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## **NZX & ASX RELEASE**

**26 February 2024**

### **SUMMERSET RELEASES FIRST CLIMATE-RELATED DISCLOSURES DOCUMENT**

Retirement village operator Summerset Group Holdings Limited today released its Sustainability Review and Climate-Related Disclosures FY23 document alongside their FY23 Annual Report.

Summerset Chief Executive Scott Scoullar said reporting on sustainability is not new for the company, but this is the first time the company has reported its climate-related disclosures which document the challenges and opportunities posed by a changing climate.

“Summerset has been measuring, managing and reporting on our carbon footprint since 2017. We take our commitment to sustainability very seriously and we’ve worked hard to embed sustainable practices right across our business. As a large New Zealand business, we recognise that we have a duty to integrate sustainability into everything we do and to always challenge ourselves to do better,” said Mr Scoullar.

“Early in 2023 we released our first Sustainability Review, which documented the first five years of our sustainability work and the significant progress we’ve made to date. It was our first step into ESG (environmental, social and governance) reporting and shows how we are contributing and working to have an impact beyond just the environmental aspects of our operations.”

Mr Scoullar said the New Zealand Climate Standards mandated by the government in 2023 was a positive step in transparent reporting for investors and the wider public.

“The new disclosure requirements will give the market, shareholders and other interested parties a consistent view of how large New Zealand companies are responding to, and preparing for, climate change.”

Mr Scoullar said Summerset has spent a great deal of time and effort on reducing its carbon emissions and the company had short, medium and long-term targets it worked to.

“We smashed our first five-year target, from 2018-2022 we reduced our carbon emissions per \$m revenue by 16%. Our new science-aligned target is to reduce our emissions intensity per square metre by 34% by 2027. Also, all our lending is now sustainability linked which further incentivises us to meet our goals.”

In addition to reporting on carbon emissions Summerset’s new report also outlines the social and governance strategies the company has in place to provide for a more sustainable environment.

“Summerset has a huge impact on many communities around New Zealand (and soon in Australia too) we provide much needed aged care, jobs for more than 2,700 staff and our residents continue to play a large part in their communities.”

Mr Scoullar said the company was very pleased to be recognised externally for the work that they do in sustainability, including acknowledgement from investment services firm, Forsyth Barr.

“We were proud to be again recognised by Forsyth Barr in their second Carbon and ESG Ratings for NZX listed companies. We were again 11th of all NZX listed companies and the top-rated listed retirement village operator. External acknowledgement of our work is very pleasing and helps validate our approach to date,” said Mr Scoullar.

“We know we have lots more work to do but we feel we’re on the right track and we have processes and goals in place to remain on track. We will continue to juggle our challenge as a growing business to reduce our carbon footprint while opening new villages in New Zealand and Australia.

“One area of focus in the coming years for us will be how we embed the sustainability lessons and practices we’ve developed in New Zealand into our Australian villages, the first of which (Cranbourne North, Victoria) had its first homes delivered at the end of 2023.”

## **ENDS**

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## **ABOUT SUMMERSET**

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 38 villages completed or in development nationwide
- In addition, Summerset has six proposed sites at Half Moon Bay (Auckland), Rotorua (Bay of Plenty), Palmerston North (Manawatu), Masterton (Wairarapa), Rolleston (Christchurch), and Mosgiel (Dunedin)
- Summerset also has two villages in development (Cranbourne North and Chirnside Park) and five other properties in Victoria, Australia (Craigieburn, Drysdale, Mernda, Oakleigh South and Torquay)
- Summerset provides a range of living options and care services to more than 8,000 residents





# Sustainability Review

**AND CLIMATE-RELATED DISCLOSURES FY23**





## About this report

Summerset's *Sustainability Review and Climate-Related Disclosures FY23* provides our stakeholders with view of our sustainability performance and activities.

This year's report builds on the sustainability commitments we made in our initial five-year plan, launched in 2018, and details progress against our emissions targets for 2027, 2032 and 2050.

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.

**This Review is available on our [website](https://www.summerset.co.nz).** Questions about the report can be directed to [investor.relations@summerset.co.nz](mailto:investor.relations@summerset.co.nz)

## Climate-related Disclosures

Summerset is a climate-reporting entity (CRE) under the Financial Markets Conduct Act 2013.

Summerset's climate related disclosures on pages 16 to 38 comply with New Zealand Climate Standards issued by the External Reporting Board.

In preparing our climate-related disclosures, Summerset has elected to use Adoption provision 2: anticipated financial impacts.

This adoption provision exempts Summerset from disclosing anticipated financial impacts of climate-related risks and opportunities reasonably expected by Summerset for its first reporting period.

## Period covered by the Review

This report covers our sustainability performance and activities for the 12 months from 1 January 2023 to 31 December 2023 unless otherwise stated.

## Scope of the Review

This report focuses on the sustainability performance and activities of Summerset Group Holdings and associated developments.

## Key information

Company name:

Summerset Group Holdings Limited

Head-office address: Level 27, Majestic Centre,

100 Willis St, Wellington,

New Zealand





04

## CEO AND CHAIR INTRODUCTION

06

## 2023 SUSTAINABILITY HIGHLIGHTS

08 Environment

12 Social

15

## CLIMATE-RELATED DISCLOSURES

16 Governance

19 Strategy

24 Climate-related  
Risks and  
Opportunities

32 Risk Management

33 Metrics & Targets



📷 Above: Summerset Richmond Ranges Main Building solar panels

# CEO and Chair introduction

Since 2017 Summerset has been measuring, managing and reporting on our carbon footprint. We take our commitment to sustainability very seriously and we've worked hard to embed sustainable practices right across our business.

As a large New Zealand business, we recognise that we have a duty to integrate sustainability into everything we do and to always challenge ourselves to do better.

Early in 2023 we released our first Sustainability Review, which documented the first five years of our sustainability work and the significant progress we've made to date. It was our first step into ESG (environmental, social and governance) reporting and shows how we are contributing and working to have an impact beyond just the environmental aspects of our operations.

Our FY23 Sustainability Review builds on that information, but also contains our climate-related disclosures which are mandated by the New Zealand government for all Climate Reporting Entities to provide to the market. We believe these new disclosure requirements are a positive step in transparent reporting.

We have recently shared our ten-year strategic plan with our staff, which contains environmental, social, governance, and sustainability focused initiatives right across the business. One of our strategic goals is to be a good corporate citizen. It's important to us that we play our part in creating a sustainable future and that this is a core part of our strategy for the next ten years.

We are proud of our industry-leading approach to sustainability, and have made significant improvements in this space over the last five years. After completing our first five-year sustainability action plan and

exceeding our emissions reduction targets, we are embarking on our second five-year journey with new goals and targets. We will continue to focus on finding new opportunities to better ourselves, utilise sustainable lending and meet our growing disclosure obligations.

We were very pleased to be again recognised by Forsyth Barr in their second Carbon and ESG Ratings for NZX-listed companies. We were again 11th of all NZX-listed companies and the top-rated listed retirement village operator. External acknowledgement of our work is very pleasing and helps validate our approach to date.

## Environment

We are a growth company, and we will continue to develop, build and manage retirement villages throughout both New Zealand and Australia. With an ambitious construction process, we consider the environment, nature and biodiversity as part of the build programme to ensure our environmental impact is minimal or reduced.

Over the last six years our construction sites have worked hard to look closely at all our practices to reduce our effect on the communities we're building in. Construction waste reduction has been an enormous focus, with 4,372 tonnes of waste diverted from landfill in 2023 alone.

In addition to this we have increased the native planting around our villages and we're investigating water conservation methods and the opportunity to remove and replace gas boilers in our villages.

Changes to the design of our buildings have been undertaken over this time too as we look to reduce our embodied carbon by using less concrete where we can and instead use other more sustainable materials.

Once our villages are built, we work hard to minimise the impact of the village on the environment and work with staff, residents and contractors to create efficient villages. Across our portfolio we are focused on operational efficiency and are working to decarbonise our existing villages.

To make our existing villages more efficient and reduce their carbon footprint we have rolled out an LED light





replacement programme, installed Electric Vehicle (EV) charging points at many villages, brought in EV pool vehicles for residents and staff to use investigated how we will transition away from gas, and worked with residents to reduce and recycle their waste.

We're also investing in solar panels. Our Karaka (Auckland), Nelson and Manukau villages all have solar panels powering parts of their villages, and our Richmond village is the first to have solar panels installed on the main building, with our Rototuna village next in line.

Over the last year we've also installed water meters to better understand our water usage at each village and how we might be able to do better in this area.

Our work so far has been recognised, with our construction waste avoidance initiative Building out Waste by Thinking Green winning a Construction Sector Accord Beacon Award. Our Think Green programme was also recognised in the Retirement Village Association's Sustainability Awards where we won the APL Operator-led Sustainability Award. This recognised how we have embedded sustainability across the organisation and our work over the last five years to reduce our carbon emissions.

### Social

Our people are vital to our success. We are a people-oriented business and without great people we can't deliver on our purpose of bringing the best of life to our residents. We are committed to providing meaningful career pathways and opportunities for our people and allowing them to be at their best both inside and outside work.

Over the last year we have invested in diversity & inclusion training, mental health awareness training for our managers and in providing our people with wellbeing information to help them be at their best and care for themselves and their families.

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 should their health needs change.

In 2023 we opened three new care centres in Bell Block (New Plymouth), Te Awa (Napier) and Kenepuru (Porirua) and started the refurbishment of three of our older care centres around the country to bring them up to a more modern standard.

We have also advocated for our sector and smaller aged care providers who are struggling to keep the lights on. 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.

Underfunding from successive governments has left many aged care providers in a precarious position, particularly small not-for-profit providers who provide more than 50% of New Zealand's aged care beds. Beds are closing around the country as aged care facilities struggle to operate and this will have flow-on effects across our health care system.

We will continue to advocate with health officials for a more equitable outcome.

### 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 work that is found later in this report.

This is a new area for Climate Reporting Entities to understand and will evolve as the framework matures, the complexity of climate change is better understood, and positive action is undertaken. We expect our disclosures to change to meet the demands of government, our stakeholders and other interested parties. This is very valuable

and important work and a critical step in transparent reporting and tackling the issue of climate change.

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.

### Measuring performance

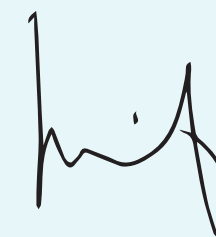
We are committed to decarbonising our business however, there are real challenges as we continue to grow through the construction of new villages. For this reason, we report and measure our progress using carbon emissions intensity of emissions per square metre.

To meet these targets, we need to adapt and innovate across our entire operation. All of our lending is sustainability-linked and includes deliverables across wellbeing, emissions intensity, and a reduction in construction waste. By linking our funding to sustainability, Summerset is incentivised to proactively transition to a low-impact business.

### Ongoing work

We are very proud of the work we've undertaken so far but we know there is much more to do. Our first target was to reduce our carbon emissions by 5% per million dollars of revenue and we exceeded that – achieving a 16% reduction. We now have a new five-year science-aligned target to keep us on track and ensure we are on the trajectory needed to be within the 1.5 degrees of global warming.

