Procedure

Title: **Basis of Preparation (Australia, FY25)**

Cromwell Property Group ESG Report

Responsibility: **ESG Team**

1. MANAGEMENT APPROACH

1.1. Introduction

Cromwell's Basis of Preparation outlines the methodology employed for measuring, calculating, and reporting ESG data. This approach aligns with recognised standards, including the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), the Greenhouse Gas Protocol and the Corporate Value Chain (Scope 3) Standard. Select ESG performance indicators, as detailed in this framework, undergo limited assurance procedures to assure adherence to applicable standards for non-financial reporting. Cromwell maintains advanced data governance over data capture, management, storage, and employ regular review practices by using platforms such as Workday, Envizi, and Yardi, as well as independent third parties with subject matter expertise.

1.2. Approach to risk management

Cromwell employs an approach to managing ESG risks and opportunities aligned with its ISO 14001:2015 certified Environmental Management System (EMS). This standard is used to ensure we take proactive measures to minimise our environmental footprint, comply with relevant legal requirements, and achieve our environmental objectives. Our approach to risk management is one of continuous improvement across all aspects, from resource usage and waste management, to monitoring environmental performance and involving stakeholders in environmental commitments.

2. REPORTING BOUNDARY

The reporting year is the latest financial year (1 July to 30 June) to which report content and data relates. Different facility management and leasing conditions further restrict our capacity to collect and uniformly disclose operational data. The boundary for this report is therefore defined around the level of ownership and operational control through which Cromwell can implement its ESG Strategy or influence ESG outcomes. A list of all current and sold properties can be found on the Cromwell Property Group website.

Cromwell uses the following definitions:

Exclusion category	Definitions
Fund and asset management	**Operational control:** Where Cromwell is responsible for setting operational standards for the property services and performance as well as for setting and delivering capital works and investment strategies to reduce energy and improve the asset, Cromwell maintains operational control. Where an Australian asset is under tenant control, but Cromwell manages and maintains environmental data for the whole building, Cromwell maintains operational control. All assets are considered under operational control for the following Cromwell Australian entities: The Cromwell corporate employer entity for Australia: - Cromwell Operations Pty Ltd (3 corporate office tenancies under operational control) Cromwell Australian investment portfolio: - Cromwell Diversified Property Trust (CDPT) (except for 203 Coward St, Mascot) Cromwell Australian funds under management: - Cromwell Direct Property Fund (CDPF) - Cromwell Property Trust 12 (C12) - Cromwell Riverpark Trust (CRT)
	Non-operational control: Property assets and spaces where the tenant holds a lease with full management control over the space or premises that they occupy, the tenant manages and maintains data for the space or premises, and Cromwell is unable to directly set policy or implement change. This can include tenancies or entire tenant-controlled buildings, including 203 Coward St, Mascot. In all cases, these spaces are considered under non-operational control, and all energy related emissions are categorised under scope 3 category 13 downstream leased assets. To ensure data completeness, waste and water metrics are collected and incorporated into portfolio statistics, including emissions, recycling rates, and total water consumption. Other operational businesses where Cromwell does not have a majority ownership of >51% and/or does not have management control are included within scope 3 category 15 investments (i.e. Phoenix Portfolios, Oyster Property Group).
	Transitioning: Utilities (i.e. water, electricity, diesel, gas) for assets under development or held for development are excluded from reporting. This currently only applies to National Circuit, Barton. Emissions related to the design phase (i.e. consulting services), are accounted for in scope 3, category 1. Construction waste is accounted for under scope 3, category 5.

Exclusion category	Definitions
	Sold: Australian assets sold during the reporting period are accounted for in all relevant emissions categories for the owned period.
Other exclusions	Cromwell's European operations (Sold December 2024) are excluded from the Australian Basis of Preparation and the assurance procedures undertaken over Australian data.
Corporate operations	Cromwell's corporate operations refers to activities related to the groups employees and their commute, training and business travel; delivery of corporate-level policies and day to day operations; and utilities associated with tenanted offices. Corporate emissions related to Cromwell Operations Pty Ltd are calculated by a third party as part of the Climate Active carbon neutral certification scheme. In the GHG inventory the Climate Active methodology is used for our corporate offsets purchased and category 7 (employee commuting). Data for the corporate emissions is collected for 9 months of the financial year and then extrapolated out for the 12-month financial reporting period.

3. METHODOLOGY AND DEFINITIONS

3.1. Environmental methodologies

All emissions are reported in tCO2e.

