingdom, Continental Europe, and the Americas. Goodman Group (Goodman) supports the outcomes of the Paris Agreement including the call for collective action to reduce global carbon emissions, shift towards a low emissions economy and limit average global temperature rise to below 2°C. As a leading owner, developer and manager of industrial real estate globally, we recognise the role we have to play within our sector through demonstrating Goodman's transition towards a low emissions operating model.

We believe that a sustainable approach is not only good for the environment but makes good business sense. In doing so, Goodman has committed to addressing climate risk at the highest level of the organisation, to better understand and manage exposure to climate related risks and identify *"ESG performance is as important as financial performance. We must do what we can to make a positive contribution towards a more sustainable future."* 

meaningful mitigation responses and opportunities. Goodman has established several emissions related targets under its 2030 Sustainability Strategy, which set the framework and operational response for Goodman to meet its carbon related commitments. This included a commitment to achieving net zero emissions by 2025, which Goodman decided to accelerate due to the overwhelming support from the leadership team, its people, customers, and investment partners.

As one of the world's leading industrial property groups and the largest REIT listed on the Australian Stock Exchange, seeking Climate Active certification as a carbon neutral organisation was a logical step for Goodman. The certification represents carbon neutrality for Goodman's global operations, including Goodman's corporate operations and property management activities. Emissions from the operation of the real estate portfolios within Goodman's global investment partnerships are included within the certification boundary where they were deemed to be under Goodman's operational control while emissions generated from the activities of Goodman's customers are excluded.

Financial year 2021 (1 July 2020 – 30 June 2021) was the projected baseline period and first year of certification.



#### **Organisation description**

Goodman owns, develops and manages industrial real estate including logistics facilities, warehouses and business parks. Goodman began with one industrial building in South Sydney, Australia, purchased for less than \$20 million in the mid-1980s, where our approach to sustainability was founded on our long-term relationships with customers and stakeholders.

In 2021, Goodman has grown its assets under management to \$53 billion, with operations spanning 14 countries including Australia, New Zealand, Greater China, Japan, the United Kingdom, Germany, France, Italy, Spain, Benelux, Brazil and the United States. Goodman operates with more than 900 employees and 1,700 global customers across industries including e-commerce, logistics, retail, consumer goods, automotive, pharmaceutical and technology.



Figure 1 - Goodman Group global operating platform as of 30 March 2021 (currency in AUD)



#### **Corporate structure**

Goodman Group ('Goodman' or 'Group') is a triple stapled entity comprised of the Australian company, Goodman Limited ('GL'), the Australian trust, Goodman Industrial Trust ('GIT') and the Hong Kong company, Goodman Logistics (HK) Limited ('GLHK'). Goodman manages a global network of 15 investment partnerships, providing access for Partners to invest alongside Goodman in the development of prime logistics and industrial properties in key markets globally. We partner with investor groups including sovereign wealth, pension and large multi-manager funds. These Partnerships maintain best practice governance with local teams responsible for all aspects of management.



Figure 2 - Goodman Group corporate structure



#### **Emissions reduction strategy**

Goodman has established several emissions related targets under its 2030 Sustainability Strategy, which set the framework and operational response for Goodman to meet its carbon related commitments. These include:

- + Transition to 100% renewable energy within our operations by 2025 procured through power purchase agreements, renewable energy certificate schemes and increasing our use of solar power energy generated on-site.
- Carbon neutral operations by 2025 (accelerated to 2021) achieved through our ongoing focus on energy efficiency including energy monitoring, LED lighting, smart metering, and investments in onsite solar energy and carbon offsetting.
- + Installation of 400MW of solar PV capacity on Goodman assets by 2025, achieved by working closely with our customers to promote the use of onsite renewable energy, exploring opportunities for distributed energy storage and participating in markets with existing grid tariffs.

In the 2020 financial year, approximately 60% of Goodman's global emissions originated from Australia due primarily to the size of its property portfolios and the carbon intensity of the electricity grid. While we have seen emissions in Australia reduce by approximately 30% since 2014, Australia is a key priority within Goodman's emission reduction strategy, which is structured upon the following three primary imperatives.

#### Purchasing and using renewable energy

Goodman has made a commitment to increase the use of renewable energy across the business, with the aim of being 100% renewable energy by 2025. The benefits of procuring renewable energy instead of coal-fired power will extend beyond reducing carbon emissions, but also help to mitigate policy, market, technology and reputation risks at the same time.

Our ongoing commitment to carbon neutral operations will be greatly influenced by switching to 100% renewable energy in the markets where Goodman operates. The Group will continue to install solar power on its properties, however the primary method will be purchasing renewable energy generated off-site. There are constraints in some markets due to the lack of renewable energy alternatives, but here, Goodman will look at available options, including direct power purchase agreements or green energy certificate schemes until viable renewable energy alternatives become available.

