Summerset

Sustainability Review

AND CLIMATE-RELATED DISCLOSURES FY24

About this report

Summerset's *Sustainability Report FY24* provides a view of our sustainability performance and activities including our continued approach to managing climate change and how we are transitioning to a low emission future.

This year's report continues Summerset's sustainability journey which started in 2018. A five year (from 2018 to 2022) summary of our sustainability journey as well as our FY23 report, which includes our first climate-related disclosures can be found on our website here.

This report is not only a reporting tool, but also a record of our work towards reducing our impact on the environment, society and the economy, guided by our Sustainability Framework and our ten-year Strategic Plan.

Questions about the report can be directed to investor.relations@summerset.co.nz

Period covered by the Review

This report covers our sustainability performance and activities for the 12 months from 1 January 2024 to 31 December 2024 unless otherwise stated.

Statement of Compliance

Summerset is a climate-reporting entity (CRE) under the Financial Markets Conduct Act 2013. This report contains Summerset's climate-related disclosures for FY24. These disclosures have been prepared in compliance with New Zealand Climate Standards (NZ CS 1, NZ CS 2 and NZ CS 3), published by the External Reporting Board.

No adoption provisions have been used by Summerset for this report. A navigation table highlighting where in this report our disclosure statements can be found is included in Appendix I of this report.

Important Notice / Disclaimer

This report contains current and forward-looking statements about climate change, the impacts of it, and Summerset's response to it. These are based on ever evolving assessments, judgements, assumptions and incomplete data.

Forward-looking statements and opinions (such as those concerning scenarios, anticipated impacts, risks and opportunities, metrics and targets, and transitional activities) in this report should not be relied upon, as actual outcomes may differ materially from what is described.

While Summerset aims to provide accurate information for the year ended 31 December 2024 as at the publication date (28 February 2025), it emphasises that this report and its contents:

- should not be relied upon as guarantees of future performance
- contains no representations, warranties or assurances in relation to any forward-looking statements or opinions
- is not an offer or recommendation to invest in, distribute or purchase financial products nor is the information intended to constitute earnings guidance
- do not constitute legal, financial, investment or tax advice or advice of any other kind

This report highlights that future results may vary due to economic, technological and market factors beyond Summerset's control. The information should not be considered as investment advice or a guarantee of future performance, nor does the report represent an offer to purchase securities or provide legal, financial or tax advice. For detailed financial performance, please refer to our Financial Statements in our Annual Report FY24.

Key information

Company name:
Summerset Group Holdings Limited
Head Office address: Level 27, Majestic Centre,
100 Willis St, Wellington,
New Zealand

Front cover: Summerset Rototuna solar panels
This page: Summerset Richmond solar panels

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CEO and Chair introduction

Summerset recognises the importance of integrating sustainability into everything we do and we are committed to ongoing improvements to the way we operate.

This report is our third sustainability review, and the second report that includes our mandatory climate disclosures. We believe these requirements are a positive step forward in providing investors and other stakeholders important transparency in how New Zealand and Australian companies are adapting to, and playing their part in, sustainability and how they enhance their environmental, social and governance (ESG) practices.

Since our last report Summerset has continued on its journey of embedding sustainability into all parts of our operation, as well as improving how we manage climate change including adapting this document as the reporting requirements continue to evolve.

Sustainability and ESG practices feature as common themes throughout our ten-year strategy and are a requirement of all of our business units. We also have a strategic goal of being a good corporate citizen. We are dedicated to playing our part in the sustainable future of New Zealand and Australia as we continue to grow our presence in both countries.

While we know there is always more to do, and we need to continuously improve, we believe Summerset is an industry and business leader in sustainability and it was pleasing to see this view shared externally.

Forsyth Barr recognised Summerset again in their third Carbon and ESG Ratings for NZX-listed companies. We are now in the top ten NZX-listed companies based on their criteria having moved up to 10th from 11th, and were noted by Forsyth Barr as a "leader" among NZX-listed companies.

Our sustainability work was also recognised by the Retirement Villages Association (RVA) with our construction waste avoidance initiative and our Richmond Ranges village solar panels installation both being named finalists for the RVA Sustainability Awards. We were named a Sustainability Leader in the Property & Construction category by the *Australian Financial Review* and we won an Ethical and Sustainable business award by Money Matters and Catalyst Leadership. Summerset was one of just three New Zealand companies to be recognised.

We are proud to present the Summerset Sustainability Report and Climate-related Disclosures FY24 and to provide you with updates on our work across all our areas of ESG.

Environment

As a growth company with ambitious targets over the coming years to develop, build and manage more retirement villages across New Zealand and Australia, we are continuously looking at how what we can change or improve. This is not limited to reducing our environmental impact, but also to create positive outcomes in the places we establish our retirement village communities.

Waste minimisation is now an “always-on” aspect of our developments and our 19 construction sites across New Zealand and Australia are all committed to waste diversion targets with the majority of our sites practising site separation of materials. This work meant we diverted 4,409 tonnes of construction waste from landfill over FY24.

Now that we have embedded our waste minimisation practices across our construction business, we spent 2024 looking further at the materials we’re sourcing. We have worked hard to strategically choose the most sustainable materials and optimise their use in our built environment. We collaborate closely with our suppliers to investigate new technolgy, to reduce waste, increase recycling and improve efficiency.

Embodied carbon has been an important focus for us in our design and construction also. Embodied carbon refers to the total greenhouse gas (GHG) emissions associated with the production of a building's materials, from extraction through manufacturing, transportation and construction. Understanding and minimising embodied carbon is crucial in our efforts to combat climate change and build more sustainable communities.

Our work on embodied carbon has been very successful in FY24. For example, we've transitioned to using a 30% reduced carbon concrete for all future builds and we've made excellent progress in measuring and reducing embodied carbon in the design and build of common home types in our villages.

We have successfully calculated the upfront embodied carbon for two of our standard build typologies: our three-bedroom townhouse and our two-bedroom villa. With this information we're able to identify opportunities to reduce embodied carbon and work towards low-carbon homes.

Since we took our baseline measure of these home types, we have built our second generation of townhouses and seen significant reductions in embodied carbon.

These townhouses, which have been built at our Waikanae village, have significantly lower upfront carbon emissions, down approximately 24% on the first generation which was our baseline. This reduction has been achieved across a mix of design, construction and material improvements we've been able to make as we've learned more.

Evolving with climate science has been a focus for us this year too, the best example being the transition of our near-term five-year emissions reductions target from a science-aligned target to a science-based one.

Waste to Waist fashion show, Summerset in the Sun, Nelson

After significantly exceeding our first emissions target goal we set a new, five-year science-aligned target in 2022 to reduce our emissions intensity 34% by 2027 for scopes 1 and 2 and we have been tracking well against this.

This year, following best practice, we underwent the rigorous process of having this target upgraded and validated by the Science Based Targets Initiative (SBTi). This validation ensures our emissions reduction targets are grounded in the latest climate science, utilising standardised methodologies and independent verification.

As a result, this near-term target is not only ambitious and credible but also comparable across industries.

Establishing a science-based target allows us to clearly understand how much and how quickly we need to reduce our GHG emissions to mitigate the worst effects of climate change.

Our new target is to reduce scope 1 and 2 GHG emissions by 49% per square metre by 2028 from our 2022 base year. We've also committed to engaging our supply chain in emissions reduction.

We are proud to have the latest science and information driving us and holding us accountable. We are confident Summerset can meet these targets and continue to improve our emissions output.

At our villages our work around implementing solar energy and electric vehicles (EVs) has been a major initiative in FY24.

We completed the installation of solar panels on the main buildings of our Richmond, Rototuna (Hamilton), Pāpāmoa and Boulcott (Lower Hutt) villages. This initiative involved installing over 1000 solar panels across these sites, generating over 300 MWh of power in 2024.

Harnessing solar power not only enhances our resilience and reduces our reliance on grid electricity but also significantly contributes to the electricity needs of the common areas in our main buildings, which house our care facilities and other amenities like our indoor pools.

As well as these major solar projects we've also introduced solar-powered streetlights at our Havelock North, Paraparaumu, and Palmerston North villages.

Sustainable transportation and giving our residents greater access to EV technology has continued to be a focus for us also.

Over the past year, we have increased the percentage of EVs in our own fleet to 12%, up from 5% in 2023 and we have been retrofitting EV charging stations at our villages and ensuring all new villages include charging infrastructure. Residents are excited about the opportunity to book village EV cars for their own use, and we now have EV cars available at 15 villages. This initiative has led to increased bookings at all villages where we've made resident cars available.

Social

Summerset's social responsibility is focused around our people, our residents and our desire to be good corporate citizens and to make contributions to the communities where we operate.

We're a people-focused business and without skilled people we can't deliver on our purpose of bringing the best of life to our residents. We continue to seek ways to provide meaningful career pathways and opportunities for our people and allowing them to be at their best both inside and outside work.

Our people's wellbeing has been a major focus in 2024, and we have done a lot of work internally on promoting wellbeing topics with our people. This has included our move to our new employee assistance partner, TELUS Health. We made the move to TELUS Health as they have an excellent track record of providing free and confidential counselling, coaching and support when personal or work issues arise that may affect our people's wellbeing. Their service also includes a Wellbeing platform and app which provides numerous

resources, courses and health assessments for mental, physical and financial health.

In addition to providing these services to our staff, their families are able to access the material and confidential counselling as well.

For our residents, a large part of our social responsibility sits with the care we provide. We are committed to providing our continuum of care offering which is so important to our residents and provides them with peace of mind that they have options if their health needs change.

In 2024 we opened three new care centres at our Pāpāmoa, Boulcott and St Johns (Auckland) villages and we have also significantly progressed the upgrades of our old care centres at our Trentham, Havelock North and Levin villages. Trentham and Havelock North will reopen their new and improved care centres in the first half of 2025.

We have also continued to advocate for our sector and smaller aged care providers who are struggling to continue operating. While we can, and will, continue to offer care, the wider aged care industry is suffering from severe underfunding and the implications for thousands of aged New Zealanders are very serious.

Health New Zealand – Te Whatu Ora increased aged care funding by 3.2% in 2024, a far cry from the New Zealand Aged Care Association's (NZACA) estimate that an 11% increase was needed for providers to break even.

Underfunding from successive governments has left many aged care providers in a precarious position, and we continue to support the NZACA's advocacy for the health of the aged care sector.

We have also rolled out our Lumin platform to 17 villages, bringing a number of social and sustainability benefits for our residents. Lumin provides a communications tool allowing a resident's village to send them important information while also allowing residents to call or video call fellow residents and their families. It has functionality for residents to book activities and food, and provides a valuable community and connection tool.

From a sustainability perspective it has allowed us to reduce the printing we do as we can electronically communicate with residents and stay in touch much more efficiently

In the community we look for opportunities to support causes that benefit local communities and which are meaningful to our residents. In 2024 Summerset supported over 200 community groups from bowling clubs, Lions groups, tennis clubs and much more, all in close proximity to the villages we operate. We also have national sponsorships such as Netball New Zealand and Dementia NZ.

We look for one-off opportunities that arise too. This includes donating materials from our Trentham care centre refurbishment to Scouts NZ. The local Scouts groups were able to come and take things like doors, basins, toilets and other hardware to use in their Scout dens.

In Wellington we donated a fully refurbished van from our Wigram village to the Wellington City Mission. The van was no longer required by Summerset and will now be used by the City Mission to transport people in the Wellington community who need assistance to connect with services such as doctors and to access the support services available at the Mission.

Governance

We have a very strong governance structure from our Board down to ensure that we monitor our risks and that we have the appropriate skills and experience to help us to respond to the risks and opportunities that climate change will present in the future.

Summerset's Board and management have focused on working on and preparing for the climate-related disclosures later in this report.

Summerset's Board and Management have evolved our sustainability review and climate-related disclosures as the framework has matured and we've received further advice from policy makers. We expect our disclosures to continue to change to meet the demands of government, our stakeholders and other interested parties.

Summerset's work to date has positioned us well to embrace this challenge, and proactively and positively contribute to New Zealand's climate response and building a sustainable future.

Ongoing work

We are very proud of the work we've undertaken as a business and the efforts we've made to continually challenge our thinking and to improve the way we do things. Sustainability is firmly entrenched in the thinking of all parts of Summerset's business.

We would like to thank the Summerset team for their dedication to building excellent villages and creating caring communities both within and outside our villages. Thank you also to our residents, suppliers, stakeholders and investors for coming along on this journey with us so far and pushing us to excel.

Mark Verbiest
Chair

Scott Scoullar
Chief Executive Officer

Fiona Oliver
Director & Chair of the Audit & Risk Committee

Sustainability highlights

2024

Sustainability snapshot

72,925 tCO2e
total Greenhouse gas emissions from 1 January to 31 December 2024

24% reduction
in the upfront embodied carbon of our Louisville typology

1000+
solar panels installed on the main buildings of our Richmond, Rototuna, Pāpāmoa, and Lower Hutt villages

Took our 1st step
in utilising biomass fuel installing a wood pellet boiler at our St Johns village

80+ charging bays
Expanded our network of electric vehicles nationwide providing convenient access for residents, staff and visitors

80,000+ native plants
planted at our Waikanae village to enhance biodiversity and restore natural habitats

4,409 tonnes
of waste diverted from landfill, exceeding both metro and regional diversion targets through our construction waste avoidance programme

TOITŪ NET CARBON ZERO

Invested in voluntary carbon offsetting and renewable energy certificates to support emissions reduction and demonstrate our commitment to 100% renewable electricity

100%
Achieved all three of our sustainability linked lending performance targets, attracting an interest margin discount

400+ attendees
at a series of partner and supplier forums to strengthen relationships and drive progress toward our supplier engagement target

30% reduction
Transitioned to using low carbon concrete as the standard for all new build concrete applications

Electric vehicles
15 villages now have an electric vehicle available for residents to use

Summerset's business and strategy

Residents of Summerset Down the Lane (Hamilton) taking part in a community litter clean-up

Our business model

Summerset builds, owns and operates integrated retirement villages, creating vibrant, happy communities for residents that deliver on our purpose – bringing the best of life. Summerset currently has 41 villages either completed or under development (39 in New Zealand and 2 in Australia), with a land bank of sites (8 in New Zealand and 5 in Australia) earmarked for potential future development across New Zealand and Australia.

Our business model

Our business spans the development, design and construction of villages through to the operation and management of retirement villages and care centres. Our continuum of care model is an integral part of our business. Having independent living options through to serviced apartments, care facilities and, in many villages, dementia-level care all while remaining in the same village allows our residents peace of mind that their needs can be met if their care requirements change.

Our strategy & sustainability framework

Bringing the best of life to more than 8,700 residents is the core purpose for everything we do at Summerset. Summerset has six strategic goals that are underpinned by our desire to bring increased wellbeing to our residents and staff by harnessing the power of innovation and embedding sustainability into our work.

In 2023 Summerset launched its new ten-year strategy. The strategy has six strategic goals which are supported by short- and long-term initiatives covering the next ten years.

One of Summerset's strategic goals is continuing our journey to be a good corporate citizen and incorporating sustainability into everything that we do. This helps us to prioritise our work to ensure we deliver on our purpose – bringing the best of life.

Sustainability has been a part of the overall vision at Summerset for the last seven years and we have been embedding sustainability practices across the business to deliver the vision to develop our villages responsibly and create a sustainable future for all.

Sustainability integration

Supplementing our ten-year strategy are our established science-backed targets and the initiative programmes to achieve them. These targets are the primary method for tracking our progress on several climate mitigation strategies. Collectively these are presented in our sustainability framework, which outlines our strategic goals, key focus areas and initiatives to achieve them, and targets to track our progress.

Our plan

With the goal of embedding sustainability into everything that Summerset does, we are well positioned to transition alongside, and support New Zealand and Australia as collectively we shift towards a low-emission climate-resilient future.

Combatting climate change and reducing our carbon footprint are dynamic and challenging, which is why Summerset has committed to achieving emission reduction targets (both near- and longer-term targets) which are science-based. By having an emissions intensity driven target, Summerset is forced to adapt and innovate across our entire business model.

As we continue to grow, we are forced to adopt new initiatives and practices. In FY24, we reinforced our commitment by undergoing the rigorous process of having our near-term emissions reduction target approved by the Science Based Targets initiative (SBTi). This validation ensures that our near-term target is based on the latest climate science, making it both ambitious and credible, as well as comparable across industries.