We would like to thank the Summerset team for their dedication to building excellent villages and creating caring communities. 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



06

# Sustainability Highlights










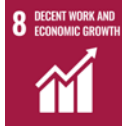





2023





# 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	 Contribute to the economic prosperity of Aotearoa New Zealand	 Create caring communities for our residents and employees
OUR FOCUS AREAS	<ul style="list-style-type: none"><li>• Reduce carbon footprint</li><li>• Reduce landfill waste</li><li>• Energy efficiency</li><li>• Measure water take</li><li>• Sustainable design and construction practices</li><li>• Embrace technology including solar</li></ul>	<ul style="list-style-type: none"><li>• Adapt to economic conditions</li><li>• Fulfil sustainability-linked lending criteria</li><li>• Provide a secure and sustainable business for shareholders</li><li>• Fulfil governance and compliance obligations</li></ul>	<ul style="list-style-type: none"><li>• Act ethically and responsibly</li><li>• Support local communities</li><li>• Provide a safe workplace</li><li>• Staff wellbeing</li><li>• Diversity and inclusion</li><li>• Grow stakeholder understanding of sustainability</li></ul>
OUR TARGETS	<p><b>5 year</b> – Short-term carbon target: Reduce emissions intensity by 34% by 2027</p> <p><b>10+ year</b> – Long-term targets: Reduce emissions intensity per sqm by 62% by 2032</p> <p><b>15+ year</b> – Carbon net zero by 2050</p>	<p><b>Sustainability linked loans:</b></p> <ol style="list-style-type: none"><li>1. Ongoing dementia certification and increase dementia beds</li><li>2. 5% year-on-year reduction in carbon intensity per sqm scopes 1, 2, 3*</li><li>3. Diversion of construction waste from landfill</li></ol> <p><i>*selected scopes</i></p>	<p><b>Scope 3 target:</b></p> <p>Engage and encourage 67% of our supply chain to measure and report their emissions by 2027 (based on scope 3 emissions)</p>
SUSTAINABLE DEVELOPMENT GOALS	     	 	   

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

Our affiliates





## OUR ENVIRONMENTAL IMPACT

Over the past five years, Summerset has taken significant steps to minimise and mitigate our environmental impact to the point that we have passed from our “going green” phase to “thinking green”.

By thinking green, we are now applying a sustainability lens over everything we do: from building new retirement villages, to minimising waste and fossil fuel use, to asking our suppliers to reduce the plastic packaging around the products they send us.

Our Think Green programme has been put in place to ensure our people can do the right thing and have an impact too. To make our more significant emissions reduction targets understandable and achievable, we’ve introduced selected intensity metrics for a number of our emissions sources. For example, our travel emissions per staff member metric makes the emissions targets more “real” for head office staff, encouraging them to adopt sustainable travel alternatives. See Think Green intensity metrics table on page 9.

For a retirement village operator of the scale of Summerset, the focus on reducing environmental impact centres on four areas:

- Carbon emissions from construction
- Energy use within existing operations
- Waste minimisation across the business
- Biodiversity and water conservation.

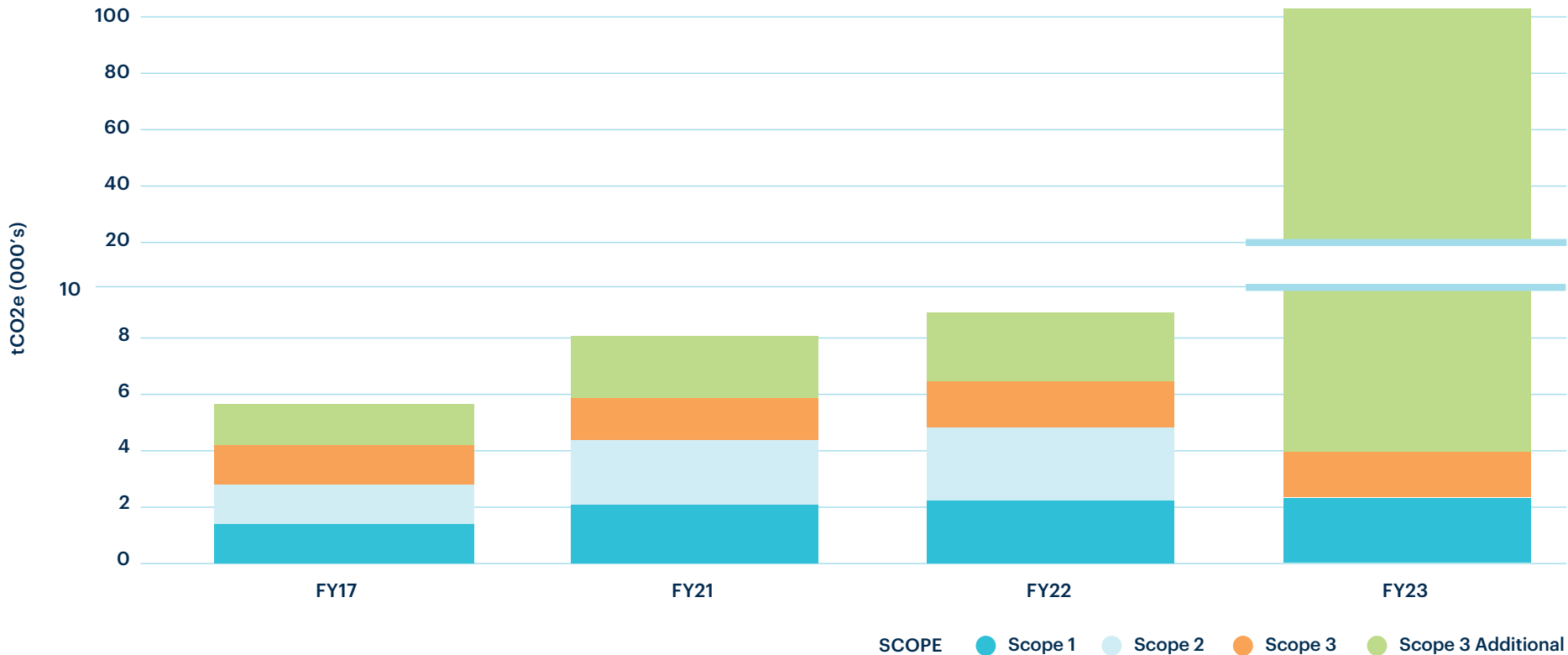
### Decarbonising Summerset

We are committed to reducing our emissions as much as possible and we have taken a number of steps to towards that goal.

We believe this is the right thing to do as a good corporate citizen, but it is also an expectation of our staff, residents, shareholders and other stakeholders.

We also have financial incentives in the obligations under our Sustainability Linked Loan (SLL). We were the first retirement village operator to

Emissions breakdown by scope and year



Emissions targets and progress

	2017–2022 Original short-term five-year target	2023–2027* New short-term five-year target	2017–2032* Long-term target
Target	▼ 5% reduction in emissions intensity per \$1m of revenue by 2022 (2017 base year)	▼ 34% reduction in emissions intensity per square metre by 2027 (2022 base year)	▼ 62% reduction in emissions intensity per square metre by 2032 (2017 base year)
Progress**	▼ 16%	▼ 15%	▼ 18%

\* Emissions reduction targets are science-aligned and cover scopes 1 and 2 only \*\* Progress is pre purchase of renewable energy certificates purchased for the first time in FY23

get an SLL, extend the loan term and all of our bank funding is now sustainability-linked.

We’re also Toitū Envirocare net carbonzero certified, and in 2022 we committed to a new five-year science-aligned target (baseline year of 2022).



After overachieving on our previous five-year target of a 5% reduction in carbon emissions intensity across Scopes 1, 2 and selected 3 per \$m of revenue by 2022 (we reduced emissions by 16%), our new five-year target of a 34% reduction in emissions intensity per square metre by 2027, on baseline year 2022, is more ambitious and meets the Science Based Target Initiative target setting criteria.

Reductions have been realised through the transition to electricity from fossil fuels for building heating and transport. We have continued to explore opportunities to replace gas with electricity and to install solar panels on our facilities. We began our first large solar panel installation on a main building at our Richmond village in 2023 and we continued to roll out electric vehicles into our village fleet.

We’ve furthered the steps to improve Scope 3 supply chain emissions by building accountable practices into our contracts, being proactive with our thinking around design, material use and waste incorporated into each stage of project work, as well as education sessions onsite with our construction staff and subcontractors.

Our Scope 1, 2 and 3 2023 emissions

In 2023 we produced 102,926 tonnes of CO<sub>2</sub>e (scopes 1, 2 and 3). Our significant sources of scope 1 and 2 emissions sources are electricity and gas. A large portion of our demand for electricity is unavoidable due to operating care facilities that have energy requirements in order to deliver a high level of care. Similarly, gas is utilised for heating hot water, cooking and providing laundry services all core services when caring for the elderly. Where infrastructure is available, we are exploring options to transition from gas heating to electricity.

In 2023 we disclosed our full value chain scope 3 emissions for the first time, including category 1, purchased goods and services, 2, capital goods, and employee commuting category 7. Our most

significant scope 3 emissions come from capital goods and purchased goods and services. Together these account for over three-quarters of our total emissions. Within Scope 3, these two categories represent 94% of our Scope 3 emissions (and 92% of our full value chain emissions) (See table over).

Since 2019 we have offset our residual operational emissions using carbon credits to obtain Toitū net carbonzero certification. To offset our emissions for the FY23 period, we purchased carbon credits

from Hinewai, an ecological restoration project on the Banks Peninsula in New Zealand as well as a number of high-quality international carbon credits.

Tackling embodied emissions and waste

We have advanced our embodied (construction) carbon work to explore how best to minimise embodied carbon for new villages. We have developed a baseline for embodied carbon for two of our built typologies and we’re now looking at those materials that are

Think Green intensity metrics

EMISSIONS SOURCE *	INTENSITY METRIC	FY17 (BASE YEAR)	FY21	FY22	FY23
Gas (Scope 1)	Emissions from gas used per main building m <sup>2</sup> (tCO <sub>2</sub> e/m <sup>2</sup> )	0.013	0.012	0.012	0.011
Fuels (Scope 1)	Emissions used from fuels used per operational village (tCO <sub>2</sub> e/village)	9.77	11.22	12.32	13.34
Electricity (Scope 2) **	Emissions from electricity used per main building m <sup>2</sup> (tCO <sub>2</sub> e/m <sup>2</sup> )	0.170	0.019	0.018	0.001
Travel (Scope 3)	Emissions from travel per head office staff member (tCO <sub>2</sub> e /head office staff)	2.96	0.01	1.90	2.46
Waste (Scope 3) ***	Emissions from waste per total residents & staff (tCO <sub>2</sub> e/residents + staff)	0.116	0.097	0.096	0.043
Resident electricity (Scope 3) ***	Emissions from resident electricity per resident (tCO <sub>2</sub> e/resident)	0.336	0.274	0.304	0.155
Paper (Scope 3)	Emissions from paper per staff member (tCO <sub>2</sub> e/staff)	0.020	0.011	0.009	0.007

\*These are our original emissions sources and key focus areas that drive performance and support our Think Green emissions reduction programme

\*\*For years prior to 2023 electricity has been calculated using the location-based method. In FY23 market based method is used

\*\*\* Reduction in waste to landfill and resident electricity has been achieved through a combination of emissions reduction initiatives and changing emissions factors

Note: Historical adjustment of emissions factors has been incorporated



significant contributors to emissions and how we can utilise more sustainable alternatives where we can.