#### Prioritising operational efficiency

Goodman is committed to minimising the creation of carbon emissions from within its operations. Supporting its target of carbon neutral operations (originally by 2025), Goodman continues to focus on carbon reduction opportunities within its operational control which include resource efficiency, energy reductions, renewable energy sources, solar PV and battery storage. The co-benefit of this approach is the incentive to minimise the financial outgoings for Goodman's customers.

Energy efficiency remains a priority for Goodman's development and property management teams.



Across the global portfolio, Goodman is implementing a number of initiatives to reduce energy use such as retrofitting lighting to LEDs, moving our fleets to electric vehicles, implementing mobility policies that encourage employees to use public transport or bicycles. While during the design phase of new properties, energy efficiency has a direct influence on Goodman's standard development specifications which now commonly include solar panels, translucent roof sheeting to maximise natural light, smart lighting, smart meters, and EV charging points.

#### Investing in Solar energy

Goodman increasingly installing large roof top solar systems which supply renewable energy to its customers, landlord-controlled areas and the local electricity grid. Goodman has established a global target to install 400MW of solar PV on its properties by 2025. The ambitious target was increased from 100MW in 2019 following Goodman's ESG review and release of its 2030 Sustainability Strategy.

Goodman's approach was historically focused on markets with grid tariffs for exporting solar energy. However, as demand for renewable zero carbon energy increases, Goodman has committed to a significant increase in installations across its major operating markets.



### 2.EMISSION BOUNDARY

The boundary for Goodman's carbon neutral certification is based on the principle of 'operational control'. Included within the certification boundary are carbon emissions relating to Goodman's global corporate and administrative functions, as well as the areas of the property portfolios which are under the operational control of Goodman's investment partnerships. Emissions generated from the operations of Goodman's customers in areas which they lease from Goodman are excluded.

#### Diagram of the certification boundary

<u>Quantified</u>	Non-quantified		Excluded
Natural gas	N/A		Customer operations
Transport fuel for Goodman fleet			Maintenance and repairs
Stationary fuel			Building embodied
Refrigerants			energy
Electricity in corporate offices			
Base building electricity in asset portfolio			
Waste (general & recycling) in corporate offices			
Water in corporate offices			
Base building waste (general & recycling) in asset portfolio			
Base building water in asset portfolio			
Business travel- accommodation			
Business travel- train, taxi & hire car			
Business travel-flights			
Employee commute			
Advertising, marketing, printing & stationary			
Cleaning Services			
Data centres			
Entertainment IT equipment IT services			
Mailing services: parcels, postal and courier			
Telecommunications			



#### Non-quantified sources

Not applicable.

#### Data management plan

Not applicable.

#### **Excluded Sources- outside of certification boundary**

The following are the emission sources excluded from Goodman's certification boundary as a carbon neutral 'organisation':

- Customer-controlled activities All emissions from customer-controlled activities have been assessed as not relevant according to the relevance test. This includes electricity, stationary energy, waste, water, and any other emission source from tenants. Goodman's emissions boundary for certification under the Climate Active organisation standard includes only relevant emission sources where Goodman has operational control.
- Maintenance and repairs Assessed as not relevant according to the relevance test and refers to Goodman's services rather than organisational emissions.
- Building embodied energy Emissions relating to embodied energy within Goodman's development activities are excluded as they refer to Goodman's services rather than organisational emissions. Further, this emission source has been assessed as not relevant according to the Climate Active relevance test (1 of 5 criteria satisfied, refer to Appendix 1).



### **3.EMISSIONS SUMMARY**

#### **Emissions summary**

- Goodman's carbon inventory was compiled in accordance with international greenhouse gas accounting protocols and in line with the requirements of the Australian Government's Climate Active carbon neutral certification scheme.
- The independent assessment calculated GMG's global carbon emissions to equate to 55,252 tCO2-e, allocated to the 3 greenhouse gas emission scopes. This is a forward projection for FY21 based on FY20 data.
- 4% of Scope 1 emissions: Direct emissions generation from fuels such as gas, diesel and petroleum, as well as certain refrigerants
- 76% of Scope 2 emissions: Indirect emissions generated from electricity use
- 20% of Scope 3 emissions: Indirect emissions from operational activities such as employee commuting, corporate travel, water use, products and services, data centres and hosting.
- As shown in the global breakdown below, Goodman's Australian operations accounts for almost 60% of the total global footprint which is primarily due to the region being Goodman's largest operating market, in addition to the relatively high proportion of emissions generated from electricity use within areas of the property portfolio under Goodman's operational control.