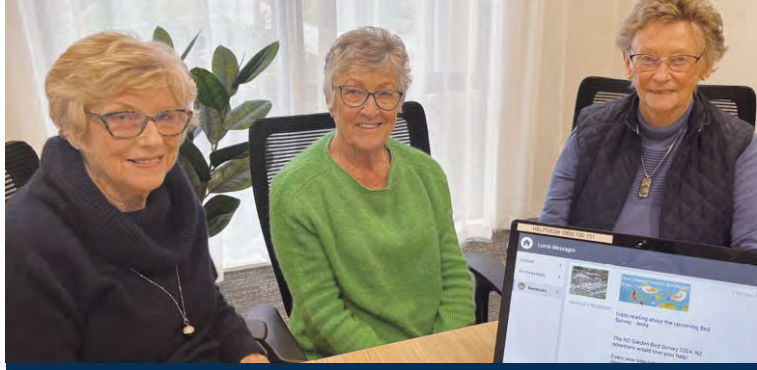
Owl-inspired birdfeeders crafted from recycled items during a Summerset competition as part of National Recycling Week

Our climate action plan (on the following page) summarises how we are tackling the challenge of decarbonisation and transition. It highlights our priorities and initiatives and, when combined with our targets, it will help to drive meaningful action.

Table 1: Emissons targets and progress

	2017–2022 Original short-term five-year target	2023–2028[1] New near-term five-year target	2017–2032 Longer-term target
Target	˅5% reduction in emissions intensity per $1m of revenue by 2022 (2017 base year)	˅49% reduction in emissions intensity per square metre by 2028 (2022 base year)	˅62% reduction in emissions intensity per square metre by 2032 (2017 base year)
Progress[2]	˅16%	˅20%	˅22%

1. *Emissions reduction targets are science-based and cover scopes 1 and 2 only*
2. *Progress excludes the purchase of renewable energy certificates (purchased in FY23 and in FY24)*



CASE STUDY

LUMIN – DIGITAL SUSTAINABILITY AND IMPROVING COMMUNICATION

Over the last two years Summerset has been rolling out Lumin, a new communications technology that not only enhances the lives and experiences of our residents, but also helps us reduce our environmental impact by using less paper, contributing to environmental conservation and reducing waste.

Lumin is an easy-to-use, specially designed interactive online platform for elderly users and other "non-digital natives". Lumin is now available at 17 of our villages (with more planned for 2025). It is run through a dedicated 17-inch tablet or on an app and allows residents to stay connected to village life from the comfort of their home. Via Lumin, residents receive village updates, and can communicate with staff, their families and other residents. They can also book activities, access entertainment and educational content.

The introduction of Lumin has created both environmental and social sustainability benefits to our villages. It supports socialisation, inclusion and accessibility while also enhancing the efficiency of our Summerset team.

Previously our resident communications were hand delivered through hardcopy newsletters and on physical noticeboards. Communicating digitally with residents supports environmental sustainability through saving paper and reducing plastic and chemical waste generated from using printers and toner cartridges. For example, in one village alone they have saved in excess of 21,000 pieces of paper by delivering their monthly newsletter via Lumin, an estimated paper saving of $1,500 annually.

Sustainability framework

OUR PURPOSE: BRINGING THE BEST OF LIFE

OUR VISION: TO DEVELOP OUR VILLAGES RESPONSIBLY AND CREATE A SUSTAINABLE FUTURE FOR ALL

STRATEGIC GOALS	Reduce our impact on the planet through efficiency and innovation	Contributes to the economic prosperity of New Zealand and Australia	Create caring communities for our residents and employees
OUR FOCUS AREAS	• Reduce carbon footprint • Reduce landfill waste • Energy efficiency • Measure water take • Sustainable design and construction practices • Embrace technology including solar	• Adapt to economic conditions • Fulfil sustainability-linked lending criteria • Provide a secure and sustainable business for shareholders • Fulfil governance and compliance obligations	• Act ethically and responsibly • Support local communities • Provide a safe workplace • Staff wellbeing • Diversity and inclusion • Grow stakeholder understanding of sustainability
OUR TARGETS	**5 year** – Near-term carbon target: Reduce emissions intensity by 49% by 2028 **5+ year** – Longer-term targets: Reduce emissions intensity per sqm by 62% by 2032 **15+ year** – Carbon net zero by 2050	**Sustainability linked loans:** **1.** Ongoing dementia certification and increase dementia beds **2.** Emissions reduction in carbon intensity per sqm scopes 1, 2, 3* **3.** Diversion of construction waste from landfill **selected scopes*	**Scope 3 target:** Engage and encourage 70% of our supply chain to measure and report their emissions by 2028
SUSTAINABLE DEVELOPMENT GOALS	7, 9, 12, 13, 14, 15	8, 17	3, 4, 5, 11

UNDERPINNED BY OUR VALUES: STRONG ENOUGH TO CARE | ONE TEAM | STRIVE TO BE THE BEST

Our affiliates

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION

CLIMATE LEADERS COALITION ON A MISSION TO REDUCE EMISSIONS IN NEW ZEALAND

Lifemark

Climate action plan

Our Climate Action Plan summarises how we are tackling the challenge of decarbonisation and transition, it highlights our priorities and initiatives and when combined with our targets helps to drive meaningful change.

OUR PRIORITIES

DESIGN & CONSTRUCTION | DECARBONISATION OF VILLAGES | MANAGING OPERATIONAL EFFICIENCIES

OUR INITIATIVES

Design and construction

- We're taking a holistic, sustainable design approach where designing for operational needs is considered up-front, and where we actively look to utilise low carbon construction processes, materials and products

Smart water management

- Adopting smart water management practices across our villages' entire lifecycle

Solar generation

- Installation of solar panels on new and existing villages reduces our emissions and reliance on the national grid

Gas transition

- Staged transition of existing villages away from gas to more sustainable alternatives

Embodied carbon

- We are calculating the embodied carbon of standard typologies within our built environment to assist in identifying opportunities and ways where we can reduce our impact

Electrification of fleet

- Transitioning our fleet vehicles away from fossil fuels to electric vehicles and hybrid alternatives

Minimising waste

- Continued focus on waste minimisation through recovery and diversion and advancing a circular economy mindset

Energy efficiency

- Optimisation and fine tuning of our building management systems coupled with energy efficient technology to reduce our overall energy use

Actions and targets to manage our climate-related risks and opportunities	Summerset is implementing and planning future **actions** to address specific climate-related risks and opportunities identified through our climate scenario analysis. Details of these actions can be found in the relevant tables on pages 23 to 29 of this report. Many of these initiatives align with our key strategies outlined in our decarbonisation plan. The **targets** aimed at decreasing our exposure to climate-related risks and enhancing our alignment with climate-related opportunities can be found in the Metrics and Targets section on pages 35 and 36.
Capital deployment	Details on the planned **capital** allocation for addressing climate-related risks and opportunities, as well as the transition plan components of our strategy, can be found in pages 14 to 16 of this report.
Other Climate-related targets	Sustainability-linked lending performance **targets** are outlined on page 35 in the Metrics and Targets section. Think Green intensity **metrics** are outlined in the table on page 37.

From linear to circular: Our transition plan

Our transition plan focuses on advancing the principles of a circular built environment, as demonstrated through our Built Environment Plan. This plan is not only central to guiding our decision-making but also ensures alignment across all areas of the business, linking our ten-year strategy, Climate Action Plan, and emissions reduction targets.

Our circular built environment transition requires action at every stage of the building and construction lifecycle, from design through to reuse and recycling. It integrates resource efficiency with innovation opportunities and outlines the collaboration and coordination required to deliver on our low-carbon commitments.

By addressing the material and waste footprint of the more traditional linear system - using our waste minimisation and avoidance programme as an example - we aim to reduce emissions, enhance sustainability and create social value.

While this transition is critical to our decarbonisation efforts, it is not without its challenges. We acknowledge the complexities involved in executing our plans and the need for ongoing adaptation.

Capital allocation and investment

Alignment with capital deployment and funding processes

Summerset undertakes detailed financial forecasting on a monthly basis and financial planning annually taking into consideration our targets, ten-year strategy and ten-year internal model which reflects Summerset's climate scenarios. A 50-year horizon is considered in relation to Summerset's build programme. Concurrently, Summerset adopts a long-term strategic approach to asset management, allowing for more climate-related risks and opportunities to be assessed on a project-by-project basis.

This project-by-project feasibility is where Summerset can best incorporate climate-related risks and opportunities into our decision-making and capital deployment. For example, the land acquisitions process for potential new villages examines a variety of climate-related risks, both physical (sea level rise, flooding) and transition (managed retreat, insurance) as part of our due diligence.

Additionally, during the design of new villages or refurbishment of existing villages, Summerset has the ability to maximise our climate-related opportunities through sustainable design and incorporation of energy efficient technology (e.g. solar panels, water measurement equipment and smart building management software).

This is an example of how Summerset is mitigating climate change risk by incorporating it into our decision-making processes and allocating capital towards these risks and opportunities.

Supporting this approach is an overarching sustainability-linked lending programme, which links our financial performance to sustainability targets. To help Summerset achieve these targets, and achieve a more sustainable business, there is an annual Sustainability Initiatives Budget and Decarbonisation Fund. Between these annual budgets and the project decision-making process Summerset believes we are well positioned to mitigate our climate-related risks while capitalising on the opportunities.

Capital investment

Summerset's commitment to meeting our emissions reduction targets and implementing climate-related initiatives is primarily (but not exhaustively) funded through capital expenditure captured in either:

- Sustainability Initiatives Budget (part of our property and asset management programme)
- Decarbonisation Fund (part of our sustainability programme)
- Village Refurbishment Project Budget (part of our design and development programme)

Other sources of emissions reductions and climate resilience expenditure occur through operational expenditure in our asset maintenance programme.

Summerset allocates capital budget annually with the planned capital expenditure for FY25 disclosed in Table 2. This table also describes Summerset's capital expenditure and investment deployed towards climate-related risks and opportunities.

In FY24, 14% of Summerset's total capital expenditure on property, plant, and equipment for existing sites was allocated to renewable energy generation and energy efficiency projects aimed at reducing emissions. This is not a material change from previous years.

While opportunities 3 and 4 are included in the Risk and Opportunities tables, a distinct budget has not been itemised for these at this stage, as their associated spend cannot yet be quantified separately. This does not mean that no resources are allocated but rather that the activities are integrated into our business-as-usual operations.

CASE STUDY

SOLAR ON OUR MAIN BUILDINGS

Summerset's ambition is to develop, build and manage more sustainable retirement villages and we're excited to have installed solar panels on four of our main buildings at Richmond, Rototuna (Hamilton), Pāpāmoa and Boulcott (Lower Hutt).

Installing and retrofitting solar panels on our village centre buildings enables us to largely power them during key generation periods, significantly reducing the village's carbon footprint but also providing substantial cost savings and energy resilience.

In addition to retrofitting our existing buildings around the country, solar panels are now considered as an option for all new village centres as part of our standard design process.

Summerset Richmond Ranges was our first village to have a full solar panel install on its village centre buildings with 310 panels adorning the north-facing side of the building's roof. The project began before Christmas in 2023 and was completed at the end of January 2024.

We collect a significant amount of data on the panels activity and efficiency. The panels generate surplus energy during peak sunlight hours (12–2pm), and overall, they are capable of producing around 80% of the village centre building's electricity needs during the broader generating window (12–5pm). Even in October, Richmond's solar panels were exceeding demand during peak hours, an exceptional outcome. This impressive performance highlights the future potential of our solar installations and the remarkable efficiency of this renewable energy solution.

Investing in solar energy and expanding renewable capabilities are key to our decarbonisation strategy and transition plan.

Table 2: Capital expenditure and investment towards climate-related risks and opportunities (current operations)

Initiatives	Metric ($NZ)	Method/assumptions	Planned spend (to FY 28)	Link to climate risks and opportunities
Renewable energy development (solar)	FY24: 600,000 FY23: 350,000 FY22: 50,000 FY25 Estimate: 500,000-900,000	The amount reflects the spend on solar solutions. These initiatives include rooftop solar being installed on our stand-alone common area buildings and regional main buildings, and solar streetlights. The majority of the spend relates to the installation of solar panels on our Rototuna and Pāpāmoa main buildings in 2024. **Metric trend:** Capital deployment to solar projects was higher in FY24 as we completed two main buildings in the year while only one main building was completed in FY23. Prior to FY23 smaller arrays on common area buildings were significantly lower cost	These initiatives to-date form part of a wider roll-out plan requiring additional spend allocations to the end of FY28 in line with our decarbonisation pathway and to meet our 2028 science-based target.	Supports Summerset in increasing our renewable generation capacity (OP-01)
Investment in energy solutions projects	FY24: 700,000 FY23: 450,000 FY22: 100,000 FY25 Estimate: 500,000-800,000	The amount reflects spend on various energy solution initiatives undertaken throughout 2024. These initiatives range from installing EV charging stations, transitioning existing villages off gas, upgrading villages to LED lighting, and installing additional water metering to better understand usage. **Metric trend:** The metric reflects a notable growth in spend from FY23 to FY24, reflecting our commitment to beginning the transition of existing sites off gas. We continued retrofitting EV charging stations and upgrading lighting to LED, and installed water metering to improve data accuracy and measurement.	These initiatives to-date form part of a wider roll-out plan requiring additional spend allocations to the end of FY28 in line with our decarbonisation pathway and to meet our 2028 science-based target.	This spend supports Summerset to decarbonise. Residents can also contribute through utilising low carbon infrastructure (OP-01)
Embodied carbon measurement solution	FY24: 7,000 FY23: 6,000 FY22: N/A FY25 Estimate: 6,000-7,000	Annual subscription cost for a solution to measure the embodied carbon of our built environment. Work this year focused on next-generation measurements for the two standard typologies completed in FY23.	Ongoing annual investment in a solution to measure embodied carbon.	Supports Summerset's efforts to reduce embodied carbon through sustainable design and construction (OP-02)
Construction waste avoidance	FY24: 145,000 FY23: 400,000 FY22: N/A FY25: Not applicable as all metro sites will use mass balance reporting	In 2024 our construction waste avoidance initiative diverted 4,409 tonnes of waste away from landfill. This initiative continues to investigate opportunities to reduce construction waste through increased reuse and recycling, working with suppliers to reduce waste and looking into opportunities to design out waste. **Metric trend:** Mid FY24 we transitioned one metro construction site to mass balance reporting (along with our Cranbourne North (Victoria) site which was already using this method). Later in FY24, a regional site moved to mass balance, reducing costs associated with the on-site source separation method.	Any spend related to this initiative is included within operational budgets.	Supports Summerset delivering on the performance target related to our sustainability-linked lending facility (OP-02)

Numbers are rounded to nearest 000

Scenarios

Summerset by the Dunes solar panels

Current impacts

Summerset continues to acknowledge that climate change is already having an impact throughout New Zealand and Australia. Additionally, we continue in our belief that our business continues to be exposed to potential physical and transitional impacts. This section exclusively focuses on events in 2024 and whether or not Summerset was materially affected by them during FY24.

Physical impacts

Summerset (including our value chain to the best of our knowledge) did not experience any material physical impacts attributable to climate change in 2024.

Transition impacts

Comparatively Summerset has continued to implement our transitional programme which saw increased effort and spending in 2024. In FY24 Summerset invested approximately $1.5m, a $400,000 increase over our FY23 spend, on initiatives including the installation of solar panels, investment in EVs and charging stations, LED replacement programmes, and the continuation of programmes to measure water and transition away from gas at existing villages.

A new sustainability initiative for FY24 is the introduction of solar-powered streetlights across a number of villages. Additionally, we completed our first significant rainwater harvesting system at our Dunedin village, enabling the collection and use of rainwater for irrigation purposes. While smaller ad hoc systems have been implemented in the past, this marks a more structured and impactful approach to water conservation.

Beyond our transtional programme there were no other material transitional impacts that affected Summerset in 2024. However, transitional impacts did take place, such as regulatory change, in particular the Australian Sustainability Reporting Standards which were introduced into Australian legislation in 2024 which will have an impact on Summerset in the future.

CASE STUDY

ENVIRONMENTAL INTEGRATION - SUMMERSET WAIKANAE

Summerset Waikanae (Kapiti Coast), has embraced sustainability while enhancing biodiversity through a carefully crafted Environmental Management Plan (EMP).

Prior to any construction work, this plan was developed with input from local councils, technical experts, iwi, community groups, and potential residents, ensuring a comprehensive approach to minimising ecological impact.