Waste reduction and avoidance has been an important part of our sustainability work to date. During 2023 Summerset worked across 17 construction sites, all of which practiced waste avoidance, a programme which began on 1 October 2021.

Working with our partner, Waste Management, and other local suppliers, the project aims to minimise the amount of waste that we are sending to landfill. We monitor what goes in labelled bins, allowing us to measure waste streams and identify diversion opportunities.

Our construction team has embedded site source separation onsite and worked with contractors and subcontractors to get them on board. The initiative has been a real game changer, not just in waste avoidance but prompting the review of the entire building life cycle from design, procurement, pre-construction through to waste disposal.

This might mean designing out unnecessary materials or activities, or removing or phasing out assets that create emissions, prioritising the use of energy efficient equipment or renewable energy sources, or choosing materials that have a longer life cycle, or can be reused or recycled at end of life.

We work with residents on solutions where we are identifying barriers or issues with waste reduction. Waste reduction in our villages often involves our residents, who

are encouraged to use labelled waste and recycling bins and take food waste to food waste collection stations. At our Avonhead village this approach improved waste diversion from 15% to 68% over a two-month period.

### Biodiversity and water

This year we have furthered our commitment to biodiversity and the practical steps we can take to protect biodiversity and minimise the impact of our construction projects. One of the ways we have been doing this is to factor the creation of green spaces into the development process.

At existing villages, we have taken steps to reduce the use of synthetic fertilisers and wherever we can we do native planting in our gardens and surrounding wetlands, where they exist, to encourage more indigenous biodiversity such as native birdlife.

To connect our village residents with nature, new initiatives include the planting of an orchard at Whangārei that will be tended by residents and provide the village and care centre with fresh fruit. At our Waikanae village we replanted a mahoe forest adjacent to the village and have seen significant growth over the past year.

Our efforts to measure our water consumption have taken shape this year with additional water metering to provide us with a better level of understanding of our usage at village level in the areas of care, grounds and independent living residents.

### Recognition

Summerset won the Construction Sector Accord Beacons Award for our construction waste avoidance initiative, Building out Waste by Thinking Green, winning in the Client Leadership sub-category.

Summerset also won the 'APL operator-led sustainability programme' in the Retirement Village Association of New Zealand's Sustainability Awards. Our entry centred on our Think Green programme and our work over the last five years to reduce our carbon emissions.



#### CASE STUDY

### HELPING TO REDUCE FOOD WASTE

At retirement villages, enjoyable meals are important social occasions and help maintain the health and wellbeing of residents. However, food that is overproduced, or served but then discarded, costs money, impacts the environment, and falls short of meeting the dining experience we want for our residents.

While Summerset has introduced food waste collection bins within our villages wherever possible, we wanted to explore how we could further reduce food waste and overproduction before meals were made. We were very pleased when the University of Otago's Food Waste Innovation team approached us to pilot test the technology planned for use in a wider food waste reduction project.

Summerset Bishopcourt (Dunedin) volunteered to take part in the pilot and were involved in testing the use of new technology Method InSight smart scales that automatically weigh, analyse and provide bin data in a real live kitchen situation. This data gives kitchens information on what is and isn't being eaten and how much is being overproduced so adjustments can be made to quantities and varieties of food.

Thanks to the feedback provided by the team at Bishopcourt the project team have refined their programme and will be rolling this out in 2024 to any retirement village in the country that wants to take part. The Dunedin team have made themselves available to further fine tune the programme as it rolls out around the country.

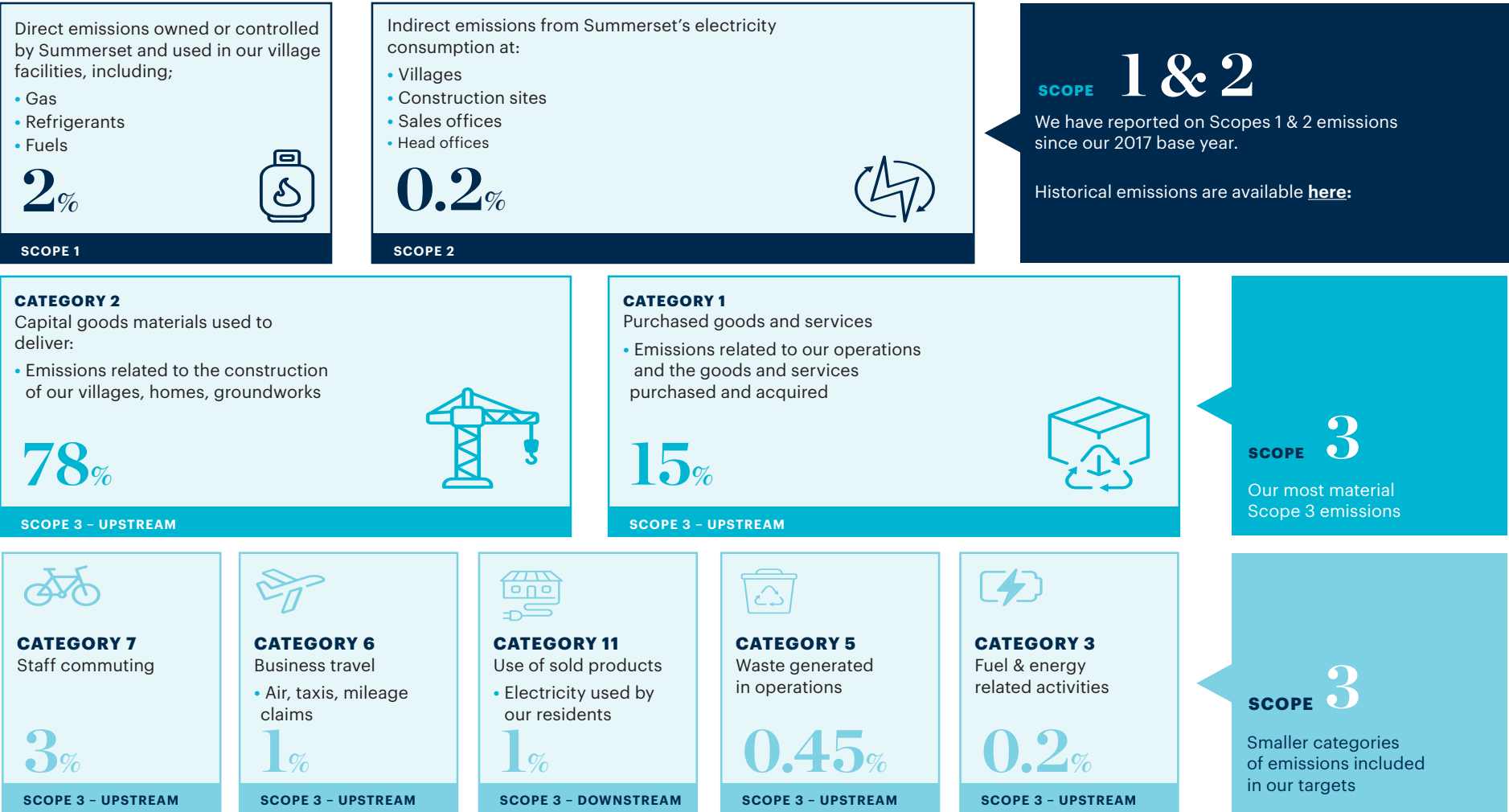
Summerset will continue to support this initiative and has committed to rolling out the programme at a further two villages in 2024.



📷 Above: Matilda's hive at Summerset Bishopcourt, Dunedin



FY23 Emissions breakdown by scope



Note: This is Summerset's first year reporting Scope 3 full value chain emissions using the best data available.  
Sums to 100.85 due to rounding



CASE STUDY

ST JOHNS –  
CONSTRUCTION WASTE AVOIDANCE

Summerset is one of the largest residential builders in New Zealand and during 2023 we worked across 17 construction sites, with plans to do similar in the years to come. With a ten-year plan for growth across Australasia, Summerset is committed to building and designing retirement villages with minimal impact on the environment.

Summerset St Johns, due to open late 2024, is our largest retirement village to date, and will be unique as it will deliver hundreds of homes, the main building and care centre within months, as opposed to the slower delivery of homes typical of our broadacre sites.

The luxury village, which will be home to approximately 400 residents, in the heart of Auckland, offers spectacular views across the city.

Summerset’s construction waste programme has been in operation at St Johns since construction commenced and to date 2,847 tonnes of waste have been diverted from the landfill, exceeding the site’s diversion target in FY23 by 18%.

This has been achieved through specific site waste management plans that cater for multiple construction phases and ensuring the team onsite are trained in resource recovery techniques. This training includes effective onsite sorting methods to minimise waste while also informing opportunities to design and build out waste back to our internal design, procurement and innovation teams.

Integrating waste avoidance at St Johns has required active management and a collaborative culture that includes the site team, contractors and suppliers.

Above: Artist impression of Summerset St Johns







## SOCIAL IMPACT

As a retirement village operator, it is our impact on our residents, employees and communities that most defines us.

This is why one of our three sustainability goals is focused on creating caring communities for our residents and employees. It is also why we support more than 190 community groups across New Zealand, including golf clubs, bridge clubs, Lions and Rotary and we have national sponsorship agreements which include Netball NZ, Bowls NZ, Dementia NZ and the New Zealand Symphony Orchestra.

Our strategic goal of creating caring communities for residents and employees is brought to life through a range of activities, policies and developments.

For example, the design of memory care facilities continues to evolve to accommodate continuous improvement and new thinking, including biophilic

design principles, regarding dementia and memory care. Large colourful wall murals help with wayfinding and rooms are orientated towards courtyards and gardens to support mental health and provide greater connection to the natural environment.

Sustainable principles underpinning village operations are also being taken up by residents in various activities such as communal gardens, supporting Plastic Free July and Recycling Week campaigns, and outreach such as utilising the village EV to volunteer with Meals on Wheels in their local community.

### Part of the community

Summerset's villages also have a significant impact on the communities where our villages and construction sites are located.

As one of the largest residential construction companies in the country, Summerset delivers 600+ high-quality, affordable homes for elderly New Zealanders each year, which in turn frees up housing stock in the wider community as our residents often sell their homes (typically large 3+ bedroom family houses) to move into our villages.

Summerset employs a large number of people in communities around the country too. The vast majority of Summerset's residents remain active members of the community, volunteering, working and much more, and Summerset's residents, villages and staff support and buy from local businesses.