Figure 3 - Goodman Group regional carbon emissions breakdown



A breakdown of Goodman's carbon emissions is provided in the following table.

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Emission source category	tonnes CO <sub>2</sub> -e
Electricity	41,735
ICT services and equipment	2,731
Waste	2,455
Professional Services	1,554
Stationary Energy	1,474
Water	1,028
Air Transport (km)	973
Land and Sea Transport (fuel)	845
Land and Sea Transport (km)	670
Refrigerants	492
Cleaning and Chemicals	223
Electricity (Data Centres)	197
Accommodation and facilities	130
Office equipment & supplies	106
Postage, courier, and freight	94
Total Net Emissions	54,704
1% uplift to account for immaterial items	547
Total footprint to offset (uplift factors + net emissions)	55,251.4

#### **Carbon neutral products**

No carbon neutral products were used during the reporting period.

#### **Electricity emissions**

Carbon emissions relating to Goodman's global consumption of electricity is calculated at 41,735 tCO2-e (projected). For disclosure, emissions from the use of electricity from within Goodman's Australian operations were estimated using both a market-based and location-based approaches. Taking the location-based calculation approach in the Climate Active inventory, electricity emissions from Goodman's Australian operations were calculated at 27,235 tCO2e, representing 65% of Goodman's global emissions relating to electricity and approximately double the amount of Goodman's other regions combined.



#### Location-based approach summary

#### Table 2

Location Based Approach - Australian emissions only	Activity Data (kWh)	Emissions (kgCO2e)
NSW	26,473,028	23,825,725
Vic	2,656,355	2,895,427
Qld	552,038	513,396
Grid electricity (scope 2 and 3)	29,681,421	27,234,547
NSW	0	0
Vic	0	0
Qld	0	0
Non-grid electricity (Behind the meter)	0	0
Total Electricity Consumed	29,681,421	27,234,547
Emission Footprint (TCO2e)		27,235

#### Market-based approach summary

#### Table 3

Market Based Approach - Australian emissions only	Activity Data (kWh)	Emission s	Renewable Percentag
		(kgCO2e)	е
Behind the meter consumption of electricity generated	0	0	0.0%
Total non-grid electricity	0	0	0.0%
LGC Purchased and retired (kWh) (including PPAs)	0	0	0.0%
GreenPower	0	0	0.0%
Jurisdictional renewables	0	0	0.0%
Residual Electricity	24,053,823	25,822,836	0.0%
Large Scale Renewable Energy Target (applied to grid electricity only)	5,627,597	0	19.0%
Total grid electricity	29,681,421	25,822,836	19.0%
Total Electricity Consumed (grid + non grid)	29,681,421	25,822,836	19.0%
Electricity renewables	5,627,597	0	
Residual Electricity	24,053,823	25,822,836	
Exported on-site generated electricity	0	0	
Emission Footprint (kgCO2e)		25,822,836	
LRET renewable energy			19%
Voluntary renewable energy			0%
Emission Footprint (tCO2e)		25,823	19%



### 4. CARBON OFFSETS

Table 4

Carbon offset strategy: Forward purchased										
1. Total offsets previously forward purchased and banked for this report 0										
2. Net offset balance for this reporting period 55,252										
<b>3.</b> Total offsets requ	3. Total offsets required for this report 55,252									
Offsets cancelled	for Climate	Active Car	bon Neutral	Certification						
Project description	Type of offset units	Registr y	Date retired	Serial number (and hyperlink to registry transaction record)	Vintage	Eligible Quantit y (TCO2- e)	Quantity used for previous reporting periods	Quantity banked for future reporting periods	Quantity used for this reporting period claim	Percentag e of total (%)
South East Arnhem Land Fire Abatement Stage 2 (SEALFA2) Project	ACCU	ANREU	21/05/2021	3,800,290,927 - 3,800,297,502	2019-20	6,576	0	0	6,576	11.9%
Central Arnhem Land Fire Abatement (CALFA) Project	ACCU	ANREU	21/05/2021	3,800,740,123 - 3,800,745,122	2019-20	5,000	0	0	5,000	9%
South East Arnhem Land Fire Abatement Project (SEALFA) Project	ACCU	ANREU	21/05/2021	3,800,270,432 - 3,800,270,926	2019-20	495	0	0	495	0.9%
West Arnhem Land Fire Abatement (WALFA) Project	ACCU	ANREU	21/05/2021	3,800,460,687 - 3,800,503,867	2019-20	43,181	0	0	43,181	78.2%
	Total offsets retired this report and used in this report55,252100%									100%
Total offsets retired this report and banked for future reports 0 0										
Type of offset units				Quantity (u	sed for this	reporting pe	riod claim)		Perce	ntage of 1 otal
Australian Carbon Cre	Australian Carbon Credit Units (ACCUs) 55,252 100%									



#### **Carbon offset co-benefits**

EXTRAORDINARY IMPACT

### OFFSET PROJECT CATEGORY OVERVIEW

Arnhem Land in the Northern Territory is prone to extreme, devastating wildfires that affect the landscape, people, plants and animals. These projects are owned exclusively by Aboriginal people with custodial responsibility for those parts of Arnhem Land under active bushfire management. Local rangers conduct controlled burns early in the dry season to reduce fuel on the ground and establish a mosaic of natural firebreaks, preventing bigger, hotter and uncontrolled wildfires later in the season.