3.1.1 Scope 1 and 2 emissions (location-based)

Cromwell reports its scope 1 and 2 emissions with the operational control approach. Energy consumption data, covering electricity, natural gas and diesel is captured using Cromwell's Australian environmental data management system, Envizi. Associated emissions are calculated using the Australian Government National Greenhouse Accounts (NGA) scope 1 and 2 emissions factors. Refrigerant emissions are calculated using the estimated leakage rate methodology outlined in the NGA. Details of stored refrigerants and all refrigerant equipment is requested directly from facility managers.

Electricity related emissions are reported using both location-based and market-based methodologies and emissions factors. Where consumption data is not separately metered for base building or tenants, 50% of the whole building consumption is allocated to the base building as per the National Australian Built Environment Rating System (NABERS). The 50% allocation is supported by Cromwell assets that have base building and tenant consumption data separated. A 50% split allocation is implemented at 433 Boundary Street, Spring Hill, and McKell Building (2-24 Rawson Place), Sydney.

3.1.2 Scope 2 emissions (market-based)

The market-based methodology that is applied in Australia follows the Climate Active Electricity Accounting Guidance, which is aligned to the Property Council of Australia's interpretation of the GHG Protocol. Under this methodology, the following activities are recognised as renewable energy with zero emissions: Large Generation Certificates (LGCs) surrendered as part of the mandatory Australian Renewable Energy Target scheme; accredited LGCs purchased and surrendered under offsite voluntary grid renewable electricity schemes such as GreenPower; LGCs surrendered through a Power Purchase Agreement; or electricity generated and consumed on-site from renewable sources. Emissions are calculated by applying a Residual Mix Factor (RMF) to the electricity purchased from the grid with no associated LGCs. The RMF removes the benefit of claimable renewable electricity generation from the emissions factor used in the location-based methodology, to avoid double counting of the zero emissions attribute of renewable energy generation.

3.1.3 Emissions intensity

Measured in kgCO2e / m2, where the denominator is the net lettable area (NLA) measured and defined by the Property Council of Australia Method of Measurement. The emissions intensity denominator is the NLA of properties in directly managed portfolios or funds at the start of the reporting year (1 July) including properties where Cromwell does not have operational control.

3.1.4 Scope 3 category 1 purchased goods and services, and category 2 capital goods

All scope 3 emissions are reported using the categories and methodology of the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Expense distributions (AUD spend) and the emissions factors from the US Environmental Protection Agency (US EPA) supply chain environmentally-extended input-output emissions factor database v1.3, specifically the Supply Chain Emissions with Margins (tCO2e / 2022USD), are used to calculate category 1 and 2 emissions. The US EPA factors are used to standardise our methodology across all Cromwell entities and industries in our supply chain. The emissions factors are uplifted to 2025 USD using an inflation rate calculated from the US Consumer Price index for Dec 2022 and Jun 2025. This process aligns with the US EPA usage guidance. The factors are converted from USD to AUD using the average exchange rate for the reporting period sourced from the Reserve Bank of Australia.

Spend data for the fiscal year is separated into corporate or fund related expenses and categorised by expenditure type (capital or operational). Fund related expenses are categorised based on activity and categories are matched to North American Industry Classification System (NAICS). The categories are used to apply the appropriate emissions factor from the US EPA supply chain emissions factor database mentioned above. In future, Cromwell will seek to prioritise sourcing supplier primary data, and supplier-specific emissions factors over the existing methodology where possible.

Corporate related expenses are provided to a third party to calculate category 1 and 2 emissions. Where possible Cromwell includes the supplier or actual product information such as weight of paper purchased. Emissions are calculated using the Climate Active methodology and emissions factors.

Water consumption is measured as total volume (kL) of water consumed within the Reporting Boundary and not returned to the environment. Total volume is captured using Cromwell's Australian environmental data management system, Envizi. Where data is not available in Envizi, consumption is captured through invoices. Water consumption data is captured and reported at a whole building level for property assets (including 203 Coward St, Mascot). Water consumption for corporate operations is captured through whole of building data, requested from the landlord/s and apportioned based on NLA of our tenancy compared to the whole of building. The NGA emissions factor for water emissions is applied to convert kL to emissions.

3.1.5 Scope 3 category 3 fuel and energy-related emissions

Category 3 emissions are calculated and reported both by location-based and market-based electricity and fuel scope 3 factors in the NGA. Apportioning of electricity consumption (kWh) is done according to the Climate Active Electricity Accounting Guidance, as mentioned in 3.1.2 Scope 1 and 2 emissions (market-based). Emissions relating to our corporate operations are calculated by a third party with the same methodology.