The village covers 25.5 hectares and features a diverse mix of vegetation, including indigenous mahoe forest, wetland areas, and a tributary of the local Waimeha Stream. Our EMP prioritised the protection of these natural elements while integrating the village into the surrounding environment.

Key focus areas included:

Protection of threatened species
We identified and safeguarded wetland plants, birds, and fish.

Stormwater management
The design and management of stormwater wetland systems and water corridors were optimised to enhance natural water flow.

Biodiversity enhancement
Native planting was undertaken to restore and improve local vegetation, extending the protected mahoe forest areas and maintaining three designated wetland zones.

Community connectivity and landscape development
To foster a strong connection between the village and its surroundings, we have developed extensive walking tracks and a dedicated cycleway. These, once implemented, will facilitate easy access to the local community and alternative transport options, promoting active lifestyles while immersing residents in the natural beauty of the area.

Sustainability achievements:
Key accomplishments include moving 350,000m^3 of earth to create a liveable landscape, planting 80,000 native plants which are best suited to the local environment to increase biodiversity.

We have seen increased birdlife and stabilised land, and reduced flooding risks, and decreased runoff has alleviated pressure on the Waimeha Stream, further supporting the local environment.

The project is designed for long-term sustainability, with ongoing maintenance plans for pest management and plant care over the next decade.

Scenario analysis

Scenario analysis undertaken

Throughout 2023, and early 2024, Summerset participated in both the construction and property sector, and the health sector scenario creation processes. These two sector scenarios are key considerations for Summerset due to the nature of our business as both a constructor and operator of retirement villages. Both complete sector scenario analysis documents are available online, including on the External Reporting Board's (XRB) website.[1]

In 2024 Summerset continued to run a stand-alone process for scenario analysis. This process involved a detailed breakdown, cross-examination and comparison of both relevant sector scenarios, with particular focus on archetypes, reference scenarios, driving forces, key assumptions and data.

Once this comparison was completed Summerset then undertook an internal process to select the most relevant drivers from each sector scenario analysis. This included examining the drivers and their definitons, including redefining these drivers to be more Summerset-relevant as required. Following driver selection, scenarios and naratives were updated.

These refined scenarios were then used throughout the rest of our climate-related disclosures work programme for 2024. Summerset feels that these updated scenarios better reflect the balance between our two core business functions: the construction and delivery of new retirement villages and the operation of our villages including providing healthcare to our residents.

Why these scenarios

Our updated scenarios are very similar to the scenarios used for our first year's disclosures: they still include a 1.5ºC (Orderly) and >3ºC (Hot-house world) scenarios in line with the requirements of the XRB's New Zealand Climate Standards (NZCS). Additionally, Summerset still maintains the view that a middle perspective, which encompasses a balance of increased transition and physical risks, is the best third scenario. As such we have retained the approximately 2ºC (Disorderly) scenario to meet our disclosure requirement for a third scenario.

All three scenarios present plausible futures for Summerset but each scenario demonstrates a different series of challenges and issues that we would have to navigate.

Part of the rationale for not diverging significantly from the scenarios used in our first year's disclosures is to maintain continuity. This has resulted in keeping the same risks and opportunities that Summerset identified while we primarily focused instead on further developing our climate action plan (how we plan to transition) and completing a programme of work to develop greater risk and opportunity understanding in order to quantify our anticipated financial impacts.

As Summerset continues to grow its operations in Australia we will explore if additional scenarios or geographical scenario deviation are required. Further details on planned future scenario development and analysis are on the following page.

Time horizons

Summerset maintains the position of utilising two different time horizons, one for our scenarios anaylsis, and an alternative set of time horizons and definitions used when identifying climate-related risks and opportunities. The table below describes our horizons for the climate scenarios and analysis. The rationale for doing so is our scenario analysis incorporates the unkown and often changing long-term effects of climate change while risks and opportunities are considered on shorter time horizons to provide better alignment with Summerset's operational model.

Scenario analysis process

The scenarios created through both the Construction and Property Sector and Health Sector processes were developed in accordance with the XRB and other guidance on developing sector scenarios. They followed the recognised structure of six key steps:

- **Steps 1 and 2: Engage sector stakeholders** and set focal questions, scope and timeframe for the scenario development process.
- **Step 3: Identify and prioritise driving forces** of relevance to the sector. Driving forces also known as drivers are typically broad scale factors which influence the direction of future change.
- **Step 4: Select outcomes and pathways** combinations for narrative development which are of greatest relevance and provide the greatest challenge (e.g. using the four NGFS narrative quadrants).
- **Step 5: Draft narratives and quantify variables** which follow a clear internal logic. Synthesise any relevant data from existing scenarios and projections. Generate new data if doing so is feasible and adds value.
- **Step 6: Review and finalise** the scenarios. Check the scenarios are internally consistent and fit for purpose. Document methodology in a comprehensive report.

When Summerset reviewed both sector scenarios and undertook our own process, we undertook a shortened process that focused on step 3 onwards. It was felt that both sector scenarios covered steps 1 and 2 sufficiently for our purposes and approach.

Throughout the scneario analysis process Summerset's Climate Working Group acted as the key mechanism for consulation, feedback and considerations. Supplementary to this was the additional inclusion of Summerset's Sustainability Forum as a key stakeholder from mid-2024 moving forward for all climate-related disclosures work programme deliverables.

Table 3: Time horizons for scenario analysis

Short	Present (2023)–2030
Medium	2031–2050
Long	2051–2100

1. *https://www.xrb.govt.nz/standards/climate-related-disclosures/resources/sector-level-scenario-analysis/*

Overview of our three scenarios

Table 4: Breakdown of key assumptions, archetypes, and emissions reduction pathways for our scenarios

	ORDERLY 1.5°C	DISORDERLY 2.0°C	HOT-HOUSE WORLD 3.0°C
Likely Temperature increase by 2100 (global)	**1.0–1.8°C**	**1.3–2.4°C**	**2.8–4.6°C**
Pathways	RCP 2.6 SSP 1-1.9 NGFS 'Net Zero 2050' IEA 'Net Zero Emissions' CCC 'Tailwinds'	RCP 2.6 SSP 1-2.6 NGFS 'Delayed Transition' IEA 'Sustainable Development' CCC 'Headwinds'	RCP 8.5 SSP 3-7.0 NGFS 'Current Policies' IEA 'Stated Policies' CCC 'Current Policies'
Impacts on GDP	Moderate	Moderate – Major	Severe
Policy reaction	Immediate and smooth	Delayed	None – current policies
Technology change	Fast change	Slow – fast change	Slow change
Behaviour change	Fast change	Slow – fast change	Slow change
Physical risk severity	Moderate	Moderate	Extreme
Transition risk severity	Low – Moderate	High	Low
Socio-political instability	Low – Moderate	Moderate	High
Health impacts	Low – Moderate	Moderate	High

Data utilised in scenario analysis was taken from the sector scenario analysis and creation.

Planned future scenario analysis and development

Summerset plans to re-examine and further develop our scenarios through a stand-alone process in 2025. Focus areas for 2025 will:

1. review our existing scenarios and whether any changes are required, including:
   a) greater engagement with the business on a broader perspective to help build organsiational understanding and capability
   b) determining whether specific scenarios are required as Australian operations grow or whether geographical differentiation and inclusions are sufficient
2. assess whether Summerset should, and if so the best way to, integrate scenario analysis.

Summerset's main priorty is to ensure that climate change and scenario analysis become common considerations when making relevant business decisions thereby helping us better transition to a low carbon resilient future economy.

Construction waste diversion at Casebrook construction site

Summerset's climate scenarios

We have outlined the scenarios that we have based our work on below

ORDERLY (1.5ºC)

The world succeeds in limiting global warming to 1.5ºC above pre-industrial levels by the end of the century. This takes a coordinated, ambitious, international and corporation led proactive effort of well-signalled and supported regulatory changes, policies and targets.

With the new policies and regulatory changes, all sectors are required to play their part and help reduce GHG emissions. This leads to a prioritisation of electrification and sustainable practices. Embodied carbon becomes a main metric for the construction and property sector to measure and demonstrate the sector's changing behaviour and contributions. Additionally, regulations and policies are put in place to protect vulnerable populations from the impact of climate change (both physical and transitional).

New Zealand still experiences extreme weather events affected by climate change (acute impacts), particularly in the short- and medium-term, which strongly influence public support for rapid change. Infrastructure is prioritised for adaptation rather than resilience. Weather pattern shifts occur, with increases across areas such as rainfall, sea level rise and the number of hot days.

Societal and market behaviour moves rapidly to support and prioritise change. Focus and favouritism are given to sustainable and renewable solutions over fossil fuels and non-sustainable practices.

DISORDERLY (2ºC)

Average temperature increases are limited to between 1.5ºC and 2.5ºC above pre-industrial levels by 2100. However, climate change focused policies and decarbonisation initiatives are not introduced until 2030 (globally, within New Zealand, and within the sector). Consequentially, it is a rapid, stringent and costly effort to decarbonise.

From 2030 there is a spike in demand for low carbon materials and energy efficient technology as change is now heavily prioritised. Early adopters and fast movers get the opportunity to utilise materials, expertise and knowledge, while late movers face increased cost and competition. During this time critical infrastructure, particularly the national grid, faces intense pressure to keep up with the sudden surge of electrification and transition.

New Zealand still faces extreme weather events and shifting weather patterns with increases across areas such as rainfall, sea level rise and the number of hot days. A lack of action through the 2020s results in a heightened vulnerability to assets through the medium term (2030–2050). This significantly increases the impact of weather-related events and changing weather patterns as adaptation has not been well implemented or prioritised.

Following this realisation, protecting vulnerable populations becomes a priority, with infrastructure, technology, and decision-making factoring a mixture of adaptation and resilience.

HOT-HOUSE WORLD (>3ºC)

There is a global focus towards nationalism and security of resources (food, energy, water and space). This collectively leads to a deprioritisation of climate change mitigation and adaptation, resulting in a failure to implement regulations, policies or controls to limit the effects of climate change.

Consumer and market behaviour remains interested in climate change but does not drive significant mitigation, rather the focus emphasises resilience and responses to climate-related events rather than proactive adaptation. Emissions continue to grow unabated, and this leads to significant shifts in climate patterns and climate-related extreme weather events.

Average temperature increases exceed 2ºC by 2050 and 3ºC above pre-industrial levels by the end of the century, resulting in severe physical impacts of climate changes. There are significant changes in sea level rise, rainfall intensity and number of hot days, all of which drive heat-related issues such as illnesses, diseases and epidemics as well as hampering food production and living conditions.

This places immense strain and burden upon communities (particularly the elderly and vulnerable), the associated services (health, emergency response, local councils) and critical infrastructure. Net migration to New Zealand and climate refugees further exacerbate the issues.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The table on the following page sets out the key climate-related risks and opportunities that Summerset identified against our three selected scenarios. To determine potential impact, these risks and opportunities were assessed against an internal materiality matrix for each scenario and time horizon (defined in the table on the right).

Other risks and opportunities that did not meet the materiality threshold have not been disclosed. However, Summerset will continue to monitor the materiality of those risks and opportunities and adjust our disclosures in future as required to reflect changes in materiality.

As stated in the Scenario analysis section on page 19, Summerset has elected to use a different set of time horizons for the identified climate-related risks and opportunities. This is to better align with our business operations, strategic direction, and decision-making practices.

Table 5: Time horizons used during identification of climate-related risks and opportunities

Short (0–5 years)	Aligns with the immediate priorities of our ten-year strategic focus. Additionally, it matches our approximate construction timeframes for new villages, our near-term sustainability targets (2028), and our financial strategy (primarily bond maturity horizons).
Medium (5–10 years)	Aligns with the medium-to-long-term priorities of our ten-year strategic focus. Additionally, it matches with our five-year-plus term sustainability targets (2032), financial modelling horizons, and the approximate timeframe for design and consenting processes for new villages.
Long (10–30 years)	Thinking long-term out to a 30-year horizon aligns with international emission reduction targets (Paris Agreement, 2050). Additionally, it coincides with long-term forecasts for New Zealand population growth demographics which formulate input for our village and business model feasibility.

Summerset St Johns

Risks and opportunities

KEY
- High
- Medium
- Low

S – 0-5 years
M – 5-10 years
L – 10-30 years

Summerset has utilised no Adoption Provisions for FY24

	RISK										POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS
PHYSICAL	**PR–01:** The risk of increasing frequency and/or severity of extreme weather events											
	Specific risks	**Orderly 1.5ºC**			**Disorderly 1.5ºC**			**Hot-house >3ºC**			Extreme weather events could potentially lead to: • damage to Summerset's portfolio of physical assets resulting in increasing capital costs and/or insurance premiums • an increase in operating expenditure due to rising costs associated with mitigation, resilience and/or adaptation (including third party costs). **Anticipated financial quantified impact** Due to the absence of reliable data, we are presently unable to undertake quantification. During our quantification programme of work, it was determined that at this stage Summerset is unable to quantify the anticipated financial impacts of this risk due to too many uncertainties around assumptions, potential impacts and long-term climate projections. However, Summerset is taking steps on its quantification journey to allow us to disclose anticipated financial impacts in the future if they prove material. This journey involves the continuation of our investigation and detailed modelling programme, integration of the latest NIWA downscaled climate projections into our modelling and prior findings, as well as further deep dives on the risk posed by severe weather events focusing on individual possibilities. Collectively this will help us improve our understanding of our portfolio in regards to material impacts but also how our asset management strategy should change to protect our villages now and into the future as the climate changes.	**Mitigations** • Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management • Climate considerations included in our asset management process • Continued updating and incorporation of new climate projections (e.g. NIWA data set) • New village site selection and design standards modelled to meet or exceed RCP8.5 climate projections • Existing risk controls address flooding, sea level rise and wildfire risks through targeted due diligence, external specialist engagement, and specialised design and material selection **FY24 management action update** In FY23 Summerset undertook a high-level portfolio-wide review based on internal and external information available to assess residual risk from climate change projections. This review identified that the majority of our villages are well placed in the event of sea level rise and flooding. However, some shortcomings in historical information held about our existing villages were found. This resulted in the development of a multi-year works programme, which has progressed well throughout FY24.
		S	M	L	S	M	L	S	M	L		
	Storms, wind and flooding	🟢	🟢	🟡	🟢	🟢	🟡	🟢	🟢	🟠		
	Wildfires	🟢	🟢	🟡	🟢	🟢	🟡	🟢	🟢	🟡		

KEY
- High
- Medium
- Low

S – 0-5 years
M – 5-10 years
L – 10-30 years

RISK	POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS

PHYSICAL

PR–02: The risk of longer-term shifts in climate patterns

Specific risks	Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
	S	M	L	S	M	L	S	M	L
Sustained higher temperatures	Low	Low	Low	Low	Low	Low	Low	Medium	Medium
Sea level rise	Low	Low	Medium	Low	Low	Medium	Low	Low	Medium
Changing precipitation patterns	Low	Low	Low	Low	Low	Low	Low	Low	Medium
Changes to seasonal illness and/or diseases New Zealand experiences	Low	Low	Low	Low	Low	Low	Low	Low	Medium

Changes to climate patterns could potentially lead to:

- damage to Summerset's portfolio of physical assets resulting in increasing capital costs and/or insurance premiums
- potential managed retreat, including policy mandated retreat (either direct or indirect affecting Summerset's portfolio) which presents risks of reduced valuation of assets and loss of support services (both operational and infrastructure)
- increased care requirements which present the risk of increasing costs
- increased risk of illness to our residents
- disruption to supply chains (including downstream suppliers).

Anticipated financial quantified impact
Due to the absence of reliable data, we are presently unable to undertake quantification.

Summerset expects that longer-term shifts in climate patterns and weather (chronic physical climate change) are unlikely to have a direct impact on Summerset. Rather, regulatory change will likely be the first trigger to address the symptoms and impact of chronic physical climate change. An example of this is the introduction of a maximum and minimum heating threshold for retirement villages and aged care prior to Summerset's residents being directly impacted by increased average temperatures.

Therefore, due to the significant level of uncertainty around how, when and what regulatory changes might affect Summerset, coupled with significant uncertainty around which scenario pathway is most likely to occur over the long term (beyond 2050), quantification is not possible. Summerset will continue to consider how long-term changes to climate patterns will affect our business and take appropriate steps to mitigate these (e.g. monitoring and responding to increased average temperature by increasing cooling capabilities, exploring rain water capture and reuse to assist in periods of droughts).