### Caring for residents and elderly New Zealanders

At Summerset we believe in, and are committed to, our continuum of care offering and the peace of mind it gives our residents. We are committed to continuing to provide care facilities for our residents, and we are continuing to invest in care centres in our new builds. We are also refurbishing three of our older care centres to modernise the facilities and meet the needs of our current and future residents.



### CASE STUDY

## RESIDENTS IN THE COMMUNITY

The vast majority of our 8,000+ residents are heavily involved in their local communities and many work to make the world a better place through volunteering and other charitable efforts. Some of the examples of how Summerset's residents have a positive impact on their community are described below.

At our Karaka village, 20 residents took part in the annual Movember fundraiser. After years spent sponsoring their children, grandchildren and even great grandchildren for sports events and school activities, they decided it was finally their turn to be the fundraisers.

With a goal to beat a previous fundraising total of \$1,750, they set to work approaching local businesses and the village residents' committee for a donation, hosting raffles, and asking fellow residents and staff for support as well their own friends and families.

After a mammoth fundraising effort, the group managed to raise a whopping \$16,482!

At our Casebrook (Christchurch) village residents wanted to reduce the use of take away cups and replace them with reusable cups, so they organised a pottery course during recycling week to make their own reusable coffee cups. The first class was so popular multiple courses were held to allow more residents to create their sustainable mugs.

And at Rototuna, residents Mark and Jan Jessen regularly use the village EV to deliver meals on wheels to their community. Every Wednesday for the past six months the couple have driven 50km delivering hot healthy meals to people who can't cook for themselves.

📷 Above: Making reuseable takeaway coffee cups





Recent village and care awards demonstrate our commitment. We were named Group Provider Nationwide in Aged Advisor's 2023 people's choice annual awards. Voted by residents and their families, the award recognised the work of our team to bring the best of life to our residents. In addition to the nationwide award, five villages were also recognised as finalists in their categories. They were Summerset in the River City (Whanganui), Summerset in the Orchard (Hastings), and three in Canterbury: Summerset at Wigram, Summerset on Cavendish and Summerset Prebbleton.

While we can, and will, continue to invest in care, small providers are closing due to a lack of funding.

Successive governments have underfunded aged care and while retirement village operators of the scale of Summerset, can afford to continue to provide care despite the lack of funding it is putting enormous strain on smaller providers, many of whom are closing beds or facilities.

However, the lack of funding and rising costs has made Summerset, and other large care providers, reconsider our approach to care. We are rationalising our care centres to create smaller facilities that focus primarily on the needs of our village residents. This will mean we will take fewer referrals from the public sector.

A reduction in the number of care beds will have a flow on effect to the rest of New Zealand. If aged Kiwis can't go into an aged care facility they will end up in hospitals, which means New Zealanders of all ages will have more difficulty getting much needed treatment.

We will continue to advocate for fair and reasonable care funding, not just for our residents, but for all elderly New Zealanders.

#### Investing in our people and their wellbeing

Every person in the company has a part to play in our strategy and in delivering on our sustainable objectives. From building villages, helping our residents have the best possible retirement, finding locations for new villages and supporting the work of our village and construction teams, all have a part to play.

We regularly measure staff engagement in our quarterly surveys. Our November survey had over 1,500 responses and a significant 0.3 increase in engagement year-on-year. To better understand our full carbon footprint, we also asked detailed questions about how our staff travel to work in one of our surveys. The responses will help with future planning and whether we need to add more infrastructure to support new mobility options such as e-bikes and EVs.



#### CASE STUDY

### ATTRACTING, RETAINING AND RECOGNISING OUR PEOPLE

Summerset is a people-focused business and without great staff we cannot build or operate world-class retirement villages for our residents.

Over the last year we have undertaken a number of initiatives to attract, retain and recognise our people including our Surprise and Delight programme and our investment into our Employee Value Proposition (EVP).

Surprise and Delight was an additional recognition programme above and beyond our annual Applause Awards, which gives our people the opportunity to nominate their colleagues for great work. Nominees went into a monthly prize draw where the winners would receive a \$500 voucher. Each month, winners were chosen from every village, construction site and head office (including Australia).

The programme was hugely popular and a great way to recognise our people each month.

Capturing what is great about working at Summerset was the purpose of our EVP work. With the help of an external consultant we interviewed people from across Summerset to understand what they loved about working at Summerset and what brought them to us.

This work will be used in 2024 to articulate our point of difference to our people and in our recruitment advertising to continue to help us attract new great people and to retain the ones we already have.

📷 Above: The Summerset team greet residents and visitors at our village main buildings



We are investing in our people as well with a focus on filling our skills gaps by recruiting and encouraging our staff to further their professional qualifications. Like many New Zealand employers, we are relying on immigration of skilled workers to support the growth of our facilities, from construction workers to nurses and care assistants.

Our people's health, safety and wellbeing is of the utmost importance to us. This year we invested in a new health & safety management tool, DoneSafe, to get even better at monitoring, recording and responding to any health and safety risks we identify.

Support for diversity and wellbeing is also important. We encourage our people to be themselves in our workplaces, with cultural celebrations and staff representative groups such as our Women in Construction forum and the establishment of our Pride Network. During 2023 all people leaders undertook mental health, and diversity and inclusion training, and we provide employees with information on physical, financial and mental wellbeing.

### Governance strengthening

To move sustainability action forward at Summerset, a Sustainability Forum comprising executives and senior managers is responsible for leadership, coordination and advice on our sustainability initiatives. The team is actively overseen by the Board of Directors.

In 2023, Summerset established a Climate Working Group to oversee the preparation of our climate-related disclosures, which can be found in this report. The disclosures cover governance, strategy, risks management, and metrics and targets.

We are one of the first companies in New Zealand required to release our climate-related disclosures and we think it's a positive step in transparent reporting.





15

# Climate-related disclosures

REPORTING PERIOD FY23





# Governance

## Summerset's Board of Directors

Summerset's Board of Directors (Board) is responsible for the 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 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, which generally meets seven times per year. 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 generally meets six times per year.

Climate risks are also considered by the Board out-of-cycle in relation to each material land acquisition, 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 FY23 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.



📷 Above: Summerset Board of Directors. See [summerset.co.nz/investor-centre/board-of-directors](https://summerset.co.nz/investor-centre/board-of-directors)



# Governance continued

The Board accesses climate-related expertise from within Summerset and from external specialists when required.

## Integration of climate change into strategy

In 2023 Summerset launched its new ten-year strategy. The new strategy incorporates sustainability into everything we do. However, it has been expanded to centre around six strategic goals, one of which is Summerset continuing our journey to be a good corporate citizen.

This focuses on continuing the excellent progress Summerset has achieved over the last five years (summarised in our Sustainability Review 2018–22 publication, found at [summerset.co.nz/investor-centre/esg-reporting](https://summerset.co.nz/investor-centre/esg-reporting)), and maximising future opportunities to better ourselves. This goes hand in hand with our already established science-aligned targets and the initiative programmes to achieve them.

## Incentivisation and remuneration

Historically, Summerset’s short-term Incentive (STI) and long-term Incentive (LTI) schemes have not contained specific sustainability or climate-related targets. However, from FY24 the Board have introduced sustainability-focused targets as part of relevant executives’ STIs.

For more information regarding Summerset’s STI scheme please refer to the FY23 Annual Report.

## Monitoring progress against targets

The Board monitors progress against, and oversees achievement of, sustainability and climate-related metrics and targets through regular reporting from management. The reporting frequency varies depending on the specific target or initiative. Progress against our science-aligned targets is reported to the Board annually.

### SUMMERSET BOARD

Specific responsibilities include but are not limited to:

- Establishing clear sustainability goals, and strategies to achieve them
- Monitoring performance of Summerset and the Executive Leadership Team against strategic objectives
- Overseeing the management of risks and ensuring Summerset has appropriate risk management and regulatory compliance policies

### AUDIT AND RISK COMMITTEE (ARC)

Assists the Board in the oversight and control responsibilities for:

- Summerset’s risk management framework (including the Risk Management Policy)
- Summerset’s compliance with legal and regulatory requirements as they relate to financial reporting (including climate-related disclosures)

### EXECUTIVE LEADERSHIP TEAM (ELT)

The ELT:

- Ensures that the business is identifying, assessing, monitoring and managing climate-related risks and opportunities in accordance with Summerset’s Risks Management Policy and Sustainability Policy
- On a monthly basis reviewing the risk register
- Has overall accountability for embedding sustainability and climate change awareness into the business (specifically risk management, strategy, planning and budgeting processes)
- Reviews performance and updates against our sustainability goals

#### CLIMATE WORKING GROUP

- Facilitates for the preparation and disclosure of the climate-related disclosures

#### SUSTAINABILITY FORUM

- Shapes, monitors, and coordinates our sustainability programme across the business

#### RISK AND ASSURANCE MANAGER

- Responsible for our risk management framework (including policy) and the businesses compliance with it

#### INDIVIDUAL BUSINESS UNITS

- Responsible for day-to-day risk management practices and integrating sustainability initiatives



# Management

## Management's role

Summerset's Executive Leadership Team (ELT) is responsible for the day-to-day management of the company. 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 management through policy, through setting the ELT's key performance indicators (KPIs), and through setting climate-related metrics and targets.

Management 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. The group comprises key individuals that bring subject matter expertise from across the business. Collectively it has captured key information and insights that have helped form the basis of our disclosures. Additionally, the group functions as a means of helping embed climate change awareness and climate-related risk and opportunity management back into the business.

## Sustainability Forum

The Sustainability Forum, which meets quarterly, comprises key ELT members, the Head of Sustainability, and key business unit managers. Collectively they are responsible for the creation, monitoring and performance of our sustainability framework which includes our science-aligned targets and initiatives. Both the science-aligned targets and initiatives are central to transitioning the business towards a more resilient, low-carbon future.

## Risk and Assurance Manager

Summerset's Risk and Assurance Manager is responsible for our risk management framework and its associated compliance. This includes providing expertise, and supporting the identification, analysis, and management of climate-related risks and opportunities, and integrating these risks into our Enterprise Risk Framework. Climate-related risks are reported through the standard risk management processes.

## Individual business units

Across Summerset, individual business units are responsible for their day-to-day risk management practices and embedding sustainability initiatives.

For more information on Summerset's risk management framework and processes, please refer to the risk management section of this report.



### Other key roles including;

- Head of Procurement
- Head of Property & Asset Management
- Head of Design Concepts
- National Development Manager
- Head of Finance
- Head of Sustainability
- Head of Strategy
- Risk & Assurance Manager



## Summerset as a business

Summerset builds, owns and operates integrated retirement villages, creating vibrant, happy communities for residents that deliver on our purpose – bringing the best of life.

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.

Summerset has 42 villages completed or under development, and sites earmarked for potential future development across New Zealand and Australia.

## Summerset's strategy & sustainability framework

Bringing the best of life to more than 8,000 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 new strategy incorporates sustainability into everything we do. One of Summerset's goals is continuing our journey to be a good corporate citizen.