The projects provide employment and training opportunities for local rangers while supporting Aboriginal people in returning to, remaining on and managing their country. Communities are supported in the preservation and transfer of knowledge, the maintenance of Aboriginal languages and the wellbeing of traditional custodians.

### The project meets the following Sustainable Development Goals







### 4. USE OF TRADEMARK

Table 5							
Description where trademark likely used	Logo type						
Goodman Group Annual Reports	Certified organisation						
Goodman Group Annual Sustainability Report	Certified organisation						
Goodman Group corporate websites	Certified organisation						
Goodman Group Investment Partnership communications	Certified organisation						
Sustainability reporting and benchmark disclosures	Certified organisation						
Social media (LinkedIn, Instagram, Twitter)	Certified organisation						
Case study or similar marketing materials	Certified organisation						



### ADDITIONAL INFORMATION

#### **Confirmation of retirement of offsets**

## RETIREMENT CONFIRMATION

3,800,460,687 - 3,800,503,867

OFFSET REF 1-4: ANREU Registry LINK TO REGISTRY: <u>3,800,290,927 - 3,800,297,502</u> <u>3,800,740,123 - 3,800,745,122</u> <u>3,800,270,432 - 3,800,270,926</u>

Anstralian Government Clean Energy Regulator	Australian National Registry of Emissions Units									
ANREU Home Account Holders Accounts	Transaction Details Transaction details appear below.							Logged is	n as: Andrew Grant / Industry User	
Unit Position Summary	Transaction Successfully Approved									
Transaction Log CER Notifications	Transaction ID Current Status	AU18478 Completed (4)								
Public Reports My Profile	Status Date 21/05/2021 12:52:18 (AEST) 21/05/2021 02:52:18 (GMT)									
	Transaction Type Transaction Initiator Transaction Approver	Cancellation (4) Grant, Andrew William Thorold Grant, Andrew William Thorold								
	Comment	Goodman Group has retired these carbon o	ffsets to meet their Cli	mate Active Carbon Neut	al Commitme	nt for the period FY 3	1021.			
	Account AU-2734 Number Account Name Tasman Environmental Mark Py Ltd Account Holder Tasman Environmental Mark	ets		Account Number Account Nar Account Hol	AU-108 AU-108 Ne Australia Account	8 a Voluntary Cancella nwealth of Australia	ion			
	Pty Ltd									
	Party Type Transaction Type   AU KACCU Voluntary ACCU Cancellation   AU KACCU Voluntary ACCU Cancellation   AU KACCU Voluntary ACCU Cancellation   AU KACCU Voluntary ACCU Cancellation	Original CP Current CP ERE Project ID ERF102943 EOP100467 ERF101624 EFE101624	NGER Facility ID	NGER Facility Name	Safeguard	Kyoto Project #	Vintage 2019-20 2019-20 2019-20 2019-20	Expiry Date	Secial Range 3,800,290,927 - 3,800,297,502 3,800,740,123 - 3,800,745,122 3,800,270,432 - 3,800,270,926 3,800,270,432 - 3,800,270,380	Quantity 6,576 5,000 495 43.181



### **APPENDIX 1**

#### **Excluded emissions**

To be deemed relevant an emission must meet two of the five relevance criteria. Excluded emissions are detailed below against each of the five criteria.

Table 6					
Relevance test					
Excluded emission sources	The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions	The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.	Key stakeholders deem the emissions from a particular source are relevant.	The responsible entity has the potential to influence the reduction of emissions from a particular source.	The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.
Customer operations	Yes	No	No	No	No
Maintenance and repairs	No	No	No	Yes	No
Building embodied energy	Yes	No	No	No	No



### **APPENDIX 2**

#### Non-quantified emissions for organisations

Table 7

Non-quantification test				
Relevant-non-quantified emission sources	Immaterial <1% for individual items and no more than 5% collectively	Quantification is not cost effective relative to the size of the emission but uplift applied.	Data unavailable but uplift applied. A data management plan must be put in place to provide data within 5 years.	Initial emissions non- quantified but repairs and replacements quantified
N/A				