Mitigations

- Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management
- Climate considerations included in our asset management process
- Continued updating and incorporation of new climate projections (e.g. NIWA data set)
- New village site selection and design standards modelled to meet or exceed RCP8.5 climate projection

FY24 management action update

In early FY24 the Health Sector scenarios for New Zealand were published. Summerset was a contributing member to the creation of these scenarios and has since incorporated findings and considerations from this process into our own scenarios.

This has led to better understanding the potential risks that our staff and residents face in the future from a changing health landscape driven by the long-term climate pattern changes (e.g. drought, heatwaves).

We are already exploring initiatives that can be used to counteract these impacts such as rainwater capture systems at villages to help not only reduce water consumption but increase resilience in the face of droughts etc.

KEY
- High
- Medium
- Low

S – 0-5 years
M – 5-10 years
L – 10-30 years

	RISK									POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS
TRANSITIONAL	**TR–01:** The risk of policy and or regulatory change in response to climate change (e.g. embodied carbon requirements, maximum heat thresholds for aged care, energy or fuel profiles)										
	Specific risks	**Orderly 1.5ºC**			**Disorderly 1.5ºC**			**Hot-house >3ºC**		Policy or regulatory change could lead to: • summerset having to alter existing infrastructure (e.g. the removal of gas boilers for a lower emission alternative), or change design standards (e.g. specific energy efficient technology, clinical care requirements) which presents risk of increased capital costs • increased pressure on critical infrastructure during energy transitional phases of the national grid and electricity generation (as Summerset grows) **Anticipated financial quantified impact** Due to the absence of reliable data, we are presently unable to undertake quantification. Summerset is expected to quantify the financial impact of policy or regulatory change if the legislation or policy is virtually certain, i.e. it is past select committee stage and the likely financial impact is material. At this stage, Summerset does not quantify the financial impact of policy or regulatory change. Summerset expects that regulatory change has the potential to significantly affect Summerset and its operations. The likely outcome is increased CAPEX and OPEX spending to remain compliant. However, due to the significant level of uncertainty around how, when and what regulatory changes affect Summerset, quantification is not possible. Summerset will continue to take proactive steps to mitigate potential regulatory changes when sufficient certainty around regulatory and policy direction allows.	**Mitigations** • Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management • Monitoring international and domestic legislative and regulatory developments • Proactive engagement with key stakeholders (e.g. government, regulators, industry bodies) **FY24 management action update** FY24 saw repeated engagement and submission by Summerset across a variety of avenues relating to climate change. The most prominent was the Australian Sustainability Reporting Standards (ASRSs) which will likely affect Summerset in the future (expected FY28).
		S	M	L	S	M	L	S	M	L	
		Medium	High	Medium	Low	Medium	Medium	Low	Low	Low	

KEY
- High
- Medium
- Low

S – 0-5 years
M – 5-10 years
L – 10-30 years

RISK

TRANSITIONAL

TR–02: The risk of changing market behaviour driven by climate change

Specific risks	Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
	S	M	L	S	M	L	S	M	L
Changing consumer behaviour (e.g. greater consideration given to sustainability)	High	Medium	Medium	High	Medium	Medium	High	High	Medium
Shortage of supply and increased demand for materials and resources	High	Medium	High	High	Medium	Medium	High	High	High
Perceptions of Summerset's reputation and brand (including lack of adaptation)	High	Medium	High	Medium	Medium	High	High	High	Medium
Consideration of sustainability-linked finances	High	Medium	High	Medium	Medium	High	High	High	High

POTENTIAL FUTURE IMPACTS

Changing market behaviour could lead to:

- changes in Summerset's attractiveness to customers, stakeholders and or investors
- increased capital or operational costs in order to meet sustainability initiatives
- shortage of required materials/resources requiring Summerset to consider alternative products or resulting in increased costs.

Anticipated financial quantified impact

Summerset is expected to quantify the financial impact of market behaviour change if there is specific evidence that supports a change in market behaviour and the likely financial impact is material.

Current estimates are that total interest cost savings from meeting the discount level for Sustainability Performance Targets (SPTs) set on sustainability-linked lending (SLL) will be between **~$3m to ~$10m** savings over the 11 years from 2025–2035.

This is a present value estimate of the expected amount Summerset will save for achieving between one and three of the three SLL discount SPT levels annually for the 11-year period from 2025–2035.

Quantification method

- The SLL savings are calculated based on Summerset's internal long-term debt forecast and margin discounts specified on the SLL. Interest cost savings each year are then discounted back to 31 December 2024 to derive the present value.

Key assumptions

- One SPT target has levels that have been set to 2026, and two SPT targets have levels that have been set to 2028. This estimate assumes that the SLL continues to operate beyond these dates through to 2035 with three SPT targets, and similar interest rate savings for meeting the discount level.
- The SLL also includes neutral levels for each of the three SPT targets where no savings will apply to interest costs, as well as premium levels that must be paid by Summerset as additional interest cost if any of the three SPT targets are at or below premium levels. Summerset's best estimate is that the discount level will be met for between one and three of the SPT targets annually, and for any SPT targets where the discount level is not met that the neutral rate will apply.

MITIGATIONS & MANAGEMENT ACTIONS

Mitigations

- Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management
- Regular engagement with stakeholders and investors
- Participation in voluntary sustainability and ESG disclosure schemes to help gauge our market perception
- Centralised procurement function with focus on forecasting combined with long-term supply agreements

FY24 management action update

Effective October 2024, Summerset refinanced bank debt facilities and extended maturity dates for certain tranches of these facilities. All tranches of bank debt facilities are sustainably linked, including new tranches in FY24 and existing tranches where maturity dates were extended.

Additionally, discount levels were achieved for all three SPT targets based on performance to 30 September 2024 (prior year discount level achieved for two targets, neutral level achieved for one target).

KEY
- ● Important opportunity
- ● Encouraged opportunity
- ● Possible opportunity

S – 0-5 years
M – 5-10 years
L – 10-30 years

OPPORTUNITIES

OP–01: The opportunity to change Summerset's energy profile

Specific opportunities	Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
	S	M	L	S	M	L	S	M	L
Introduce renewable energy generation through installation of solar panels	Important opportunity	Important opportunity	Encouraged opportunity	Encouraged opportunity	Important opportunity	Encouraged opportunity	Possible opportunity	Possible opportunity	Encouraged opportunity
Installation of energy efficient technology	Encouraged opportunity	Encouraged opportunity	Encouraged opportunity	Possible opportunity	Encouraged opportunity	Encouraged opportunity	Possible opportunity	Possible opportunity	Encouraged opportunity
Electrification of transportation (EVs) and provision of charging technology	Encouraged opportunity	Encouraged opportunity	Encouraged opportunity	Possible opportunity	Encouraged opportunity	Encouraged opportunity	Possible opportunity	Possible opportunity	Encouraged opportunity
Transition away from fossil fuels (e.g. gas boilers)	Important opportunity	Important opportunity	Encouraged opportunity	Encouraged opportunity	Important opportunity	Encouraged opportunity	Possible opportunity	Possible opportunity	Encouraged opportunity

POTENTIAL FUTURE IMPACTS

Changing market behaviour could lead to:

- a reduction in GHG emissions profile/intensity, and a reduction in operational costs
- achievement of our SLL performance targets and emissions reductions
- increased customer, stakeholder and/or investor perception resulting in an increase in demand or attractiveness.

Anticipated Financial Quantified Impact

Summerset is expected to quantify the financial impact of technology change related to GHG emission reduction if the technology is provable and virtually certain.

Summerset is expected to have CAPEX spend of approximately $13m over a period of 2025–2035. This figure represents an estimated CAPEX spend purely on retrofit initiatives affecting Summerset's portfolio and energy profile. This increased CAPEX spend is effectively offset by the potential savings by maintaining SLL over the same time period (see TR–02).

Quantification Method

- CAPEX profiles for solar panel, gas transition and LED conversion will be outlined as part of Summerset's transition plan.
- Annual CAPEX costs are discounted back to 2024 to calculate their present value.

Key Assumptions

- CAPEX is only expected to be applied to existing villages. All new villages would have considered solar panel installation and LEDs as part of construction, so no future conversion is required.
- Gas transition includes kitchen equipment upgrade, hot water boiler, pool heating and laundry.
- We expect to complete gas transition by 2034.
- We expect to complete all LED conversions by 2030.
- We expect to complete solar panel installations, where possible, by 2033.

MITIGATIONS & MANAGEMENT ACTIONS

Mitigations

- Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management
- Established science-based targets combined with our climate action plan keep us on track to meet our targets (see page 13 for more information)

FY24 Management Action Update

FY24 saw the continued implementation of our initiatives programme designed to support our transition to a low carbon economy and meet our emissions reduction targets. An increase in capital allocation and spend saw Summerset go from $1.1M in FY23 to $1.5M in FY24.

A key milestone achievement was the installation of our first biomass pellet boiler (see the case study on page 32 for more information).

Additionally 2024 saw us reset our short-term target from being science-aligned to science-based. This is a positive step towards strengthening our approach to reducing scope 1 and 2 emissions.

KEY
- ● Important opportunity
- ● Encouraged opportunity
- ● Possible opportunity

S – 0-5 years
M – 5-10 years
L – 10-30 years

OPPORTUNITIES	POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS

OPPORTUNITY

OP–02: The opportunity to prioritise sustainable design decisions

Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
S	M	L	S	M	L	S	M	L
●	●	●	●	●	●	●	●	●

Changing market behaviour could lead to:

- a reduction of carbon emissions (e.g. embodied carbon, construction waste, improved operational effectiveness)
- a potential increase in capital costs for implementation projects or alternative product selection
- increased customer, stakeholder and/or investor perception resulting in an increase in demand or attractiveness.

Anticipated Financial Quantified Impact
Due to the absence of reliable data, we are presently unable to undertake quantification.

Summerset expects the greatest impact from prioritisation of sustainable design decisions to be reflected in our brand and reputation with residents, customers and investors. The value associated with this is likely to be significant but cannot be quantified due to the significant uncertainty associated with any quantification method.

Mitigations

- Periodic review of village and building designs focusing on resilience, sustainability, emissions reduction and embodied carbon
- Summerset has an established research and development team within our design department which consider new and innovative technologies, processes and materials

FY24 Management Action Update

FY24 saw a continuation of our embodied carbon work programme. We achieved significant progress towards understanding potential future legislative changes.

We have deepened our analysis and refined our calculations on key built environment typologies as well as continuing to explore options on how to address and reduce embodied carbon. See case study on page 40 for more information.

KEY
- ● Important opportunity
- ● Encouraged opportunity
- ● Possible opportunity

S – 0-5 years
M – 5-10 years
L – 10-30 years

OPPORTUNITIES	POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS

OPPORTUNITY

OP–03: The opportunity to maximise stakeholder investment through sustainability leadership and ESG performance

Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
S	M	L	S	M	L	S	M	L
●	●	●	●	●	●	●	●	●

Strong sustainability focus and ESG leadership could lead to:

- increased customer, stakeholder and/or investor perception resulting in an increase of demand or attractiveness
- greater return for existing shareholders
- easier access to capital and sustainability-linked funding.

Anticipated Financial Quantified Impact
Due to the absence of reliable data, we are presently unable to undertake quantification.

Summerset is expected to quantify the financial impact of market behaviour/reputation change if there is specific evidence that supports a change in market behaviour or reputation and the likely financial impact is material.

Summerset expects the value associated with strong sustainability focus and ESG leadership to be significant.

However, due to the significant uncertainty associated with any quantification method Summerset has opted not to disclose an indicative figure for the anticipated financial impacts.

Mitigations

- Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management
- Summerset has embedded sustainability into its strategy, with a recently approved near-term science-based target complementing our existing climate action plan and sustinability-linked lending. Together, these initiatives reinforce our commitment to prioritising ESG and advancing sustainability efforts
- Voluntary third-party ESG and sustainability disclosure participation.

FY24 Management Action Update

Our sustainability leadership continues to drive value, with key initiatives recognised by the RVA, where our construction waste avoidance programme and Richmond Ranges solar panel installation were named Sustainability Award finalists. We were also named a Sustainability Leader in the Property & Construction category by the *Australian Financial Review* and received the Ethical and Sustainable Business Leader Award as one of eight companies globally recognised for ethical wealth and wellbeing creation.

KEY
- ● Important opportunity
- ● Encouraged opportunity
- ● Possible opportunity

S – 0-5 years
M – 5-10 years
L – 10-30 years

OPPORTUNITIES	POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS

OPPORTUNITY

OP–04: The opportunity for Summerset to build a smart land portfolio focused on resiliency (specifically climate, but also encompassing water, nature and biodiversity)

Orderly 1.5ºC			Disorderly 1.5ºC			Hot-house >3ºC		
S	M	L	S	M	L	S	M	L
●	●	●	●	●	●	●	●	●

Careful selection of land parcels could allow Summerset to:

- prevent unnecessary climate mitigation costs through robust due diligence and selection criteria
- ensure greater resiliency and security for our residents
- have easier access to insurance or lower insurance cost due to minimising risk.

Anticipated Financial Quantified Impact
Due to the absence of reliable data, we are presently unable to undertake quantification.

Summerset expects the value associated with building a smart land portfolio to be significant as qualitatively stated above.

However, due to the significant uncertainty associated with any quantification method, Summerset has opted not to disclose an indicative figure for the anticipated financial impact.

Mitigations

- Integration of climate-related risks into our enterprise risk management framework resulting in ongoing proactive management
- Site selection and village design requirement to consider and meet RCP8.5 climate change projections resilience

FY24 Management Action Update

No material actions were undertaken in FY24 as Summerset already considers an RCP8.5 climate change scenario when considering potential site selection and village design.

Metrics and targets

Village EV and charging station at Summerset Kenepuru

Our greenhouse gas emissions

In FY24, Summerset's total emissions for the year ended 31 December 2024 were 72,925 tCO_2e, reflecting an increase of 64,118 tCO_2e compared to our 2022 base year, primarily driven by scope 3 emissions. This rise is largely due to the change in reporting requirements of scope 3 value chain emissions. For FY24, our scope 3 emissions totalled 68,414 tCO_2e, representing an increase of 1.5% from FY23 with the majority of scope 3 emissions stemming from our construction activities. Capital goods and purchased goods and services together account for over 80% of our total emissions and 90% of our scope 3 emissions.

Electricity and gas are the significant sources of our scope 1 and 2 emissions. To deliver a high level of care, Summerset has a significant amount of unavoidable electricity demand. Additionally, gas is used for heating hot water, cooking and providing laundry services – all core services when caring for the elderly.

As Summerset continues to grow, with more and more residents living in our villages, our absolute emissions are also likely to grow. Our aim is to implement improvements in design, technology, facilities management, and behaviour change whereby the increase in absolute emissions is less than the increase in business growth.

In FY24 we continued to support renewable energy generation in New Zealand and Australia. In New Zealand, we achieved this through Meridian's Certified Renewable Energy product, enabling us to report the vast majority of our market-based scope 2 emissions as zero (under the Greenhouse Gas Protocol Scope 2 guidance). Renewable energy certificates (RECs) cover all of our sites in New Zealand except for a small office in Napier. In Australia, we achieve zero market-based scope 2 emissions for our Cranbourne North site by purchasing Green Power directly from our retailer, though this does not extend to our office.

Offsets remained a part of our approach in 2024, with Summerset offsetting 3,657 tCO_2e through the purchase of Gold Standard carbon credits through Toitū, adhering to their due diligence quality assessments. For scope 2 emissions, the market-based emissions value was used to determine the offset volume.

In addition to scope 1 and 2 emissions, we also offset limited scope 3 emission sources, including waste sent to landfill, business travel, and transmission and distribution losses from purchased electricity, gas, heat and steam. Purchasing offsets supports our Toitū net carbonzero certification and provides a transparent cost of carbon for use in our internal project calculations. This year, we invested in international carbon credits supporting renewable energy and community projects in Türkiye (GS3852) and Bangladesh (GS11757). Further details about these projects can be found at https://registry.goldstandard.org/projects.

A summary of Summerset's GHG emissions for FY24 is set out in Table 6 on the following page.

How Summerset calculates GHG emissions

Our GHG emissions have been calculated in accordance with the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard ('GHG Protocol'), the GHG Protocol Scope 2 Guidance, and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Since we have held Toitū net carbonzero certification since 2018, our inventory also meets the ISO 14064-1 standard required to retain this certification.[1]

To calculate our emissions, we utilise Toitū's e-manage software, which integrates emissions factors and corresponding global warming potential (GWP) rates.