Summerset's six strategic goals are supported by short- and long-term initiatives covering the next ten years. 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 five 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'.

Our sustainability framework outlines how we will achieve our goals with key focus areas and initiatives. It forms our roadmap that together we are all working towards.

# Our Strategy

**SUMMERSET BUILDS, OWNS AND OPERATES INTEGRATED RETIREMENT VILLAGES, CREATING VIBRANT, HAPPY COMMUNITIES FOR RESIDENTS AND STAFF THAT DELIVERS ON OUR PURPOSE – BRINGING THE BEST OF LIFE**





# Scenario | Current climate-related impacts

Summerset acknowledges that climate change is already having an impact on New Zealand and Australia. In the reporting period, the following key impacts have been realised. This is not an exhaustive list and excludes impacts that Summerset considers to be immaterial, such as the Auckland flooding event in January during which Summerset experienced minimal to no damage or disruption across our villages.

## Cyclone Gabrielle

Cyclone Gabrielle was an extreme weather event that occurred in early February 2023 and resulted in widespread damage and destruction across areas of the North Island (including Northland, Auckland, Waikato, Tairāwhiti Gisborne, and Hawke's Bay). The affected areas experienced heavy rain, strong winds, river flooding, and landslides. The impact from the cyclone was sufficient to declare a national state of emergency in the Hawke's Bay.

Summerset operates several villages across the areas affected by Cyclone Gabrielle, all of which suffered varying degrees of impact. The most significant impact was felt at our Te Awa (Napier) village. The village experienced major operational disruption through the loss of power, communication and a precautionary evacuation of the village. Physical damage at Te Awa and across all Summerset villages was minimal.

Although the business has comprehensive insurance for events of this nature, it still resulted in minor unexpected operational costs of \$145,611.01 as Summerset responded to and took additional measures to ensure the safety and wellbeing of our residents and staff. This was primarily spent on emergency supplies, equipment, and staff (including relocation of staff from around the country to help the affected villages).

Throughout the cyclone, and its aftermath, Summerset worked hard to support and care for residents and staff as much as possible. Our four Hawke's Bay villages were important hubs that provided community, support and connection during an uncertain time. The power at our Summerset Palms (Te Awa) and Summerset in the Bay

(Napier) villages was out for an extended period, so we brought in extra generators, staff from around the country to support and relieve their Hawke's Bay colleagues, and supplies by both helicopter and truck where necessary.

Our kitchen staff provided hot meals every day for two weeks to residents at each of these villages, and we set up Wi-Fi hotspots to enable residents to stay connected to their family and friends.

For all staff who were impacted by Cyclone Gabrielle we set up a \$250,000 disaster relief fund to make contributions to staff who needed help getting back on their feet, managing the impact on their lives, and replacing items damaged by the storm. We also had EAP on the ground in our Hawke's Bay villages for weeks after the cyclone to provide confidential assistance to staff and their families.

Following the cyclone recovery, Summerset conducted a thorough incident review and has implemented a number of changes to ensure we are better prepared

for similar events in the future. Recommendations included rolling out Starlink satellite broadband across all villages to increase our communication resilience and purchasing additional emergency generators.

## Transitional or mitigation activities

Summerset has proactively undertaken work in improving our sustainability practices and reducing our carbon emissions since 2018. This programme of work has already resulted in the establishment of short-term and long-term goals based on science-aligned targets. From these sustainability goals Summerset is well underway implementing a transitional programme, with our efforts and spending growing each year.

In FY23 Summerset spent over \$1m on a variety of initiatives such as the installation of solar panels, investment in electric vehicles and charging stations, LED replacement programmes, and commenced programmes to measure water and investigate the opportunity to transition away from gas at existing villages.



📷 Above: Hawkes Bay residents enjoy a meal together after Cyclone Gabrielle



# Scenario analysis

## Scenario analysis undertaken

Summerset was a participant in the *Climate Scenarios for the Construction and Property Sector* working group led by the New Zealand Green Building Council, with facilitation and climate change and resilience expertise provided by BECA.<sup>1</sup>

There were 45 organisations, including at least four retirement village and aged care operators, involved in developing the final scenarios through a series of workshops over nine months. Summerset believes this reflects that, of the sector climate scenario analyses underway at that time, that the construction and property sector work was most relevant.

The finalised report details three climate scenarios, an ‘orderly’ 1.5°C scenario, a ‘hot house world’ > 3°C scenario, and an in-between ‘disorderly’ scenario where global warming is limited to less than 2°C. More information around the Construction and Property Sector scenario creation process can be found in the published report.<sup>2</sup> The finalised scenarios were presented to Summerset’s internal working group.

1. New Zealand Green Building Council (2023). *Climate Scenarios for the Construction and Property Sector. Climate Scenario Report*

2. As above



## Why these scenarios

The ‘Orderly’(1.5°C) and ‘Hot-house World’ (>3°C) scenarios are in line with the requirements of the XRB’s New Zealand Climate Standards (NZCS). They present a transition risk weighted scenario (Orderly) and an extreme physical risk weighted scenario (Hot-house). The Disorderly (2°C) scenario fulfils the requirement for a third climate-related scenario and presents a middle ground where transition and physical risk are both serious challenges. All three scenarios present plausible futures for New Zealand, but each scenario demonstrates a different series of challenges and issues that Summerset would have to navigate.

## Time Horizons

Due to the nature of Summerset’s business, strategy, and decision-making, Summerset has elected to utilise two different time horizons, one for our scenarios and analysis, and a different set of time horizons for the identified climate-related risks and opportunities. The table below describes our horizons for the climate scenarios and analysis.

## Scenario Analysis Process

The scenarios created through the Construction and Property Sector process were developed in accordance with the draft XRB guidance on developing sector scenarios that was available at the time. It 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.

The design, development and construction of new villages is not Summerset’s sole business function, rather the operation, care and bringing the best of life to our residents is our primary purpose.

As such it is important for this to be reflected in how we think about climate change and the associated risks, and therefore vital that any scenarios we used also considered this and were not exclusively focused on construction and property.

With the Health Sector Scenarios not being published until early 2024, Summerset conducted a series of internal workshops that included members of the ELT and subject matter experts.

During these workshops the scenarios were reviewed and discussed, including their relevance and key assumptions at an entity level. This allowed Summerset to ensure that our clinical and operational perspectives were included, primarily through including an assumption around how changes in physical climate would manifest new and increased health risks for residents and staff in the different scenarios.

These workshops helped produce a long list of climate-related risks and opportunities. The finalised scenarios and shortlist of climate-related risks were then presented to the internal working group and Board.

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



# Overview of our three scenarios

	ORDERLY 1.5 DESCRIPTION	DISORDERLY 2.0 DESCRIPTION	HOT HOUSE WORLD 3.0 DESCRIPTION
 POLICY AMBITION	1.5°C	2°C	>3°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'
 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 OF PHYSICAL RISK	Low – Moderate	Low – Moderate	High

### Planned future scenario development

Summerset will continue running a stand-alone process in 2024. This will primarily focus on developing enhanced entity-specific scenarios that will incorporate the Health Sector Scenarios, Construction and Property Sector Scenarios and the updated National Climate Projections for Aotearoa data, expected to be published by NIWA mid-2024.

From 2025 onwards Summerset will conduct an annual review process (including updating scenarios if required) to manage our scenario analysis.

### SUMMERSET CLIMATE SCENARIO DEVELOPMENT ROADMAP

2024

Publication of Health Sector Scenarios  
(expected end of Q1)

Publication of updated National Climate Projections for Aotearoa by NIWA  
(expected Q3/Q4)

Development of entity-specific climate scenarios and scenario analysis incorporating Construction and Property Scenarios, Health Sector Scenarios and updated NIWA data  
(Q3/Q4)

2025

Publication of Summerset’s second Climate-Related Disclosures  
(Q1)

Annual review of Summerset’s entity-specific climate scenarios and scenario analysis  
(Q2/Q3)



# Summerset's climate scenarios

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

## 'ORDERLY' (1.5°C)

The world succeeds in the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels by the end of the century. To get there, ambitious climate policies, and well-signalled and supported regulatory changes are enacted. 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 are put in place to protect vulnerable populations from the impact of climate change.

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 and infrastructure development. 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 is given towards sustainable and renewable solutions over fossil fuels and non-sustainable practices.

## 'DISORDERLY' (2°C)

Although we succeed in limiting global warming to less than 2.0°C above pre-industrial levels by the end of the century, new decarbonisation policies 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 prioritisation of protecting vulnerable populations becomes a priority.

## 'HOT HOUSE WORLD' (>3°C)

Globally there is a shifting focus towards nationalism and security (food and energy), resulting in failures to implement new decarbonisation policies and control the effects of climate change. Consumer and market behaviour remains interested in climate change but does not drive significant mitigation, rather the focus turns to adaptation and response to climate-related events. Emissions continue to grow unabated, and this leads to significant shifts in climate patterns and climate-related extreme weather events.

Average temperature increases exceed 2°C by 2050 and 3°C 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 and diseases, and food production challenges.

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 under Scenario Analysis undertaken, 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.

CLIMATE-RELATED RISKS AND OPPORTUNITIES TIME HORIZONS	
<b>Short</b> (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 short-term sustainability targets (2027), and our financial strategy (primarily bond maturity horizons).
<b>Medium</b> (5–10 years)	Aligns with the medium-long-term priorities of our ten-year strategic focus. Additionally, it matches with our long-term sustainability targets (2032), financial modelling horizons, and the approximate timeframe for design and consenting processes for new villages.
<b>Long</b> (10–30 years)	Currently 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.