3.1.6 Scope 3 category 4 upstream transportation and distribution

Expense distributions are collected for Cromwell Operations Pty Ltd (AUD spend) and Climate Active emissions factors are applied to calculate category 4 emissions.

3.1.7 Scope 3 category 5 waste generated in operations

Waste data is collected in tonnes. For landfill waste generated during operations the NGA emissions factor for landfill waste is applied to convert tonnage to emissions. For construction waste the emissions factor is dependent on the type of waste that was disposed, all factors are sourced from the NGA.

Cromwell weighs all waste generated at its properties and categorises waste by destination (landfill, recycling) and recycling stream (organics, paper and cardboard, secure paper and mixed recycling), including properties not under operational control. Where data for an asset is unavailable it is estimated using a waste intensity factor (tonnes per NLA) for landfill waste generated at other managed assets and applied to the NLA of the asset where data is unavailable.

Waste from our corporate offices is not separated from other tenants in the buildings Cromwell leases, so whole building waste data is requested and apportioned by Cromwell’s tenancy area to the whole building’s NLA.

Construction waste landfill and recycling data is collected from waste dockets. For the purposes of reporting, construction waste is recorded at project completion, rather than at time of collection and disposal.

3.1.8 Scope 3 category 6 business travel

Business travel data and emissions methodologies are sourced from Cromwell’s corporate travel provider. Cromwell uses a third-party provider to calculate business travel emissions related to flights and accommodation, this in incorporated in our travel management service. Emissions are calculated using the *UK Government GHG Conversion Factors for Company Reporting* published by the UK Department for Environment, Food & Rural Affairs (DEFRA).

Emissions for business related flights are calculated using the kilometres travelled for each flight multiplied by an emissions factor. As per the DEFRA guidance this emissions factor is dependent on both journey type and passenger class. For Australian domestic flights, the journey type is categorised as "International" (flights to or from non-UK countries).

Hotel accommodation data summarised by location to determine the applicable emissions factor from the DEFRA methodology and multiplied by the number of nights for the total emissions.

For taxis and rideshares (not used for commuting to and from home as captured in category 7), Climate Active emissions factors are applied to expense data in AUD.

Car hire data is quantified by the type of vehicle, the number of hire days and when available the distance travelled. Following the Climate Active methodology, the distance travelled (km) is averaged to kilometres travelled per day and extrapolated to determine the total kilometres travelled over the total number of hire days.

3.1.9 Scope 3 category 7 employee commuting

Emissions for category 7 are calculated by a third party as part of the Climate Active certification scheme. An annual survey is used to collect employee commuting information, including modes of transport, region, distance travelled, frequency of commute, frequency of working from home and home electricity supply. While most Australian employees respond to the survey, results are extrapolated by employee full-time equivalent figures at the end of the nine-month financial reporting period to represent all Cromwell employees. The total emissions are calculated using the Climate Active work from home, and local travel emissions factors.

3.1.10 Scope 3 category 8 upstream leased assets

Base building electricity, gas, diesel and refrigerant data is provided by Cromwell's landlords and apportioned by our tenanted floor space against the total building's net lettable area (NLA). Emissions are calculated by a third party using the Climate Active methodology and emissions factors. Electricity related emissions are reported using the market-based methodology. Where Cromwell is the landlord emissions are already captured in scope 1 and 2 and therefore, not repeated in category 8.

3.1.11 Scope 3 category 11 use of sold products

As per the GHG Protocol Corporate Value Chain (Scope 3) Standard and the UK Green Building Council Guide to Scope 3 Reporting in Commercial Real Estate, whole life impacts for existing buildings are not accounted for by the building seller or purchaser at the point of transfer. However, where a speculative developer constructs a new building to sell to the market, the building is treated as a product and the scope 1 and 2 emissions of future building occupants is modelled for the 60-year lifetime of the building and must be included in the developer's scope 3 reporting the year in which the building is sold.

From FY22 to FY25, Cromwell did not develop and sell any new buildings. Therefore, no emissions are associated with the operational lifecycle emissions of any sold developments, but Cromwell will do so in future if the situation arises.

3.1.12 Scope 3 category 13 downstream leased assets

Category 13 captures emissions from tenant-controlled spaces including those from electricity and natural gas consumption and tenant managed refrigerants. Emissions from electricity consumption are calculated using the same market-based methodology as in section 3.1.2 Scope 2 emissions (market-based). For assets within the Reporting Boundary the following assumptions apply. Tenant managed refrigerant equipment data is requested directly from the facility mangers; if no data is available, it is assumed there are no tenant managed refrigerants on site. Natural gas consumption is captured in Envizi (Cromwell's Australian environmental data management system), where there is no data captured it is assumed there is no tenant managed gas consumption. In the case of electricity emissions, an emissions calculation hierarchy is applied depending on the data quality:

1) For all Australian properties except 433 Boundary St, Spring Hill and McKell Building (2-24 Rawson Place), Sydney, Cromwell has sub-metered tenant data.