For FY24, e-manage employed a mix of 2024 and prior year emissions factors and GWP rates, including:

- Ministry for the Environment. *Measuring emissions: A guide for organisations: 2024 detailed guide*
- Australian Department of Industry, Science, Energy and Resources. *National Greenhouse Accounts Factors*. Canberra, Australia

1. *Ernst & Young Limited assurance procedures have not covered the ISO14064-1 standard*

CASE STUDY

ST JOHNS PELLET BOILER

As part of our transition away from gas, Summerset installed a wood pellet boiler at our new Summerset St Johns village. The new boiler technology will be used to heat the water for the village's care centre, memory care centre and serviced apartments, as well as the village's pool, common areas, commercial kitchen and laundry. The village's independent apartments all have their own electric water heaters.

The pellet boiler uses wood pellets which are 100% renewable, made from waste sawdust and shavings manufactured in New Zealand and the boiler itself burns with 93% efficiency. This means that we have an excellent hot water solution for residents while significantly reducing our emissions.

We estimate that the boiler will reduce the emissions of the village by approximately 80,000 kg of CO_2 versus what our emissions would be if we were heating the same amount of water using gas. In addition, it is more cost effective with the pellet cost per kWh estimated at least 2c cheaper than the cost of natural gas and half the cost of LPG.

While a number of our sites still need to use gas currently, we are focused on reducing our reliance on gas wherever we can and St Johns' pellet boiler is a great example of Summerset investigating and implementing new technology with greater sustainability outcomes while maintaining the service and output required for our residents.

- Department for Energy Security and Net Zero. *Greenhouse gas reporting: conversion factors 2024*
- Market Economics Limited. *Consumption Emissions Modelling*, report prepared for Auckland Council. March 2023
- *New Zealand Gazette*
- Brave Trace – Residual Supply Mix
- Ledgard and Falconer. *Update of the carbon footprint of fertilisers used in New Zealand*. 2019

The Ministry for the Environment's emission factors are predominantly based on 100-year GWP values from the IPCC's Fifth Assessment Report (AR5). Full details of all emissions factor libraries used, units of measurement and GWP sources used can be found in Table 14 on page 54 in Appendix II.

Our boundary

Summerset applies the operational control consolidation approach to its emissions. Organisational boundaries were set with reference to the methodology described in the GHG Protocol. This consolidation approach allows us to focus on emissions we can control and for which we can implement management actions, consistent with Summerset's corporate responsibility goals and objectives.

The scope of our emissions inventory covers all activities within the operational boundaries of Summerset Group Holdings Limited, including head offices, retirement villages and construction sites. This includes villages under construction, those in development, and operating villages where construction is ongoing. Our Australian office has been part of the inventory since it became operational in 2018, and we have also included emissions from construction and operations at our Cranbourne North development since 2023.

No material facilities, operations, or assets have been excluded.

Emissions sources

In our GHG inventory certain emissions sources have been excluded as they account for less than one percent of the total emissions within their respective categories, and their total emissions and removals do not exceed five percent of our overall inventory. As such, they are not considered significant for our inventory, its intended use, or for users relying on this data. Specific exclusions cover emissions related to general operations including relocation costs, and transmission and distribution losses of natural gas. There have been no exclusions for scope 1 and scope 2 emissions in our inventory. Please refer to Table 13, page 54 in Appendix II for our scope 3 exclusions breakdown, rationale and estimated impact on our inventory.

For more information about the methodology, assumptions, data quality and uncertainty associated with emissions source inclusions, refer to Table 12 on pages 50 to 53 in Appendix II.

Base year and restatement

Our base year emissions inventory is the calendar year from 1 January 2022 to 31 December 2022. We measure our emissions annually, in line with our financial reporting cycle as a publicly listed company.

We acknowledge that the base year does not fully cover several scope 3 categories across our entire value chain. These additional categories were first incorporated into our emissions inventory for FY23.

Table 6: FY24 GHG emissions

		FY22 tCO_2e	FY23 tCO_2e	FY24 tCO_2e
Scope 1	**Total Scope 1**	2,097	2,213	2,464
Scope 2	**Total Scope 2 (Location-based)**	2,499	1,418	2,047
	Scope 2: Market-based	n/a	17	16
	Scope 2: Location-based	2,499	1,418	2,047
Scope 3	**Total Scope 3**	4,210	67,386	68,414
	Category 1: Purchased goods and services	21	10,986	11,428
	Category 2: Capital goods	n/a	51,173	50,535
	Category 3: Fuel and energy-related activities	230	205	449
	Category 5: Waste generated in operations	910	461	731
	Category 6: Business travel	667	1,057	585
	Category 7: Employee commuting	n/a	2,268	3,017
	Category 13: Downstream leased assets	2,381	1,237	1,669
Total GHG emissions (Location-based)		8,807	71,017	72,925

Notes:
Historical recalculations have resulted in changes to categories 1, 2, 7 (see base year and restatement)
2022 and 2023 inventories have previously been audited by Toitū

In FY24, we recalculated our FY23 capital goods and purchased goods and services emissions. The original calculation method did not properly account for the correct level of deflation or breakdown of basic price, margin and taxes. As a result, emissions from these two categories have changed from 94,716 tCO_2e to 62,139 tCO_2e. Further changes were made to FY23 employee commuting to account for the use of more accurate emissions factors. This resulted in an adjustment from 3,000 tCO_2e to 2,268 tCO_2e.

Since the base year, our reporting scope has evolved with the growth of our business to include additional entities within Summerset and newly developed sites, such as construction sites and villages, in line with our consolidation approach. For a map listing our completed, in development and proposed villages please see pages 42 and 43 of our Annual Report 2024.

Assurance of GHG emissions

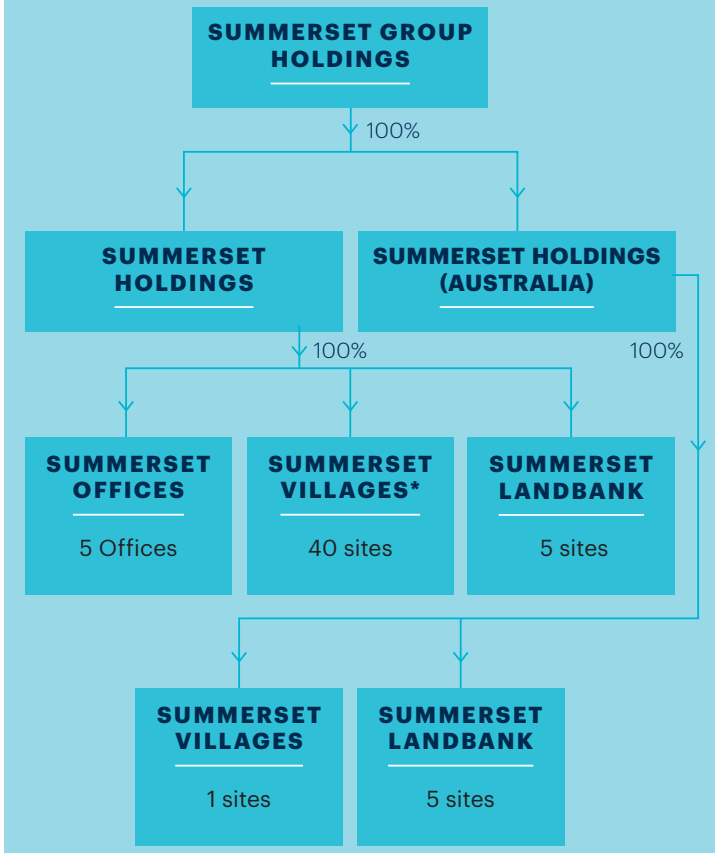
Ernst & Young Limited has provided independent, third-party limited assurance on our scope 1, 2 (location-based and market-based), and 3 emissions presented in Table 6 for the 2024 reporting period, in accordance with the New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* (NZ SAE 1) and in accordance with the International Standard for Assurance Engagements (New Zealand): *Assurance Engagements on Greenhouse Gas Statements* (ISAE (NZ) 3410).

Previously, assurance for the years 2017 to 2023 was provided by Toitū Envirocare.

For information on prior year assurance please visit https://www.toitu.co.nz/our-members/members/summerset-group-holdings-limited

Summerset Cranbourne

Organisational structure of our emissions inventory



* *Summerset Villages including in development and fully completed*

Key metrics and targets

Summerset's key metrics, targets, and FY24 performance with prior year comparisons are detailed in the table below. Our GHG emissions reduction targets align with the goal of limiting global warming to 1.5°C above pre-industrial levels, supporting New Zealand's commitment under the Paris Agreement. These targets meet the target setting criteria of the Science Based Target Initiative (SBTi) and meet both our Toitū net carbonzero certification and our Climate Leaders Coalition membership.

TARGET	BASELINE & HISTORY	PERFORMANCE	METHOD/ASSUMPTIONS
GHG EMISSIONS PROFILE			
1. Near (5 year) 49%↓ Science-based target Reduce scope 1 and 2 emissions intensity by 49% per sqm by 2028 from a FY22 baseline, in line with a 1.5°C trajectory	**FY22 (BASELINE):** **Emissions intensity of 6.94* $kgCO_2/m^2$** **FY23:** **Emissions intensity of 3.03* $kgCO_2/m^2$**	**FY24:** Emissions intensity of 3.07 $kgCO_2/m^2$ In FY24, we exceeded our emissions intensity target by 53%. This marks a continuation of the progress made in FY23, and compared to our base year (FY22) we have achieved a 44% reduction. With a strong focus on implementing our decarbonisation initiatives, adopting more efficient technologies across our portfolio, and investing in RECs, we are confident in our ability to meet our 2028 targets. The target and performance do not include the use of offsets. For a breakdown of our FY24 GHG emissions please see Table 11 on page 49.	**Sources of uncertainty to note include (for both targets):** • data provided as part of project analysis including weather pattern variances and behavioural estimates/averages • future operating conditions can dictate performance • ability to retrofit into existing infrastructure **Method of calculation** Summerset's emissions are calculated using the operational consolidation approach and stated in accordance with the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard ('GHG Protocol'), the GHG Protocol Scope 2 Guidance, and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard **Assumptions (for both targets)** Summerset's plan to achieve its targets and assumptions are outlined on pages 10 to 16 of this report. **Target supports** **PR-01, PR-02, TR-01, TR-02, OP-01, OP-02, OP-03**
2. Medium-to-Long (5 years +) 62%↓ Science-aligned target Reduce scope 1 and 2 emissions intensity by 62% per sqm by 2032 from a FY17 baseline, in line with a 1.5°C trajectory	**FY17 (BASELINE):** **Emissions intensity of 7.15* $kgCO_2/m^2$** **FY23:** **Emissions intensity of 3.03* $kgCO_2/m^2$**	**FY24:** Emissions intensity of 3.07 $kgCO_2/m^2$ In FY24, we made reasonable progress toward our longer-term emissions reduction target, with notable reductions in emissions intensity. We recognise the ongoing need to transition into renewable energy sources and will continue implementing our planned decarbonisation initiatives across existing buildings. Our new builds will incorporate more efficient technologies where possible, such as the recently introduced biomass wood pellet boiler at our St Johns village. The target and performance do not include the use of offsets. For a breakdown of our FY24 GHG emissions please see Table 11 on page 49.	

TARGET	BASELINE & HISTORY	PERFORMANCE	METHOD/ASSUMPTIONS
INCREASE IN SUPPLIER ENGAGEMENT			
70%^ of Summerset's suppliers by emissions covering purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste generated in operations and business travel, will have science-based targets by 2028	**FY23:** **Our Scope 3 value chain emissions were 67,386 tCO_2e.** **This is our second year of scope 3 value chain reporting.**	**FY24:** Value chain emissions were 68,414 tCO_2e. Througout the year we commenced working with our highest materials and products emitters so we can get better accuracy in our measurements, and identified current suppliers who measure and report on their own emissions. This included the use of environmental product declarations (EPDs) from a number of major suppliers where possible.	**Sources of uncertainty to note include:** • method of calculation (predominantly spend based) • supplier awareness and willingness to engage **Method of calculation** We utilised the Toitū carbon value chain calculator as part of our annual inventory verification, which also included references to the Greenhouse Gas (GHG) Protocol and any available supplier EPDs. **Assumptions** For details on the assumptions used, as well as data quality and uncertainly please refer to Table 12 in Appendix II. **Target supports:** **TR-01, TR-02, OP-02, OP-03**

** Adjusted for historical emissions factor changes, ensuring consistency and comparability over time*

Targets

Establishing clear emissions targets is crucial for directing our efforts and enhancing our performance. These targets not only help us prioritise our initiatives but also enable us to measure our progress effectively.

Near term (five-year) target

The SBTi has approved Summerset's near-term science-based emissions intensity reduction target to reduce scopes 1 and 2 GHG emissions by 49% by FY28 from an FY22 base year.

Since we began measuring and reporting our emissions, our approach to target-setting has evolved. Initially, we set an emissions reduction target to reduce emissions intensity per million dollars of revenue by 5% over five years, which we successfully exceeded. In 2022, we committed to a new five-year science-aligned target using SBTi's target setting tool at the time. In 2024, we submitted this target to the SBTi for validation. As a result, our current near-term (five-year) target was slightly adjusted.

Summerset's approved science-based emissions reductions targets:

- *Scopes 1 and 2 emissions intensity target: "Summerset commits to reduce scopes 1 & 2 GHG emissions by 49% per square metre by 2028 from an FY22 base year." This target has been classified by SBTi as being in line with a 1.5°C temperature pathway.*
- *Scope 3 supplier engagement target: "Summerset also commits that 70% of its suppliers by emissions covering purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel, will have science-based targets by 2028."*

Medium-term target

Our medium-term targets are aligned with our sustainability-linked lending facility. In 2021, we became the first retirement village operator in New Zealand to connect sustainability with our funding arrangements. In 2023, we extended the original facility by an additional two years, further demonstrating our commitment. All our bank funding is now sustainability-linked and encompasses deliverables across wellbeing (and the provision of dementia care beds), reductions in emissions intensity, and a reduction in construction waste sent to landfill.

We have made excellent progress this year. Our construction waste avoidance programme continues to exceed its targets, with all 19 sites across New Zealand and Australia practising waste avoidance and successfully diverting 4,409 tonnes of waste from landfill. Additionally, we met our carbon emission intensity reduction targets, maintained our dementia accreditation, and opened memory care centres within our Pāpāmoa, Boulcott and St Johns villages.

Longer-term (five+ years) target

We introduced our original longer-term science-aligned target in late 2020. This target means we have committed to reducing our scope 1 and 2 emissions intensity by 62% per square metre by 2032, from our 2017 base year. While this target has not been approved by the SBTi it still aligns with a trajectory that limits global warming to 1.5°C. All scope 2 emissions are measured using the market-based method.

Industry metrics and emissions intensity

In FY24, Summerset explored industry-based metrics across multiple sectors, including healthcare delivery, real estate and construction, in alignment with the guidance provided by the Sustainability Accounting Standards Board and the Transition Plan Taskforce. This

Table 7: Think Green intensity metrics

EMISSIONS SOURCE	INTENSITY METRIC	FY17	FY21	FY22	FY23	FY24
Gas (Scope 1)	Emissions from gas used per main building m^2 (tCO_2e/m^2)	0.013	0.012	0.012	0.011	0.011
Fuels (Scope 1)	Emissions used from fuels used per operational village (tCO_2e/village)	9.77	11.22	12.32	13.34	14.83
Electricity (Scope 2)	Location-based emissions from electricity used per main building m^2 (tCO_2e/m^2)	0.170	0.019	0.018	0.009	0.011
Travel (Scope 3)	Emissions from travel per head office staff member (tCO_2e/head office staff)	2.96	0.01	1.90	2.46	1.15
Waste (Scope 3)	Emissions from waste per total residents & staff (tCO_2e/residents+staff) (excl wastewater)	0.116	0.097	0.096	0.043	0.037
Resident electricity (Scope 3)	Emissions from resident electricity per resident (tCO_2e/resident)	0.336	0.274	0.304	0.155	0.192
Paper (Scope 3)	Emissions from paper per staff member (tCO_2e/staff)	0.020	0.011	0.009	0.007	0.013

Note
These are our original emissions sources under the Toitū programme which began in 2017
Reduction in waste to landfill, travel and resident electricity has been achieved through a combination of emissions reduction initiatives and changing emissions factors

analysis aimed to identify any relevant standards for measuring and reporting emissions. In addition, we have engaged with other New Zealand aged care operators to discuss a potential industry-wide metric for emissions reporting. While no formal consensus has yet been established, emissions per square metre and emissions per million dollars of revenue are emerging as commonly agreed options within the sector. These metrics are expected to provide a more consistent and comparable basis for emissions measurement across the industry.