# Climate-related risks & opportunities

KEY

● High

● Medium

● Low

● 0-5 years

● 5-10 years

● 10-30 years

Summerset has elected to utilise Adoption Provision 2: Anticipated financial impacts (NZ CS 2)

RISK					POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS
PR – 01: The risk of increasing frequency and/or severity of extreme weather events						
PHYSICAL	SPECIFIC RISKS:	'ORDERLY' 1.5°C	'DISORDERLY' 1.5°C	'HOT HOUSE' >3°C	<div>Extreme weather events could potentially lead to:</div> <ul style="list-style-type: none"><li>Damage to Summerset portfolio of physical assets resulting in increasing capital costs and/or insurance premiums</li><li>An increase in operating expenditure due to rising costs associated with mitigation, resilience, and/or adaptation (including third party costs)</li></ul>	<p>Summerset has engaged civil engineering consultants to provide preliminary assessments on the forecast effects of climate change (specifically stormwater and sea inundation) on our existing New Zealand portfolio.</p> <p>The preliminary assessment indicated that Summerset’s portfolio of villages is well placed in the event of significant storms and flooding. Summerset was recommended that further detailed modelling and detailed investigations (where information gaps have been identified) would be beneficial to further understand how our portfolio will perform in the more frequent and or serve storm events.</p> <p>We are now developing a programme to systematically undertake further investigations and detailed modelling. This is expected to occur in stages over the next five years.</p> <p>Supplementary to the consultants’ assessments, Summerset has in 2023 implemented a requirement for all new sites acquired, and new village designs, to have considered and incorporated RCP 8.5 climate change scenario requirements. This helps further mitigate climate change affected weather event concerns for any new villages and ensures that our design process considers long-term climate resilience over short-term financial incentive.</p> <p>Summerset has cultivated and maintains a strong relationship with our insurance provider to help ensure that our insurance is tailored to meet our needs.</p> <p>To help mitigate the increased risk of bushfires or wildfires our villages face in Australia, Summerset has ensured our due diligence considers this when identifying sites. Additionally, Summerset engages recognised bushfire experts to undertake a review, which will often suggest design strategies that Summerset can implement. For example, our Mernda village design incorporates a firebreak, and defensible space which helps mitigate bushfires. Lastly, we can alter our construction materials to assist with mitigation by substituting timber for metal where appropriate.</p>
	Storms, wind, and flooding	● ● ●	● ● ●	● ● ●		
	Wildfires	● ● ●	● ● ●	● ● ●		



# Climate-related risks & opportunities

KEY

● High

● Medium

● Low

● 0-5 years

● 5-10 years

● 10-30 years

RISK				POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS
PR – 02: The risk of longer-term shifts in climate patterns					
PHYSICAL	SPECIFIC RISKS:	'ORDERLY' 1.5°C	'DISORDERLY' 1.5°C	'HOT HOUSE' >3°C	<div>Changes to climate patterns could potentially lead to:</div> <ul style="list-style-type: none"><li>Damage to Summerset portfolio of physical assets resulting in increasing capital costs and/or insurance premiums</li><li>Potential managed retreat, including policy mandated retreat (either direct or indirect affecting Summerset's portfolio) which presents risks of reduced valuation of assets, loss of support services (both operational and infrastructure)</li><li>Increased care requirements which present the risk of increasing costs</li><li>Increased risk of illness to our residents</li><li>Disruption to supply chains (including downstream suppliers)</li></ul>
	Sustained higher temperatures	● ● ●	● ● ●	● ● ●	
	Sea level rise	● ● ●	● ● ●	● ● ●	
	Changing precipitation patterns	● ● ●	● ● ●	● ● ●	
	Changes to seasonal illness and/or diseases New Zealand experiences	● ● ●	● ● ●	● ● ●	
					<div>The preliminary assessments from our civil engineering consultants confirmed that Summerset's portfolio of villages is well placed in the event of sea level rise. The programme for further investigation and detailed modelling will also consider the long-term shifts in climate patterns.</div> <div>Summerset has integrated these climate-related risks into our enterprise risk management system, which will result in regular monitoring, assessment and management of the risks. This in turn should allow us to track the risks and take appropriate action should the risks to Summerset change. As new data and information relating to longer-term shifts in climate patterns is made available (such as the expected publication of NIWA's new data set in 2024) Summerset will ensure our scenarios and risks are reviewed and updated.</div> <div>Working in conjunction with our investigative and modelling programme, regular reviews of our asset management plan help ensure that our maintenance programme for our portfolio considers the long-term impacts of climate change and is fit for purpose and current to legislation and regulation building resilience.</div> <div>Summerset is an active member of the technical working group contributing to the Health Sector Scenario creation which started in late 2023. The report is expected to be published in the first quarter of 2024. Consequentially, for our FY24 climate-related disclosures Summerset will be able to incorporate the sector wide health scenarios and considerations. This is expected to help validate and guide Summerset's thinking.</div>



# Climate-related risks & opportunities

KEY

● High

● Medium

● Low

● 0-5 years

● 5-10 years

● 10-30 years

RISK		POTENTIAL FUTURE IMPACTS			MITIGATIONS & MANAGEMENT ACTIONS	
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)						
TRANSITIONAL		<b>‘ORDERLY’ 1.5°C</b>	<b>‘DISORDERLY’ 1.5°C</b>	<b>‘HOT HOUSE’ &gt;3°C</b>	Policy or regulatory change could lead to: <ul style="list-style-type: none"><li>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</li><li>Increased pressure on critical infrastructure during energy transitional phases of the national grid and electricity generation (as Summerset grows)</li></ul>	Summerset monitors international (with specific focus on New Zealand and Australian) regulatory and legislative trends and developments. This helps us to understand potential regulatory change, and to pre-emptively consider the related risks, opportunities and impacts.  In conjunction with monitoring regulatory and legislative changes, Summerset takes a proactive engagement approach with a variety of key stakeholders (e.g. governmental agencies, regulators, industry bodies and associations).
		<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
TR – 02: The risk of changing market behaviour driven by climate change						
	<b>SPECIFIC RISKS:</b>	<b>‘ORDERLY’ 1.5°C</b>	<b>‘DISORDERLY’ 1.5°C</b>	<b>‘HOT HOUSE’ &gt;3°C</b>	Changing market behaviour could lead to: <ul style="list-style-type: none"><li>Changes in Summerset’s attractiveness to customers, stakeholders and or investors</li><li>Increased capital or operational costs in order to meet sustainability initiatives</li><li>Shortage of required materials/resources requiring Summerset to consider alternative products or resulting in increased costs</li></ul>	Summerset maintains regular engagement with our stakeholders and investors. This engagement allows us to understand their perspective. Working in conjunction with this is our continued engagement with the market to understand Summerset’s positioning.  From a procurement perspective our centralised procurement function ensures advanced forecasting of required materials, resources, and equipment. This forecasting-combined with long-term supply arrangements, and an in depth understanding of our supply chain helps to mitigate the risk of supply shortages.
	Changing consumer behaviour <i>(e.g., greater consideration given to sustainability)</i>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Shortage of supply and increased demand for materials and resources	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Perceptions of Summerset's reputation and brand (including lack of adaptation)	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Consideration of sustainability-linked finances	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		



# Climate-related risks & opportunities

KEY

● Important opportunity

● Encouraged opportunity

● Possible opportunity

● ● ● 0-5 years

● ● ● 5-10 years

● ● ● 10-30 years

OPPORTUNITIES				POTENTIAL FUTURE IMPACTS	MITIGATIONS & MANAGEMENT ACTIONS	
OP – 01: The opportunity to change Summerset’s energy profile						
OPPORTUNITY	SPECIFIC RISKS:	‘ORDERLY’ 1.5°C	‘DISORDERLY’ 1.5°C	‘HOT HOUSE’ >3°C	<p>Changing market behaviour could lead to:</p> <ul style="list-style-type: none"><li>A reduction in GHG emissions profile/intensity, and a reduction in operational costs</li><li>Achievement of sustainability performance targets and emissions reductions, which help contribute to sustainability-linked finance</li><li>Increased customer, stakeholder, and or investor perception resulting in an increase in demand or attractiveness</li></ul>	<p>Summerset started prioritising sustainability in 2017 when initial steps to measure our carbon footprint were taken. Since then, we have embarked upon a journey that has seen the establishment of science-aligned targets in conjunction with sustainability-linked lending, the piloting of solar panels, purchasing of electric vehicles, and creation of a decarbonisation plan.</p> <p>This journey must continue and will see the continued roll out of further solar panels, the transformation of our fleet vehicles from combustion to electrics and hybrids, a shift away from fossil fuel, and the increased use of lower carbon materials and products.</p> <p>Supporting this is Summerset’s ongoing investment and work relating to design, research and development. This helps ensure that Summerset explores and considers a wide range of opportunities and value-adding improvements across our existing and planned portfolio.</p>
	Introduce renewable energy generation through installation of solar panels	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Installation of energy efficient technology	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Electrification of transportation (EV’s) and provision of charging technology	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
	Transition away from fossil fuels (e.g., gas boilers)	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		
OP – 02: The opportunity to prioritise sustainable design decisions						
		‘ORDERLY’ 1.5°C	‘DISORDERLY’ 1.5°C	‘HOT HOUSE’ >3°C	<p>Changing market behaviour could lead to:</p> <ul style="list-style-type: none"><li>A reduction of carbon emissions (e.g., embodied carbon, construction waste, improved operational effectiveness)</li><li>A potential increase in capital costs for implementation projects or alternative product selection</li><li>Increased customer, stakeholder, and or investor perception resulting in an increase in demand or attractiveness</li></ul>	<p>Summerset undertakes periodic reviews of our village and building designs. During these periodic reviews Summerset ensures that sustainability, emissions reduction and climate change resilience are duly considered and incorporated, resulting in improvement across our new sites.</p> <p>To increase our understanding and prepare for possible future legislative changes, Summerset is continuing a programme of work to investigate and analyse our embodied carbon calculations.</p> <p>Our Design R&amp;D team have a key role to play in both our design reviews and our future embodied carbon investigations.</p>
		<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>		



# Climate-related risks & opportunities

KEY

● Important opportunity

● Encouraged opportunity

● Possible opportunity

● ● ● 0-5 years

● ● ● 5-10 years

● ● ● 10-30 years

OPPORTUNITIES			POTENTIAL FUTURE IMPACTS			MITIGATIONS & MANAGEMENT ACTIONS		
OP – 03: The opportunity to maximise stakeholder investment through sustainability leadership and ESG performance								
OPPORTUNITY		<b>‘ORDERLY’ 1.5°C</b>	<b>‘DISORDERLY’ 1.5°C</b>	<b>‘HOT HOUSE’ &gt;3°C</b>	Strong sustainability focus and ESG leadership could lead to: <ul style="list-style-type: none"><li>Increased customer, stakeholder and/or investor perception resulting in an increase of demand or attractiveness</li><li>Greater return for existing shareholders</li><li>Easier access to capital and sustainability-linked funding</li></ul>	Summerset has integrated sustainability into our company’s strategy. This has allowed us to prioritise our focus and take steps towards being a leader within the retirement village and aged care sector. With our initial science-aligned targets, sustainability-linked lending, and programme to decarbonise we are well on our journey.  Our success to date includes the implementation of a construction waste avoidance programme diverting over 6,000 tonnes of waste from landfill, which has been recognised externally. This, combined with our decision to incorporate sustainability into everything we do could help increase the positive perception of Summerset within the market as a sustainable, climate conscious organisation that is making a difference.		
		<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>				
OP – 04: The opportunity for Summerset to build a smart land portfolio focused on resiliency (specifically climate, but also encompassing water, nature and biodiversity)								
		<b>‘ORDERLY’ 1.5°C</b>	<b>‘DISORDERLY’ 1.5°C</b>	<b>‘HOT HOUSE’ &gt;3°C</b>	Careful selection of land parcels could allow Summerset to: <ul style="list-style-type: none"><li>Prevent unnecessary climate mitigation costs through robust due diligence and selection criteria</li><li>Ensure greater resiliency and security for our residents</li><li>Easier access to insurance or lower insurance cost due to minimising risk</li></ul>	Since 2020, Summerset has had a specific requirement to consider the effects of climate change when assessing new village sites. In 2023 this requirement was enhanced for all new sites and village designs to consider the RCP 8.5 climate change scenario requirements.  This helps further mitigate climate change affected weather event concerns for any new villages and ensures that our design process considers long-term climate resilience over short-term financial incentive.		
		<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>				



# Summerset's ability to transition

## Our Plan

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

Combatting climate change and reducing our carbon footprint is dynamic and challenging, which is why Summerset has committed to achieving emission reduction targets (both short- and long-term targets) which are science-aligned. 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.