2) Where metered tenant data is unavailable due to a lack of submetering or in minimal cases, a tenant unwilling to share their energy data, whole building metered data for Australian properties is apportioned as 50% base building and 50% total tenancy, as prescribed by the National Australian Built Environment Rating System (NABERS).

3) Where neither metered tenant data nor whole building data is directly available to us, it is requested from the tenants. This is applicable only to non-operationally controlled properties with a single tenant. In FY25, this was only applicable to Qantas HQ (203 Coward St), Mascot.

3.1.13 Scope 3 category 15 investments

This includes emissions from investment in Oyster Property Group and Phoenix Portfolios, where Cromwell does not have operational control of the real estate assets. Separate approaches are taken for each investment:

1) Where we have equity in companies with physical real estate, such as Oyster Property Group, scope 1 and 2 emissions data is requested from the entity with operational control and apportioned based on our equity share in the entity. This includes emissions from refrigerants, diesel, natural gas and electricity (location-based). Where data for refrigerants, diesel or natural gas is not available it is assumed as zero emissions under the assumption that the relevant equipment is not managed by Oyster Property Group. For relevant asset emissions data is apportioned based on equity share, this excludes tenant managed assets that are not considered scope 1 or 2 for Oyster Property Group.

All Oyster Property Group assets are based in New Zealand as at 30 June 2025. Therefore, New Zealand location-based factors are used based on *Measuring emissions: A guide for organisations* from the New Zealand Ministry for the Environment. Electricity consumption is captured via metering or invoices, and primary energy data (kWh) is prioritised. Some energy data is not available for the entire year, the available months are extrapolated to cover the entire year.

2) Cromwell has a 45% equity share in Phoenix Portfolios and manages three funds under the operational control approach emissions related to the three managed funds are reported at 100%. To avoid double counting, emissions relating to the 45% equity in Pheonix Portfolios is not included in this estimate. In future we endeavour to capture the scope 1 and 2 emissions of Pheonix Portfolios to appropriately include this investment at our 45% share.

Phoenix Portfolios and the managed funds invest in shares for real estate companies. An emissions factor for commercial real estate has been estimated using the following approach: first, the total emissions in Australia are obtained and 10% of these emissions are apportioned to commercial real estate. This is then divided by the total financial value of commercial real estate in the Australian economy. This provides the emissions factor that is then applied to the Assets Under Management (AUM) value of the 3 managed funds as at 30 June.

3.1.14 Water consumption (inflow)

Water data collection process is also in section 3.1.4. Water consumption is measured as total volume (kL) of water inflow, excluding rainwater, within the Reporting Boundary and not returned to the environment. Total volume is captured using Cromwell's environmental data management system, Envizi. Where data is not available in Envizi, consumption is captured through invoices. Water consumption data is captured and reported at a whole building level for property assets (including Qantas HQ (203 Coward St), Mascot). Water consumption for corporate operations is captured through whole of building data, requested from the landlord/s and apportioned based on NLA of our tenancy compared to the whole of building.

3.1.15 Recycling rate

Refer to section 3.1.7 for the waste data collection process. Recycling rate is the percentage of total operational waste recycled (including organics, liquid waste and plastics) to total waste generated (recycled and landfill) within the Reporting Boundary. This performance indicator does not include construction waste, estimated waste (applicable to Soward Way, Greenway) or waste relating to upstream leased assets. The recycling rate does capture waste generated by all tenants at all sites, including tenants in assets not under operational control (applicable to Qantas HQ (203 Coward St), Mascot).

3.2. Social methodologies

All employees are employed by Cromwell Operations Pty Ltd.

3.2.1 Gender pay gap

Measured in a percentage, the gender pay gap is the difference between the average earnings for men and women, expressed as a percentage of men's average earnings, as defined by the Australian Government Workplace Gender Equality Agency. Data is annualised to total compensation excluding bonuses as at 30 June. Includes CEO, excludes directors, contractors and casual employees.

3.2.2 40:40:20 gender representation

The target ratio of minimum 40% men, 40% women, and 20% any gender across all leadership levels including casual employees. All Australia employees are asked their gender upon employment and may choose to reassign their gender. This information is stored on employee profiles and extracted from Workday, the human capital management software administered by Cromwell.