Table 8 shows our GHG emissions intensity captured as two relevant industry metrics. The per square meter metric shows a slight year-on-year decline due to emission factor fluctuations and village growth, but the trend since the base year indicates improved efficiency in our built environment. Meanwhile, the per $M revenue intensity metric has steadily improved, highlighting progress in reducing the link between financial growth and carbon emissions through operational efficiencies.

Think Green intensity metrics

At the beginning of our emissions measurement and reporting journey, we introduced several emissions intensity performance metrics as part of our internal Think Green programme. These metrics help our people take meaningful action, stay engaged and make a positive impact, while also allowing us to track our progress as we grow. Table 7 demonstrates how we're performing against the Think Green metrics and our progress year-on-year. We continue to focus on reducing emissions, particularly in paper use, waste to landfill, and energy consumption through a combination of decarbonisation initiatives, efficiency measures, behavioural campaigns, and technological advancements.

Cost of carbon

Summerset applies a cost of carbon based on the expected cost of acquiring carbon credits. This cost of carbon is used to assess the viability of projects with a sustainability focus, including our decarbonisation initiatives.

Table 8: Emissions intensity measured in tCO_2e per square metre (m^2) and per million dollars of revenue (NZD)

	FY22		FY23		FY24	
	Per m^2	Per M$ revenue	Per m^2	Per M$ revenue	Per m^2	Per M$ revenue
Scope 1	0.0031	8.65	0.0030	8.13	0.0031	7.70
Scope 2	0.0038	10.52	0.0019	5.21	0.0025	6.40
Scope 3	0.0064	17.72	0.0041	10.95	0.0036	9.02
Total (Scope 1, 2, 3)	0.0133	36.89	0.0091	24.28	0.0092	23.12

Notes:
m^2 is based on the gross floor area measurement (GFA) that includes common areas, resident accommodation and independent living areas that are occupied or available for sale (i.e. complete)
All figures are calculated using the location-based method
For consistency and comparability only emissions sources that are present in FY22 have been used in future year

Summerset has committed to a decarbonisation pathway and takes a structured approach when assessing emission savings initiatives. Each opportunity is considered and progressed on the project's merits, which include carbon, climate impacts, financial and operational implications. For example, during the year, we evaluated a proposal to upgrade streetlighs to LED at one of our villages. The project was expected to save 26 tCO_2e over its lifetime, with an eight-year payback period and a negative marginal abatement cost per tonne of carbon (cost savings per tonne of carbon reduced). Additional factors, including lighting and aesthetic requirements, as well as potential disruptions to village operations were also considered before we proceeded with the proposal.

We are also working to incorporate embodied carbon assessments into our capital projects. This involves measuring a project's carbon footprint to understand its unavoidable emissions and evaluating the impact of different options. By doing so, we can make more informed decisions about what materials we purchase.

GHG emissions reduction and decarbonisation

We are dedicated to achieving our near- and longer-term emissions reduction targets, with a clear focus on key areas critical to success. In 2022, we began developing our scope 1 and 2 decarbonisation pathway, identifying priority areas for emissions reduction. In 2023, we refined this pathway and initiated several key initiatives and have continued this momentum into 2024.

Below are some of the major milestones and projects we've achieved:

- Solar panel installations were completed on four village centre buildings. This has involved installing over 1000+ solar panels, generating up to 300 MWh of power.
- Piloting solar-powered streetlights at three of our older villages explored the potential of solar-powered lighting.
- We improved efficiency across our sites by enhancing energy use management and waste reduction, including ongoing investment in building management systems (BMS), which allow us to closely monitor and optimise energy consumption.

All new buildings are now equipped with BMS technology.

- All new developments are designed to be all-electric and gas-free, ensuring they are more energy efficient per square metre than our existing assets. For example we've installed our first biomass wood pellet boiler at our St Johns village. For more details, see the case study on page 32.
- We expanded our village EV car-sharing initiative and continued to roll out EV charging stations across our sites. The percentage of EVs in our fleet increased to 12% in 2024, up from 5% in 2023. To support this growth, we have retrofitted existing villages with charging infrastructure and ensured all new developments are equipped with EV charging stations.
- We continued our efforts to decarbonise our supply chain, holding supplier forums designed to raise awareness of our sustainability targets and introduced an emissions checklist into supplier meetings to drive continuous improvement and accountability across our value chain.

Transitioning our existing sites off gas has proven more complex than anticipated, leading us to modify our approach. While we initially planned for full-site gas decarbonisation, the technical challenges and associated impacts of such a transition have prompted us to adopt a phased approach.

We have focused on key areas of the transition, such as upgrading gas-heated pools, converting kitchen appliances, and retrofitting gas laundry facilities to electric alternatives. Although this phased approach may not deliver the same level of emissions reductions as a full-site transition, it has allowed us to make meaningful progress in the short term while continuing to explore full-site solutions and alternative technologies that are safe, economically viable, and that minimise any potential impact on our residents and their living environment.

Scope 3 emissions, especially from embodied carbon in materials, remain a significant part of our overall footprint. By prioritising the use of low-carbon materials and working closely with suppliers to improve data quality and adopt more sustainable practices, we've achieved a substantial reduction in the upfront embodied carbon of two of our standard typologies compared to the original baseline. See our Waikanae case study on page 18 for more.

Our construction waste avoidance programme, launched in 2021 with circular economy principles at its core, continues to deliver strong results. In 2024, it exceeded the diversion targets set within our sustainability-linked lending facility. The programme also made notable progress by deepening our analysis of materials entering our built environment and better understanding the waste streams they generate.

Impact of decarbonisation initiatives

In FY24 we made good progress in our decarbonisation efforts. Our solar installations are performing well, increasing resilience and reducing our reliance on grid electricity. They now meet a substantial portion of the electricity needs for the common areas of our main buildings, and during peak solar generation hours in favourable weather conditions, we have seen generation exceed electricity requirements.

Flower from recycled paper by resident at Summerset Mountain View (New Plymouth)

Table 9: Forecast impact of decarbonisation initiatives on emissions intensity per m² ($kgCO_2e$)

	FY22	FY23	FY24	FY25 FORECAST	FY28 TARGET	FY32 TARGET
Pre initiatives emissions per m²	7.02	5.97	6.07	6.07	-	-
Post initiatives emissions per m²	6.94	5.89	5.93	5.69	-	-
Post initiatives & RECs emissions per m²	6.94	3.03	3.07	2.96	3.54	2.72

Notes:
Table shows figures prior to impact of RECs and exlcusive of carbon offsets
Prior to 2023 figures are calculated using the location-based method. Market-based factors are used for 2023 and after
The denominator (m²) refers to the gross floor area of all structures that are operational and/or available for occupancy
"Initiaves" refers to spend assosciated with existing sites decarbonisation pathway
Forecast emissions savings are based on assumptions from our decarbonisation pathway and preliminary results from ongoing initiatives (solar array prior performance) with the impact of initiatives being cumulative since 2022

Transitioning existing sites off gas, as mentioned, has been a challenge, and we are addressing this through a phased approach while exploring alternative technologies. As occupancy levels change, some supporting initiatives may be harder to measure, but they remain integral to our strategy.

This year, we advanced our scope 3 emissions reductions by collaborating closely with suppliers to promote sustainable practices, and engaging construction staff and subcontractors in educational initiatives. These efforts have helped reduce embodied carbon and construction waste to landfill, while also improving reporting accuracy and transparency.

Our continued focus on our circular built environment and emissions reductions is driving measurable progress.

Collecting items from our Trentham refurbishment for the Scouts

CASE STUDY

SUSTAINABLE DESIGN – REDUCING EMBODIED CARBON IN OUR TOWNHOUSES

The second iteration of our townhouse product was opened in our Waikanae village in late 2024 following a successful trial of cross-laminated timber at our Casebrook village in Christchurch.

Thanks to a focus on better design and more sustainable products we were able to significantly reduce our embodied carbon emissions. We managed to do this while still creating a product that is highly desirable to future residents and does not compromise on quality.

Our townhouses are designed with two ground-floor units connected by a common atrium and access to two first-floor units via a stair and platform lift. Each home includes a ground-floor garage and offers two- or three-bedroom options across a total gross floor area of 577m^2.

These homes are constructed using an offsite manufactured mass timber superstructure, floors and staircases. Other components include offsite manufactured roof trusses, traditional timber framing, a concrete waffle slab foundation and insulation that meets H1/NZBC 2023 standards for energy efficiency.

Our newest townhouse product allows us to compare two generations of this typology: the first iteration (LV1) as the baseline model and the LV2 as the updated, mass-timber, low-carbon version.

The LV2 design incorporates several changes that contributed to a remarkable 24% decrease in upfront carbon emissions (kgCO_2e/m^2) compared to the LV1 model.

Key modifications include:

Material changes: Replacing concrete with mass timber not only reduced the total amount of concrete (a carbon-heavy material) but it also lightened the overall structure, requiring less concrete for the foundation.

Construction methods: The mass timber in our LV2 provides a streamlined construction process – a reduction of up to six weeks in construction of the comparable elements in concrete, minimising resource use and labour and enhancing efficiency while ensuring structural integrity.

Optimised insulation: By improving insulation materials to meet H1/NZBC 2023 standards, we not only boosted energy efficiency but also reduced overall material consumption.

By focusing on key material areas and construction methods, we identified significant opportunities for carbon reduction. These choices not only lowered material weight but also streamlined construction processes. Additionally, the LV2 met new design requirements that enhanced the overall attractiveness of the homes to our potential residents.

Our new LV2 townhouse project exemplifies our dedication to sustainable home design. By focusing on collaboration and key material areas, we effectively reduced embodied carbon while maintaining high-quality living spaces.

As part of our ongoing commitment to building sustainably, we have also implemented the use of low-carbon concrete in the majority of our builds.

Governance

Summerset Mountain View (New Plymouth) Residents Workshop creating stunning creations from recycled wood

Board

Summerset's Board of Directors

Summerset's Board of Directors (Board) is responsible for supervising and directing the management of Summerset, guiding the strategic direction of Summerset and ensuring strong corporate governance.

This corporate governance includes oversight and management of risks and opportunities, including those related to climate change. The Audit and Risk Committee (ARC) assists the Board by overseeing the climate-related disclosures programme. This programme includes identifying, assessing, monitoring and managing climate-related risks and opportunities.

Governance process and frequency

Key risks (including any material climate-related risks) are monitored by the ARC. The Company's climate disclosures, including risks, opportunities and scenario analysis, are also overseen by the ARC and recommended to the Board for approval. All ARC proceedings are reported back to the Board.

The Board has responsibility for all other climate-related matters, including approving the Company's sustainability strategy, and setting and monitoring progress towards metrics and targets. They receive a sustainability update bi-annually which includes progress on targets and initiatives. The Board also considers climate risks associated with material land acquisitions, as part of the Board sign-off process on due diligence and feasibility.

Board skillset

The Board ensures appropriate skills and capability are available to provide oversight of climate-related risks and opportunities through the maintenance of a director skills matrix, which includes competencies around sustainability (including climate-related skills). Please refer to the FY24 Annual Report for the current Board skills matrix.

To support the Board and ensure that the right skillsets and experience are available, development sessions facilitated by external consultants and advisors are held as required to upskill the Board. The Board accesses climate-related expertise from within Summerset and from external specialists when required.

Monitoring progress against targets

The Board monitors progress and oversees the achievement of sustainability and climate-related metrics. Annually, GHG emissions targets, progress against the baseline year, and results are presented for review and feedback. Based on these results, the Board assesses whether additional initiatives or adjustments are needed to meet commitments and remain on track to achieve our targets.

Sustainability and decarbonisation initiatives, including targets within the ten-year strategy such as sustainability-linked lending (SLL) performance and embodied carbon targets, are reviewed quarterly as part of the Chief Executive's ESG reporting and key performance indiciators (KPI) updates.

Incentivisation and remuneration

Specific sustainability and/or climate-related targets, were introduced to relevant executive leadership team (ELT) members' short and long-term (STI and LTI) schemes for the first time in FY24 and this has been continued for FY25.

It is important to note that not all members of the ELT have a specific KPI in their STI which is weighted towards sustainability and climate change. Currently it is restricted to those that have directly correlating programmes of work. Each KPI element represents a 10% weighting, making it a material component. These KPIs are designed to drive greater focus and integration of sustainability while managing climate change awareness and risk in the business.

For more information on Summerset's STI and LTI schemes please see the FY24 Annual Report, which can be found here.

Board of directors

Andrea Scown
Future Director

Venasio-Lorenzo Crawley
Independent

Gráinne Troute
Independent

Mark Verbiest
Chair, Independent

Fiona Oliver
Independent

Stephen Bull
Independent

Dr Andrew Wong
Independent

Dr Marie Bismark
Independent

View director biographies at:
www.summerset.co.nz/investor-centre/board-of-directors

Management

Management's role

Summerset's ELT is responsible for the day-to-day management of Summerset. This includes Summerset's risk management processes, from identification through to mitigation and management of controls as part of the Enterprise Risk Framework.

The Board assigns climate-related responsibilities to ELT members through policy, setting their KPIs, and setting climate-related metrics and targets.

The ELT regularly engages with the Board and relevant Board committees on climate-related matters, including:

- reporting to the Board (at least annually) on progress against climate and sustainability targets
- tabling the outcome of due diligence (including climate-related risks) on material land acquisitions for Board approval
- reporting the ELT's performance against KPIs (including sustainability-related KPIs) as part of the annual ELT performance review process
- reporting to the ARC on climate-related risks and opportunities at least annually.

The ELT is informed about, makes decisions on, and monitors climate-related risks and opportunities through:

- annual consideration of climate-related risks and opportunities identified by the Climate Working Group
- monthly review of Company performance against strategy and targets, including any relevant climate-related objectives
- monthly review of the Enterprise Risk Register, which includes recording any new material risks that affect the business (including any relevant climate-related risks)
- assigning ownership of risks identified in the Enterprise Risk Register (including any climate-related risks) to relevant ELT members, who are required to develop appropriate controls, processes, and practices to manage and monitor these risks within the established risk appetite.

Climate Working Group

The Climate Working Group was established in 2023 to ensure that Summerset was prepared and able to complete our first-year disclosures against the New Zealand Climate Standards. This working group has continued throughout 2024. Contributing heavily towards our second-year disclosures while still continuing to help embed climate change awareness and climate-related risk and opportunity management throughout the business. The group comprises key individuals who bring subject matter expertise from across the business.

Sustainability Forum

The Sustainability Forum meets quarterly and includes key members of the ELT, the Head of Sustainability and essential business unit managers. They oversee the development, monitoring and performance of our sustainability framework, which encompasses our targets and initiatives.

Midway through 2024, we determined that our climate-related disclosures programme should be channelled through the Sustainability Forum. The rationale behind this was to increase exposure of the programme and add another layer of governance and oversight.

Risk and External Reporting Manager

In FY24 we aligned the climate-related disclosures programme with the risk management function through a new Risk and External Reporting Manager position. This strategic decision provides stronger alignment between key work streams and how those work streams are disclosed publicly. It has also brought an opportunity for greater climate change expertise to be integrated into the risk management framework and processes.

CASE STUDY

RECYCLING AND UPCYCLING

We continually look for opportunities to upcycle, divert and assist good causes as we keep our waste from going to landfill.

Construction is almost complete at our refurbished Trentham village care centre. The upgraded care centre will offer modern care facilities to meet the needs of our residents now and in the future. Before we could begin construction we needed to remove the old fixtures and fittings.

We worked with Scouts New Zealand to identify which of the old fittings could be reused or repurposed at the local Scout dens. These buildings require a lot of upkeep, which isn't cheap for an organisation which aims to keep its subs costs low and as accessible to as many young New Zealanders as possible.

Working with the Summerset team, the Scouts removed LED lights, basins, toilets, doors, and door hardware from the care centre that could be reused and given a new life. It also gave the Scouts who participated a chance to earn badges as they learned about how to remove the items and install them. We regularly look for opportunities such as these to make a contribution to our community, while at the same time aiming to give quality materials a new life.

We were proud to be able to donate a refurbished van to the Wellington City Mission when it was no longer required at our Wigram village and was retired from our vehicle fleet. The Mission will use the van to help people throughout Wellington to access their services and connect them better with their community. With the van also being wheelchair accessible, with space for two chairs on board, it also supports The Mission's commitment to reach everyone who needs them.