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.

## Alignment with Capital Deployment and Funding Processes

Summerset undertakes financial planning annually, and financial modelling over a 50-year horizon. This coincides with Summerset's build programme and allows for a 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 the refurbishment of existing villages, Summerset has the ability to maximise our climate-related opportunities through sustainable design and incorporation of energy efficient



📷 Above: Artist's impression - Summerset Mount Denby and the mass timber "lightweight" main building

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.



# Our Climate Action Plan

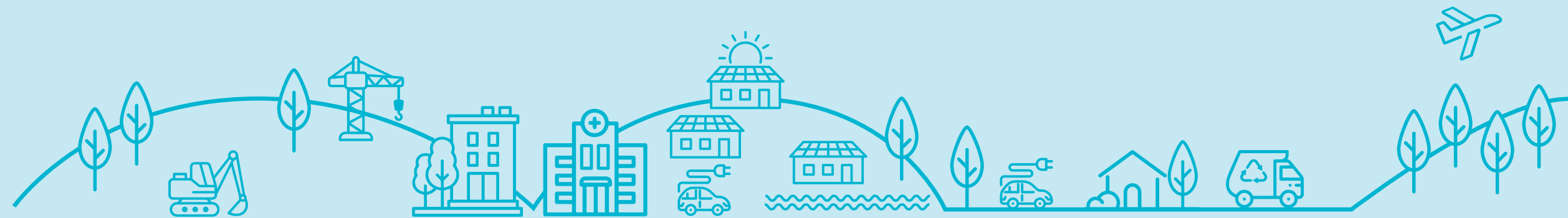
Our Climate Action Plan summarises how we are tackling the challenge of decarbonisation and transition, it highlights our priorities and initiatives and when combined with our targets helps to drive meaningful change.

## 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



# 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 regulation 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 the 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.

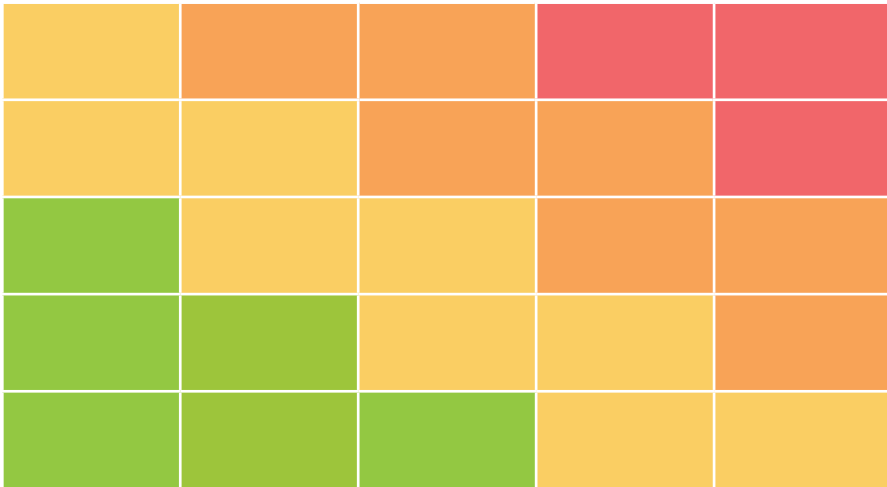
Therefore, for these specific risks there was greater emphasis and consideration given to the severity of the consequence. However, we still chose to integrate these risks so that we can track key data and indicators over time that will help grow our understanding and enable us to monitor these chronic 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 (red) or high (orange) 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 and 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 & Assurance Manager. Any material change to our climate change risks outside of regular processes would be reported through the Climate Working Group and Risk & Assurance Manager. Any material change to our climate change risks outside of regular processes would be reported through to the ELT and ARC.

## Time horizons

As previously disclosed in the strategy section of this report, the time horizons used for our climate-related risks and opportunities differ from that used for scenario analysis. Detail can be found [here](#).

## 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.



# Metrics & targets

## Our GHG emissions

Summerset has been measuring carbon emissions since 2018 and we are proud to be a Toitū net carbonzero certified organisation in line with ISO14064-1. In 2023 our total emissions were 102,926 tCO<sub>2</sub>e, which is an increase on our 2017 base year of 5,381 tCO<sub>2</sub>e. This significant increase for operational emissions compared to FY22 can be attributed to the inclusion of new scope 3 emissions sources as part of our full value chain reporting. FY23 is the first year this has been calculated and included.

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.

For the first time, Summerset purchased Renewable Energy Certificates (RECs) in FY23, which has enabled us to report a 99% reduction on prior year scope 2 emissions. Remaining emissions we have not reduced are offset, with the offsets verified by Toitū and supporting nature and social based activities. In 2023 Summerset offset 3,953 tCO<sub>2</sub>e.

## How Summerset calculates GHG emissions

Summerset measures and manages our Greenhouse Gas (GHG) emissions in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018').

Summerset utilises Toitū's Emanage software to calculate our emissions, with emissions factors and associated

Global Warming Potential (GWP) rates provided within the software. In FY23 emanage utilised a combination of 2023 and prior year emissions factors and GWP rates including those as follows:

- Ministry for the Environment's 2023 'Measuring Emissions: A guide for organisations'
- Department for Business, Energy & Industrial Strategy (BEIS)
- Unique Emissions Factors approved by the Environmental Protection Authority

- Ledgard and Falconer, 'Carbon footprint of fertilisers used in New Zealand'

Toitū Envirocare (Toitū) provides assurance over our GHG emissions inventory annually in accordance with the requirements of the stated Toitū Envirocare Toitū carbon programme. For FY23 a reasonable level of assurance was achieved for all mandatory categories of the programme and category 5 additional emissions and limited assurance for category 3 and category 4 additional emissions. For more information, please click [here](#).

## FY23 GHG emissions

SCOPE	FY23 TOTAL EMISSIONS tCO <sub>2</sub> e	OFFSETS*	FY22 tCO <sub>2</sub> e	FY21 tCO <sub>2</sub> e	FY17 tCO <sub>2</sub> e (BASE YEAR)	FY23 REMAINING tCO <sub>2</sub> e
Scope 1	2,212	(2,212)	2,065	1,933	1,295	-
Scope 2 (location based)	1,417	-	2,511	2,444	1,426	-
Scope 2 (market based) **	16.66	(16.66)	-	-	-	-
Subtotal (S1 & 2 (market based))	2,229	(2,229)	4,576	4,377	2,722	-
Scope 3	100,697	(1,724)	4,230	3,616	2,658	98,972
Total Group value chain emissions (S1, 2 & 3 (market based)) ***	102,926	(3,953)	8,806	7,993	5,381	98,972
Additional intensity indicators						
Scope 1 & 2 Emissions per m2 (kCO2) ****	3.03	-	6.94	7.41	7.15	-

\* Summerset offsets unavoidable emissions by purchasing gold standard credits from Toitū Enviro-care

\*\* Renewable energy certificates (RECs) were purchased for the first time in FY23

\*\*\* Total emissions are calculated using the market-based methodology for Scope 2 emissions in FY23

\*\*\*\* Scope 1 & 2 Emissions per m2 (kCO2) are calculated using the market-based methodology

Note: A retrospective change in the electricity emissions factor has resulted in changes to emissions for prior years



Our boundary

Summerset applies the operational control and consolidation approach to its emissions. Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standards. 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 includes all activities within the operational boundaries of Summerset Group Holdings Limited, including head offices, retirement villages and construction sites. All villages under construction, villages developing and open while construction continues, and operating villages are included, while all land bank sites are excluded as there is no activity and no emissions to report.

Emissions sources identified and excluded

There are a number of GHG emissions that have been excluded from the scope of our inventory due to being de minimis. These de minimis sources form less than one percent of the total scope or category, total emissions and removals do not exceed five percent of our total inventory (classified as de minimis) and they are not considered significant to our inventory, intended use or users.

Emissions sources identified and excluded:

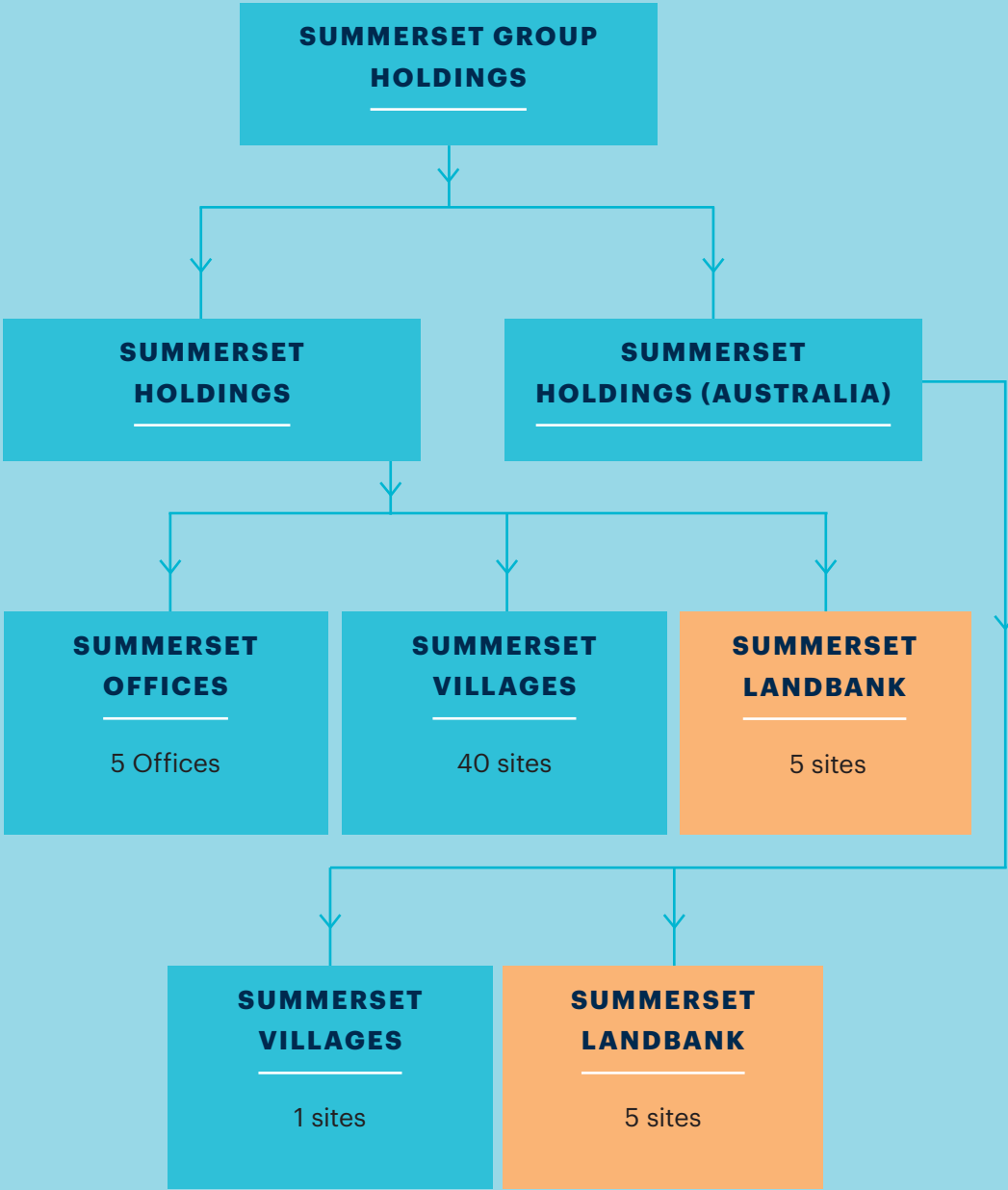
- General operations/Postage
- General operations/Freight
- General operations/Relocation costs
- General operations/T & D Losses Natural Gas

Assurance of GHG emissions

Summerset’s GHG inventory is subject to independent reasonable assurance by Toitū Enviro-mark Solutions Limited 2020 in accordance with International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements (‘ISAE (NZ) 3410’), issued by the New Zealand Auditing and Assurance Standards Board.