Risk management

Integrated risk management process

Summerset acknowledges that the world's understanding of climate change, and how it is impacting our environments (natural and built), is an ever-changing area. New sources of data and scientific information, as well as new regulations and technology, are constantly shifting the dynamic. This means that businesses need to be conscious that their management of climate-related risks is constantly evolving. To address this, Summerset chose to integrate our climate- related risks into our existing Enterprise Risk Framework. This helps keep climate change risks top of mind and builds engagement across the business.

Our risk management framework and process

Summerset's Enterprise Risk Framework and Risk Management Policy adopts the principles detailed in AS/NZS ISO 31000:2018. This helps to ensure that risk management is well structured and effective throughout the business.

Risk identification is undertaken by all staff at Summerset. We use a variety of tools and methods to help with risk identification. Detailed below are the specific tools and methods used in the process of identifying our climate-related risks:

Stakeholder engagement

- The Climate Working Group, and key individuals including the Risk and Assurance Manager and Governance and External Reporting Manager, worked with the business to assist in understanding, identifying and assessing climate-related risks across our entire business.

Village specific analysis

- Summerset engaged external consultants to help determine the specific exposure of identified physical risks across our portfolio. This was at a high level and has resulted in a more detailed investigation programme being created to improve our understanding of Summerset's exposure across multiple scenarios and time horizons.

Scenario analysis

- The scenario creation and analysis processes (detailed in the Strategy section of this report) helped to identify and assess potential impacts of climate change which in turn shaped our climate-related risks.

External scanning

- Key individuals throughout the business, including the ELT, engage with key market participants, external resources and consultancies to understand potential changes to existing risks or new and emerging risks. This helps Summerset with our risk management through proactive engagement and action.

Risks identified are assessed using Summerset's Enterprise Risk Matrix based on the consequence of impact and the likelihood of occurrence. Residual risk ratings are determined after taking into consideration the effectiveness of the control environment.

Summerset appreciates that the impacts of chronic, long-term physical climate-related risks are not likely to occur over time frames that fit into a traditional risk matrix.

Therefore, for these specific risks there was greater emphasis and consideration given to the severity of the consequence. However, we still chose to integrate these risks so we can track key data and indicators over time that will help grow our understanding and enable us to monitor these chronic risks.

All of Summerset's risks, including climate-related risks, are managed in line with Summerset's risk appetite. Risks that are deemed to be very high or high are prioritised for action and are regularly reported on.

Frequency of risk assessment

The key operational risks for Summerset are reviewed and reported to the ELT monthly, while key strategic risks are reported to the Board on an annual basis and form part of our annual risk management plan that is approved by the Board.

In conjunction with our regular reporting of key operational and strategic risks, the Climate Working Group will conduct an annual review and update of climate-related risks which will run concurrently with our annual scenario analysis process.

This is not an exhaustive source of climate change risks identification or assessment, as when business processes (strategy planning, site identification and due diligence), stakeholder engagement (regulation and legislation monitoring, climate scenario sector groups) or external scanning identify new or changing risks, Summerset will conduct or update our risk assessments through the Climate Working Group and Risk and External Reporting Manager.

Any material change to our climate change risks outside of regular processes would be reported through the Climate Working Group and Risk and External Reporting Manager.

Time horizons

Summerset maintains the position of utilising two different time horizons, one for our scenario analysis, and an alternative set of time horizons and definitions when identifying climate-related risks and opportuntieis. The details are on pages 19 and 22.

Value chain exclusions

No significant parts of the value chain have been excluded from the analysis. However, when considering our supply chain, many suppliers are early in their maturity journey. Consequently, Summerset's understanding of climate-related risks across the whole value chain, particularly the supply chain, is limited by availability and quality of data and information at this stage.

Exposure

Potential exposure to risks and opportunities

This section sets out the percentage of Summerset's business that is exposed to physical and transition risks, and aligned with climate-related opportunities, as required by the New Zealand Climate Standards. To avoid misleading or inaccurate disclosures, Summerset maintains a qualitative approach to disclosure our exposure, as we continue to build a greater understanding of our assets and the risks they face we will look to refine this approach. As such, Summerset has chosen to disclose that 100% of our business could be exposed to the physical and transition risks identified in this report, though the severity of the risks may vary.

Although the exposure is 100%, these risks are being proactively managed and monitored. This ensures that if these risks eventuate then we expect the impact to the business to be well mitigated.

As we continue on our climate change maturity journey, our understanding of how these climate change risks could materially impact the business will develop. This will allow us to further enhance our controls and mitigations, and allow more exact reporting on the level of exposure Summerset faces in future disclosures.

Physical risks

Summerset acknowledges that both our residents and our portfolio of villages are potentially exposed to the physical risks associated with climate change.

The level of exposure varies based on multiple factors, including the type of village, location and time horizon over which the risks are considered. This exposure can never be fully mitigated due to the uncertain nature of climate change and elements outside our control.

An example demonstrated by Cyclone Gabrielle is where damage to roading infrastructure and transmission impacted access to villages, causing staffing and supply difficulties (though the financial impact was not material).

A high-level portfolio-wide review based on internal and external information available was completed in 2023. This review identified some shortcomings in historical information held about existing villages, and a multi-year works programme was developed to systematically undertake more detailed analysis at four specific villages to confirm any residual risks from climate change.

Summerset is proactively investigating our portfolio and operations to help mitigate consequences and further reduce potential exposure. A more detailed analysis of Summerset's physical risk exposure can be found in the Strategy section of this report under the climate-related risks and opportunities table (PR-01, PR-02).

Transition risks

Summerset maintains that the most likely transitional impact of climate change will mainfest as either or both of our two key transition risks: regulatory and policy change, and changing markets (including customer, supply chain, reputation and financial).

Collectively the exposure across these two risks should be considered to affect the entirety of Summerset's business. Given the nature of market perception and regulatory oversight, trying to quantify Summerset's exposure to result in a meaningful and material outcome is not currently possible.

A more detailed description of Summerset's transition risks and how we are mitigating or addressing these risks can be found in the climate-related risks and opportunities table (TR-01, TR-02).

Climate-related opportunities

Summerset has sustainability as an underlying strategic pillar, and our ten-year strategy prioritises Summerset acting as a good corporate citizen. This, combined with our Climate Action Plan and our science-based emissions reduction targets, will ensure that Summerset plays its part in supporting New Zealand and Australia to decarbonise and transition to a low-emissions future.

With key areas of the business having sustainability initiatives, our banking facility linked to sustainability, and a decarbonisation focus centred around the Climate Action Plan, our business is focused on contributing to a more sustainable future.

One of our key focuses is on our scope 3 emissions and the embodied emissions of materials, which represent a significant portion of our scope 3 emissions. This offers us one of the biggest levers for change, through the selection of lower-carbon materials. We will continue to work with our build partners and our supply chain in investigating lower-carbon materials and identifying product substitutions.

Our design standards and tender documents already include environmental performance considerations, and we will continue to evolve these to specify lower-carbon materials, construction techniques and reporting obligations to advance this opportunity. This opportunity is not without its challenges in maintaining economic sustainability; however, we continue to collaborate and work with our supply chain.

We commenced our first product substitution, switching from steel to timber frames in our light weight cross-laminated timber structures and will continue to work through the viability of this substitution across future typologies.

A key contributor to our understanding on materials use has been our construction waste avoidance programme which was established with the principles of the circular economy at its core. Implemented in 2021 this programme has identified areas of waste and opportunities for improvement, including materials selection, supplier take-back schemes, product stewardship and design improvements.

Appendix

Appendix I: NZ CS reference table

Table 10: Reference guide to specific pages for New Zealand Climate Standard Provisions (NZCS 1 and NZCS 3)

NZ CS provisions	Page reference
Governance (NZ CS 1)	
Identity of governance body responsible for oversight of climate-related risks and opportunities – 7(a)	42
Governance body oversight – 7(b) and 8(a), (b), (c) and (d)	42
Management's role – 7(c), and 9(a), (b), and (c)	44
Strategy (NZ CS 1)	
Current physical and transition impacts – 12(a)	18
Current financial impacts – 12(b) and (c)	16, 18
Scenario analysis undertaken – 11(b)	19 - 21
Climate-related risks and opportunities – 14(a), (b) and (c)	22 - 30
Anticipated impacts – 15(a)	22 - 30
Anticipated financial impacts – 15(b), (c) and (d)	22 - 30
Current business model and strategy – 16(a)	10 - 14
Transition planning - transition plan aspects of strategy and extent of alignment with internal capital deployment – 16(b) and (c)	13 - 15
Risk management (NZ CS 1)	
Processes for identifying, assessing, and managing climate-related risks – 18(a) and 19(a), (b), (c), (d) and (e)	45
Integration into overall risk management processes – 18(b)	45
Metrics and targets (NZ CS 1)	
Metric categories (GHG) emissions – 22(a) and (b)	33, 37 - 38
Metric categories (other) – 22(c), (d), (e), (f), (g) and (h), and 21(b) and (c)	15 - 16, 35 - 38, 42, 46
Targets – 23(a), (b), (c), (d) and (e)	11, 32 - 37, 56
GHG emissions – 24(a), (b), (c) and (d)	32 - 34, 54 - 55
GHG assurance – 25 and 26(a), (b) and (c)	33 - 34, 57 - 60

NZ CS provisions	Page reference
Other (NZ CS 3)	
Sceanrio analysis employed including methodologies and underlying assumptions – 51(a) and (b)	19 - 21
GHG emissions calculation or estimate methodologies, assumptions, limitations and rationale for methods – 52	32 - 34, 49 - 56
Uncertainties relevant to quantification of GHG emissions and effects of these uncertainties – 53	32 - 34, 48 - 55
Explanation for any base year GHG emissions restatements – 54	33, 49 - 56

Appendix II: GHG information

Table 11: GHG Protocol category breakdown

CATEGORY	SUB-CATEGORY	EMISSIONS (tCO_2e)
Scope 1	**Scope 1 Total**	2,464
	Mobile combustion (including company owned or leased vehicles)	460
	Leakage of refrigrants	14
	Stationary combustion	1,991
Scope 2*	**Scope 2 Total (location-based)**	2,047
	Imported electricity (market-based)	16
	Imported electricity (location-based)	2,047
Scope 3	**Scope 3 Total**	68,414
Category 1: Purchased goods and services	Purchased good and services**	11,428
Category 2: Capital goods	Capital goods***	50,535
Category 3: Fuel- and energy-related activities	Transmission of energy (T&D losses)	158
	Well-to-tank	291
Category 5: Waste generated in operations	Disposal of solid waste and wastewater	731
Category 6: Business travel	Air travel	557
	Rental cars and rideshare	29
Category 7: Employee commuting	Employee commuting	3,017
Category 13: Downstream leased assets	Resident electricity	1,669
Total emission (S1, 2 & 3)		**72,925**

** Market-based emissions were calculated by utilising low-carbon attributes from mechanisms such as contractual instruments and RECs bundled with the consumed electricity. In contrast, location-based emissions were determined using the average emissions intensity of the grids where energy consumption occurs, relying on grid-average emission factor data.*
*** Capital assets from operations are included in purchased goods and services. Emissions from operational suppliers are calculated using emissions factors specific to each supplier.*
**** Capital goods are capitalised consistent with the GHG Protocol guidance and our accounting procedures.*

Emissions sources and calculation methods

Table 12 provides an overview of all emissions sources in Summerset's GHG Inventory, including data sources, calculation methods, any assumptions made in the calculation process and an assessment of data quality and uncertainty.

To support our emissions reporting, a variety of calculation methods are used depending on the nature and availability of data:

- supplier-specific method – uses product-specific emissions data associated with goods or services, multiplied by the quantity utilised
- hybrid method – combines product-specific emissions data (where available) and secondary data (e.g., industry averages) when required
- average data method – estimates emissions by multiplying the quantity of a product (e.g., kilograms, litres) by an appropriate secondary emission factor
- spend-based method – estimates emissions by multiplying the cost of goods and services purchased multiplied by an appropriate dollar spend emission factor.

Data quality and uncertainty are assessed using the scales outlined below. Although the quantification of effects of uncertainty is not included, a qualitative classification of uncertainty is detailed per emissions source.

DATA QUALITY SCALE:

- *Low – Data has notable inaccuracies, inconsistencies or variability, which may limit its accuracy*
- *Medium – Data is generally reliable but contains some inaccuracies or missing values requiring extrapolation*
- *High – Data is accurate, consistent and mostly complete*

UNCERTAINTY SCALE:

- Low – There is strong confidence in data reliability and accuracy, with clear understanding of limitations
- Medium – There is reasonable confidence in data reliability, with some acknowledged limitations
- High – There is limited confidence in reliability, with reasonable unknowns affecting interpretation

Table 12: Emissions sources included

GHG PROTOCOL CATEGORY	EMISSION SOURCES	DATA SOURCES	ASSUMPTIONS & METHODOLOGY	DATA QUALITY	UNCERTAINTY
Scope 1					
	Diesel & petrol	Fuel records from supplier portal and internal finance system	Average data method: 99% of fuel usage is sourced from the supplier portal where data is broken down by litres by fuel type. Staff petrol claims (1%) are taken from the finance system, converted from dollar amounts to litres using average petrol prices (sourced from GlobalPetrolPrices.com).	High: Assumed supplier reports and data from our finance system are complete and accurate	Low: Due to high data quality and low variability in emissions factors
	Natural gas distributed commercial	Supplier invoices/ removal records	Average data method: Consumption quantity in kWh is sourced from supplier records. The small inconsistencies in reading times and billing periods have a negligible impact on emissions.	High: Assumed supplier reports are complete and accurate	Low: Due to high data quality and low variability in emissions factors

GHG PROTOCOL CATEGORY	EMISSION SOURCES	DATA SOURCES	ASSUMPTIONS & METHODOLOGY	DATA QUALITY	UNCERTAINTY
	LPG stationary commercial	Supplier invoices	Average data method: LPG usage from supplier invoices is converted to kWh using Elgas conversion factors. The small inconsistencies in reading times and billing periods have a negligible impact on emissions.	High: Assumed supplier has provided complete and accurate invoice data	Low: Due to high data quality and low variability in emissions factors
	Refrigerants	Supplier invoices	Average data method: Property managers collect refrigerant leak data from supplier maintenance invoices, specifying the refrigerant type and quantities.	Medium: Assumed accurate supplier invoices and correct property staff inputs	Medium: Due to the limited controls at a site level to ensure for completeness
	Biofuel and biomass	Supplier invoices	Average data method: Pellet consumption (tonnes) from supplier records is multiplied by the nationwide emissions factor, timing inconsistency between invoice and consumption has a negligible impact on emissions.	High: Assumed supplier has provided complete and accurate invoice data	Low: Due to high data quality and low variability in emissions factors
Scope 2					
	Electricity – location-based	Supplier invoices/ records	Average data method: Electricity usage in kWh is multiplied by the NZ 2023 quarterly national average or VIC 2024 location-based emissions factor, depending on the region. For NZ 2023 factors are used, as at the time of reporting 2024 factors are not available.	High: Assumed supplier has provided data for all ICPs/meters	Low: Due to high data quality and low reliability in emissions factors
	Electricity – market-based	Supplier invoices/ records	Average data method: Electricity in kWh from supplier is multiplied by the NZ or VIC residual mix emissions factor for the period. RECs and green power agreements are used to negate any emissions covered to zero.	High: Assumed supplier has provided data for all ICPs/meters	Low: Due to emissions factor being highly specific to Summerset, and high data quality
Scope 3					
Category 1: Purchased goods and services	Paper use	Supplier invoices/ records	Average data method: Paper quantity (tonnes) from the national supplier is multiplied by the product-specific national emissions factor.	High: Assumed supplier reports are complete and accurate	Low: Due to high data quality and low variability in emissions factors
	Fertilisers	Site records and supplier invoices	Average data method: Property managers track fertiliser purchases by type and quantity. NPK content is identified and multiplied by respective emission factors, with all data sourced from our villages.	Medium: Assumed supplier has provided complete and accurate invoice data, and property staff inputs are complete	Medium: Due to the limited controls at a site level to ensure completeness

GHG PROTOCOL CATEGORY	EMISSION SOURCES	DATA SOURCES	ASSUMPTIONS & METHODOLOGY	DATA QUALITY	UNCERTAINTY
	Purchased goods and services – supplier spend	Spend from finance records	Spend-based method: Spend data is extracted from the finance system and categorised as operational (purchased good and services) or construction spend (capital goods). Spend is adjusted using CPI deflators to align the purchasing power of current spend with the year in which the emissions factors were produced, trade margins are split out and tax is removed. Suppliers are attributed the most relevant emissions factor from within the selected emission factor set according to the product and/or service they provide. Costs exclude any spend that is already captured by a more precise method of calculation. Freight emissions are included in supplier costs as they cannot be separated. Capital assets from operational suppliers are accounted for under purchased goods and services.	High: Assumed data from our finance system is accurate and complete, and supplier provided data is verified	High: Due to low specificity in emission factors and uncertainty in method of calculation
Category 2: Capital goods	Capital goods	Spend from finance records and supplier records	Spend-based method: See above explanation; the key delimiter for capital goods is that spend tagged with "construction" is capitalised. Supplier-specific method: When available, specific quantities and supplier EPDs are used; this accounts for approx 1% of capital goods emissions in 2024. Freight costs are included as they cannot be separated.	Medium: Assumed data from our finance system is accurate and complete, and supplier provided data is verified	High: Due to low specificity in emission factors and uncertainty in method of calculation
Category 3: Fuel- and energy-related activities not Included in scope 1 or scope 2	Electricity distributed T&D losses	Supplier invoices/ records	Average data method: Electricity usage (kWh) from supplier records is multiplied by the national average emissions factor for losses. 100% of data is sourced from supply chain partners.	High: Derived from meter data therefore accurate and complete	Low: Due to high data quality and low variability in emissions factors
	Well-to-tank emissions from fuels used	Supplier invoices/ records	Average data method: Well-to-tank emissions are calculated using quantities (in kWh or L) from the underlying fuel source and multiplied by the well-to-tank emissions factor. Quantities of fuels are sourced from suppliers as outlined above.	High: Assumed supplier records are complete and accurate	Low: Due to high data quality and low variability in emissions factors
	Water supply	Water meter readings and council invoices	Average data method: Water consumption (litres) for each operational and construction site is sourced from available data, such as automated water meter readings, council invoices and manual readings. For sites where readings are not available, estimated usage per unit is applied to determine total water usage. The NZ water supply emissions factor is applied to the total usage data. 100% of data is obtained through supply chain partners.	Medium: Some extrapolation of data across sites	Medium: Due to variability in data quality
Category 5: Waste generated in operations	Waste from operations and construction	Supplier records	Average data and supplier-specific method: Quantities of waste (tonnes) from each operational and construction site is sourced from supplier records. Where the destination of waste is known to have a specific emissions factor, this is used. All other landfill sites are assumed to utilise landfill gas recovery, allowing us to apply the national average emissions factor. NZ emission factors for waste are applied to our Cranbourne village in VIC. 100% of data is obtained through supply chain partners.	High: Assumed supplier records are complete and accurate	Medium: Some uncertainty in the mix in the type of waste going to landfill and low variability in emissions factors

GHG PROTOCOL CATEGORY	EMISSION SOURCES	DATA SOURCES	ASSUMPTIONS & METHODOLOGY	DATA QUALITY	UNCERTAINTY
	Waste from offices	Waste audit	Average data method: Annual head office waste audit provides tonnes per staff member per year. This result is extrapolated to other offices with estimated total tonnage for each office then multiplied by the relevant emissions factor. 100% of data is obtained through internal records.	Medium: Some extrapolation of data across offices	Medium: Level of data quality and lack of externally provided numbers
	Disposal of liquid waste – wastewater	Based on water consumption	Average data method: An estimate of 95% of water consumption is used to calculate emissions ralating to wastewater. This estimated usage is applied to the NZ emissions factor for wastewater.	Medium: Some extrapolation of data and estimates used in calculation	Medium: Due to variability in data quality
Category 6: Business travel	Air travel and rental cars	Supplier & finance records	Distance-based method: Travel distance (km) is provided by the supplier, broken down by travel method and origin/destination. Passenger kms are multiplied by the most appropriate national average emissions factor. For staff claims related to travel (<1%) we multiply the number of claims for each travel method by the average travel distance from the more detailed supplier data. The distance is then multiplied by the relevant emission factor. Expense claim data is extracted from our finance system with 100% of data obtained through supply chain partners.	High: Assumed supplier reports and data from our finance system are complete and accurate	Low: Due to high data quality and low variability in emissions factors
	Taxi	Supplier & finance records	Spend-based method: Due to limited detail on specific trips, total spend from supplier invoices and our internal finance system (for staff claims) is multiplied by the relevant emissions factor. 100% of data is obtained through supply chain partners.	High: Assumed supplier reports and data from our finance system are complete and accurate	Medium: Due to method of calculation and combination of data quality
Category 7: Employee commuting	Employee commuting	Employee survey	Average data method: 2023 staff survey collected data on employee commuting, including transport method, distance and frequency, and is assumed to represent 2024 commuting behaviour. Data is extrapolated to estimate total annual distance by transport method, with emissions calculated using relevant factors. 100% of data is obtained through staff survey.	Medium: Impacted by number of responses and interpretation of survey questions	Medium: Due to extrapolation of data and quality of data from surveys
Category 13: Downstream leased assets	Resident electricity	Supplier records	Average data method: Electricity (kWh) is provided by the resident billing supplier and multiplied by the NZ or VIC location-based emissions factor. Electricity usage is gathered using individual smart meters in resident units. 100% of data is obtained through supply chain partners.	High: Assumed data received is accurate and complete	Low: Due to high data quality and low variability in emissions factors

Exclusions

The following GHG emission sources have been excluded from our inventory due to their low materiality, poor availability of data, and high degree of uncertainty. Each excluded source makes up less than 1% of the total emissions in its respective scope, and the total emissions excluded do not exceed 5% of our total inventory (classified as not material). These exclusions are not considered significant to our inventory, its intended use or its users.

There are no exclusions for scope 1 and 2 emissions.

Table 13: Scope 3 Exclusions – breakdown, rationale and estimated impact

SCOPE 3 CATEGORY	GHG EMISSIONS SOURCE	BUSINESS UNIT	REASON FOR EXCLUSION	ESTIMATED EXCLUSION (tCO_2e)	% OF TOTAL SCOPE 3 INVENTORY
Category 3: Fuel- and Energy-Related activities not Included in scope 1 or scope 2	T&D losses from natural gas	Operations	Data has been intermittent and below materiality threshold	35	0.0003%
Category 6: Business Travel	Relocation costs	Operations	Data not readily available or reliable	102	0.001%

Emissions factors

Table 14 outlines the emission factor sets applied to various emissions sources, units of measurement and the GWPs.

Table 14: Emissions factors

EMISSION FACTOR SOURCE	EMISSIONS SOURCE APPLICABLE TO	UNIT	GWP-100
Ministry for the Environment. *Measuring emissions: A guide for organisations: 2024 detailed guide*	Diesel & petrol	L	IPCC AR5
	Natural gas distributed commercial	kWh	IPCC AR5
	LPG stationary commercial	kWh	IPCC AR5
	Refrigerants	kg	IPCC AR5
	Electricity – Summerset – location-based NZ	kWh	IPCC AR5
	Electricity – residents NZ	kWh	IPCC AR5
	Electricity distributed T&D losses	kWh	IPCC AR5
	Well-to-tank emissions	L	IPCC AR5
	Water	L	IPCC AR5
	Biomass	t	IPCC AR5
	Waste (where specific landfill factors are not available)	t	IPCC AR5

EMISSION FACTOR SOURCE	EMISSIONS SOURCE APPLICABLE TO	UNIT	GWP-100
	Rental cars	km/$	IPCC AR5
	Taxi	$	IPCC AR5
	Air travel*	km/$	IPCC AR5
	Employee commuting	km	IPCC AR5
Australian Department of Industry, Science, Energy and Resources. *National Greenhouse Accounts Factors*. Canberra, Australia 2024	Electricity – Summerset – location-based AUS	kWh	IPCC AR5
	Electricity – Summerset – market-based AUS	kWh	IPCC AR5
	Electricity – residents AUS	kWh	IPCC AR5
Department for Energy Security and Net Zero. *Greenhouse gas reporting: conversion factors 2024*	Paper	kg	IPCC AR5
Market Economics Limited. *Consumption Emissions Modelling,* report prepared for Auckland Council. March 2023	Purchased goods and services	$	IPCC AR4
	Capital goods	$	IPCC AR4
New Zealand Gazette	Waste	t	IPCC AR5
BraveTrace – Residual Supply Mix	Electricity – Summerset – market-based	kWh	IPCC AR6
Ledgard and Falconer. *Update of the carbon footprint of fertilisers used in New Zealand*. 2019	Fertiliser	kg	IPCC AR4
Supplier EPDs	Supplier EPDs	Various	IPCC AR4/5

** Radiative forcing is associated with air travel emissions at higher altitudes and results in a higher global warming potential. Ministry for the Environment applies a multiplier of 1.7.*

Absolute emissions performance

Table 15 presents our absolute emissions performance compared to previous year and base year. This year's total emissions are 72,925 tCO_2e, a 728% increase on the base year and a 3% increase on FY23. The increase on base year reflects the increased reporting reports and inclusion of additional emission sources. The slight increase compared to FY23 reflects our continued efforts to manage emissions accordingly as our reporting scope expands and our business grows.

Table 15: Prior year absolute performance

SCOPE	CATEGORY	BASE YEAR (2022) tCO_2e	2023 tCO_2e	2024 tCO_2e	CHANGE FROM 2023 (%)	CHANGE FROM BASE YEAR (%)
Scope 1	Scope 1	2,097	2,213	2,464	11%	18%
Scope 2	Location-based	2,511	1,417	2,047	44%	-18%
	Market-based	-	17	16	-2%	-
Scope 3	Category 1	21	10,986	11,428	4%	55154%
	Category 2	-	51,173	50,535	-1%	-
	Category 3	230	205	449	119%	95%
	Category 5	910	461	731	59%	-20%
	Category 6	699	1,059	585	-45%	-12%
	Category 7	-	2,268	3,017	33%	-
	Category 13	2,369	1,237	1,669	35%	-30%
Total emissions (S1, 2 & 3)		**8,807**	**71,017**	**72,925**	**3%**	**728%**

Note: Toitū Envirocare provided assurance for our 2022 GHG inventory at a reasonable level, and for the 2023 inventory, at a reasonable level for all mandatory programme categories, with a limited assurance for category 3 and category 4 additional emissions

Appendix III: GHG assurance

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Independent Limited Assurance Report to Summerset Group Holdings Limited

Assurance Conclusion

Based on our limited assurance procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Summerset Group Holdings Limited's consolidated gross Greenhouse Gas ("GHG") emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below) (together "GHG disclosures") included in the Summerset Sustainability Review and Climate-related Disclosures Report for the year ended 31 December 2024 ("Climate Statement") are not fairly presented and not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards ("NZ CS") issued by the External Reporting Board ("XRB").

Scope

Ernst & Young Limited ("EY") has undertaken a limited assurance engagement to report on Summerset Group Holdings Limited's (the "Company" or "Summerset"):

- Consolidated gross GHG emissions:
  - scope 1 on page 33;
  - scope 2 (location based and market-based) on page 33;
  - scope 3 on page 33;
- additional requirements for the disclosure of consolidated GHG emissions on page 32, 33, 54-55;
- GHG emissions methods, assumptions and estimation uncertainty on page 33-34, 49-53

included in the Climate Statement for the year ended 31 December 2024 (the "Subject Matter" or "GHG disclosures"). The reported amounts and disclosures relate to the Company and its subsidiaries as explained in the Climate Statement.

Our assurance engagement does not extend to any other information included, or referred to, in the Climate Statement on pages 1-48, 56, 61-62. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

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Criteria applied by Summerset

In preparing the GHG disclosures, Summerset applied NZ CS and for Scope 2 (market-based) emissions, the measurement requirements of the Greenhouse Gas Protocol Scope 2 Guidance (the "Criteria"). In applying the Criteria, the methods and assumptions used are described on pages 32-34, 49-55 of the GHG disclosures, as are the estimation uncertainties inherent in the methods and assumptions used.

Key Matters

In this section we present those matters that, in our professional judgement, were most significant in undertaking the assurance engagement over GHG Disclosures. These matters were addressed in the context of our assurance engagement, and in forming our conclusion. We did not reach a separate assurance conclusion on each individual key matter.

Spend based methods used in measurement of certain Scope 3 emissions

Why Significant	Procedures to address key matter
As explained on page 52, Summerset has measured the GHG emissions from Scope 3 – Purchased goods and services and Scope 3 – Capital goods using the spend based calculation method as described in the GHG Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard (together the "GHG Protocol"). These emission categories make up approximately 85% of the total GHG emissions for the period ended 31 December 2024. The spend based calculation method estimates emissions for goods and services by multiplying the value of goods and services purchased with emission factors relevant to the type of good or service. For example, the emissions from the construction of buildings are estimated based on the amount spent on their construction. The method relies on average emissions per dollar spend factors, which may differ significantly from the emissions actually created from a certain spend as a result of differences between the particular spend and the assumed average. The use of the spend based calculation method therefore comes with inherent uncertainty and may result in significantly different estimated emissions than methods that are more supplier or product specific. As a result of the estimation uncertainties inherent in the spend based method, future improvements to the calculation method or assumptions for these emission sources could result in a material restatement to previously estimated amounts.	In considering the measurement of, and disclosure related to, the use of spend based methods to estimate Scope 3 – Purchased goods and services and Scope 3 – Capital goods emissions we: • Obtained an understanding of the calculation method, assumptions, and estimation uncertainties used; • Considered whether the application of the spend based calculation methodology by Summerset aligned with the GHG Protocol; • Considered the reasonableness of the selected spend based emission factors and their application in the calculation process; • Considered the spend on purchased goods and capital goods used in the calculations by performing analytics and inquiry; and • Considered the disclosures made by Summerset in relation to the calculation method, assumptions and uncertainties in estimating these emission sources.

Summerset's Responsibility

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the GHG disclosures in accordance with NZ CS. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG disclosures, such that they are free from material misstatement, whether due to fraud or error.

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EY's Responsibility

Our responsibility is to express a limited assurance conclusion on the GHG disclosures based on the procedures we have performed and the evidence we have obtained.

Our engagement was conducted in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ("NZ SAE 1") and in accordance with the International Standard for Assurance Engagements (New Zealand): *Assurance Engagements on Greenhouse Gas Statements* ("ISAE (NZ) 3410"). Those standards require that we plan and perform this engagement to obtain limited assurance about whether the GHG disclosures have been prepared, in all material respects, in accordance with the Criteria. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

As we are engaged to form an independent conclusion on the GHG Disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Ernst & Young provides financial statement audit, other assurance related and remuneration advisory services to Summerset. Partners and employees of our firm may deal with Summerset on normal terms within the ordinary course of trading activities of the business of Summerset. We have no other relationship with, or interest in, Summerset.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* issued by the External Reporting Board (XRB) and the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand*) issued by the New Zealand Auditing and Assurance Standards Board, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the report and related information and applying analytical and other relevant procedures. Our procedures included:

- Obtaining, through inquiries, an understanding of Summerset's control environment, processes and information systems relevant to the preparation of the GHG Disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluating whether Summerset's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Summerset's estimates;
- Evaluating organisational and operational boundaries to test completeness of GHG sources;

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- Performing analytical procedures on particular emission categories by comparing the expected GHGs emitted to reported GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;
- Performing recalculations and aggregation of GHG emission; and
- Considering the presentation and disclosure of the GHG disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Inherent Uncertainties

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Other matters

The comparative GHG disclosures (that is GHG disclosures for the period ended 31 December 2022 and 31 December 2023 presented in Table 6 and Table 15) have been subject to reasonable assurance for the period ending 31 December 2022 and limited assurance and reasonable assurance for the period ending 31 December 2023 by another assurance provider, with their unmodified assurance report dated on 17 February 2023 and 16 February 2024.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any other persons other than Summerset Group Holdings Limited, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance conclusion is Matthew Cowie.

Ernst & Young Limited

Ernst & Young Limited
Auckland
27 February 2025

MSCI

AAA

ESG RATING (2025)

FORSYTH BARR

A-

ESG RATING (2024)

CDP
DISCLOSURE INSIGHT ACTION

B

CLIMATE CHANGE (2024)

The Ethical and Sustainable Business Awards 2024

ETHICAL SUSTAINABLE BUSINESS AWARD

Summerset Prebbleton

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RVA NEW ZEALAND Retirement Villages Association

Highly Commended TRUSTED BRAND 2024 Reader's Digest Aged Care & Retirement Villages

Contact us

For further information about our sustainability approach and efforts, please contact us at investor.relations@summerset.co.nz

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