Scope 3 emissions from our supply chain are calculated in accordance with the GHG Protocol and where specific data on quantities of supply chain goods and services was not available, we have estimated emissions using spend based factors, from the internationally recognised Department for Environmental Food and Rural Affairs (DEFRA ) factor set, corrected for exchange rates and inflation. Given most of our GHG emissions are now in our value chain, accessing climate-related data from our suppliers will be a focus for us in 2024.

Organisational structure of our emissions inventory



\* Summerset Villages including in development and fully completed

# Potential exposure to Risks & 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 has approached the question of exposure qualitatively. 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 should 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 of 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).

However, 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 is likely to be affected by 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 new ten-year strategy prioritises Summerset acting as a good corporate citizen. This combined with our Climate Action Plan, and our science-aligned emissions reduction targets will ensure that Summerset plays its part in supporting New Zealand 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.



# Linking to our climate action plan

## Remuneration

Historically, Summerset’s short-term and long-term incentive schemes have not contained specific sustainability or climate-related targets. However from FY24 relevant members of the ELT have a specific KPI in their STI which is weighted towards sustainability and climate change.

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.

## 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.

### FY23 capital expenditure and investment towards climate-related risks and opportunities (current operations)

ITEM	FY23 SPEND	METHOD/ASSUMPTIONS
Renewable energy development (solar) (supports climate-related risks/opportunities) OP – 01	350,000	The amount reflects the spend on solar solution initiatives. These initiatives include rooftop solar being installed on our stand-alone common area buildings and regional main buildings. These initiatives to date form part of a wider roll-out plan requiring additional spend allocations to the end of FY27 in line with our decarbonisation pathway and to meet our 2027 science-aligned target
Investment in energy solutions projects (supports climate-related risks/opportunities) OP – 01	450,000	The amount reflects spend on various energy solution initiatives undertaken throughout 2023. These initiatives range from installing EV charging stations, transitioning existing villages off gas, upgrading villages to LED lighting, and installing additional water metering
Embodied carbon measurement solution (supports climate-related risks/opportunities) OP – 02	6,000	Investment in a solution to measure and report on the embodied carbon of our built environment. Work to date has focussed on producing measurement of two standard typologies
Construction waste avoidance	400,000	In 2023 our costruction waste avoidance initiative diverted 4,372 tonnes of waste away from landfill. This initiative will continue to investigate opportunities to reduce construction wate through increased reuse and recyling, working with suppliers to reduce waste and designing out waste

\* Rounded to nearest 000



📷 Above: Communal vegetable garden

GHG emissions reduction and energy management plan

We are committed to achieving our short- and medium-term science-aligned targets and have identified the focal areas that are central to us achieving them. In 2022 we began developing our scope 1 and 2 decarbonisation pathway which allowed us to identify our focus areas for action. We refined this further in 2023 and commenced actioning a number of the initiatives identified. This included the investment in retrofitting solar panels on village centre buildings to generate renewable energy-reducing our scope 2 emissions, as well as the replacement of old lights with new high-efficiency LED lights at many of our older villages.

In parallel, we have built energy reducing initiatives and operational improvement programmes into our 2024 property and asset management cycles to support decarbonisation and the optimisation of operational plant, and all new villages released as part of our build programme will contribute toward meeting our reduction targets as they are all electric developments and feature energy saving features which make them more energy efficient per square metre than our existing assets.

Forecast impact of initiatives on emissions intensity per m2 (tCO2e)

	FY17	FY23	FY24 Forecast	FY27 Target	FY32 Target
Pre initiatives emissions per m2	7.15	5.96*	5.55		
Post initiatives emissions per m2	7.15	5.89	5.22		
Post initiatives & RECs emissions per m2	7.15	3.03	2.81	4.58	2.72

\* Impact of initiatives are calculated using data from monitoring systems and energy saving assumptions

Note:  
Forecast emission savings are calculated based on assumptions from our decarbonisation pathway and preliminary results from initiatives underway  
The net impact of initiatives have been reported e.g. accounts for increase in electricity consumption due to gas transition  
The denominator (square meters) refers to the gross floor area of all structures that are operational and/or available for occupancy  
Forecast for square meterage is based on our forecast delivery schedule as at FY23  
Prior to 2023 figures are calculated using the location based method. Market based method is used for subsequent years  
Historical emissions factor changes have been taken into account  
Based on carbon inventory as audited by 3rd party FY23

Impact of decarbonisation initiatives

We have taken steps to review the expected performance and impact of our decarbonisation initiatives on our emissions intensity, and our ability to achieve our short-term 2027 science-aligned target. There are real challenges with decarbonisation, with a number of technical, social and commercial (including operating in Australia) barriers to address.

**Cost of carbon**

Summerset applies a cost of carbon based on the New Zealand emissions unit (NZU) pricing and policy assumptions at the time. This cost of carbon is used to calculate the profitability of projects with a sustainability focus, including the decarbonisation initiatives.

As Summerset’s emission reduction plan continues to be implemented, this carbon price will be used increasingly across different units as a determinant of business to assess feasibility. Summerset uses a carbon abatement cost as one measure in the assessment of a given energy initiative project to provide an indication of viability.

An example of this in practice is in assessing the carbon abatement potential of switching gas water heating systems to electric hot water heat pump technology. The project carbon abatement cost was at \$370 per tonne against a shadow carbon price of \$151, indicating that the project was not economically viable from a standalone financial perspective.

Summerset has committed to a decarbonisation pathway and takes a modified approach when determining emission savings initiatives. This includes each opportunity being considered and progressed on the merits of the project, which include carbon, climate impacts, financial and operational implications.

We are also working on incorporating embodied carbon assessments into capital projects. This involves measuring the carbon footprint of a project so that we understand the unavoidable emissions of the project, and can weigh up the impact different options have, so we can make more informed decisions about what materials we purchase.





# Key metrics with associated targets

Summerset’s key metrics and associated targets, along with our performance in FY23 are detailed in the table below. Both of our GHG emissions reduction targets are aligned with limiting global warming to 1.5°C above pre-industrial levels to support New Zealand’s commitment under the Paris Agreement, and they meet the target setting criteria of the Science Based Target Initiative (SBTi). Additionally, our targets have been verified as science-aligned as part of our Toitu Envirocare net carbon zero certification and our Climate Leaders Coalition membership.

	TARGET	BASELINE AND HISTORY	PERFORMANCE	METHOD/ASSUMPTIONS
GHG EMISSIONS PROFILE	<b>1. SHORT (5 YEAR)</b> <b>34%✓</b> Reduction in emissions intensity per sqm by 2027 based on 2022 baseline	<b>FY22 (BASELINE):</b> <b>GHG EMISSIONS INTENSITY OF 6.94* kCO2/m2</b>	<b>FY23:</b> <b>1.</b> GHG emissions Intensity of 3.03 kCO2/m2 has been achieved  In 2023 the below initiatives and outcomes drove our performance. <ul style="list-style-type: none"><li>• A national solar panel supplier has been confirmed allowing creation of a roll-out plan for retrofitting existing villages, care centre refurbishments and new villages. Solar has been installed at Nelson, Karaka, Manukau and Richmond so far</li><li>• Completion of LED upgrades</li><li>• Gas transition replacement programme for existing villages planned and our first two transition projects are currently under feasibility study</li><li>• Purchase agreement for Renewable Energy Certificates (RECs)</li></ul>	<b>SOURCES OF UNCERTAINTY TO NOTE INCLUDE:</b> <ul style="list-style-type: none"><li>• Data provided as part of project analysis including weather pattern variances and behavioural estimates/averages</li><li>• Future operating conditions can dictate performance</li><li>• Ability to retrofit into existing infrastructure</li></ul> <b>METHOD OF CALCULATION:</b> Summerset's emissions are measured in accordance with ISO 14064-1:2018, and meeting the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018')  <b>Target Supports:</b> <b>PR-01, PR-02, TR-01, TR-02, OP-01, OP-02, OP-03</b>
	<b>2. MED-LONG (10+ YEARS)</b> <b>62%✓</b> Reduction in emissions intensity per sqm by 2032 based on 2017 baseline	<b>FY17 (BASELINE):</b> <b>GHG EMISSIONS INTENSITY OF 7.15* kCO2/m2</b>  <small>* Adjusted for historical emissions factor changes</small>		
INCREASE IN SUPPLIER ENGAGEMENT	<b>67%^</b> Engage and encourage our supply chain to measure and report their emissions by 2027 (based on scope 3 emissions)	<b>FY23 OUR SCOPE 3:</b> <b>VALUE CHAIN EMISSIONS WERE 100,697 tCO2e. THIS IS OUR FIRST YEAR OF FULL SCOPE 3 VALUE CHAIN REPORTING</b>	<b>FY23:</b> We measured our full value chain. Throughout the year we commenced working with our highest materials and products emitters so we can get better accuracy in our measurement, and identified current suppliers who measure and report on their own emissions. This included the use of EPD's from a number of major suppliers	<b>SOURCE OF UNCERTAINTY TO NOTE INCLUDE:</b> <ul style="list-style-type: none"><li>• Method of calculation (predominantly spend based)</li><li>• Supplier awareness and willingness to engage</li></ul> <b>METHOD OF CALCULATION:</b> Used Toitū supplied carbon value chain calculator as part of our annual inventory verification  <b>Target Supports:</b> <b>TR-01, TR-02, OP-02, OP-03</b>





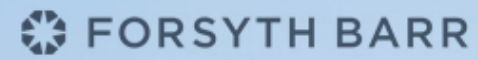
AAA

ESG RATING (2024)



4.9

ESG RATING (2022)



A-

ESG RATING (2023)



A-

SUPPLIER ENGAGEMENT (2022)



B

CLIMATE CHANGE (2023)





#### Contact us

For further information about our sustainability approach and efforts,  
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