

# ESG REPORT

2022



# ESG REPORT

## INTRODUCTION

Our vision is to be the best Australian property company renowned for performance and quality. We aim to play a positive role in society over the long-term, through our products and services, which are fundamental to human wellbeing in homes and businesses, and through behaving responsibly in our markets and in our communities.

Cedar Woods does more than create vibrant communities. We are proud of our reputation for being environmentally and socially responsible. We continually look for ways to:

- Reduce our ecological footprint
- Promote affordable housing

- Respect indigenous and cultural heritage
- Stimulate economic investment and jobs
- Foster cooperative stakeholder relationships
- Activate the communities we create
- Foster diversity, equal opportunity and career development in the workplace
- Provide a safe work environment for all who work on Cedar Woods projects
- Instill our values and promote an ethical business culture through strong governance

This section communicates our progress and achievements on sustainability, community outcomes and governance, benefiting those affected by our actions.

## INTEGRATED APPROACH

### The link between our values and ESG objectives

At Cedar Woods, we realise that achieving our vision, purpose and strategic priorities is a journey, they provide a road map. This year we spent time thinking about our journey so far, looking back at our history. While last year, we published our inaugural ESG report, our track record shows that the same ESG values have consistently been an inherent part of our corporate DNA, as we have always strived to achieve the best possible sustainable environmental, economic and social outcomes for our stakeholders.

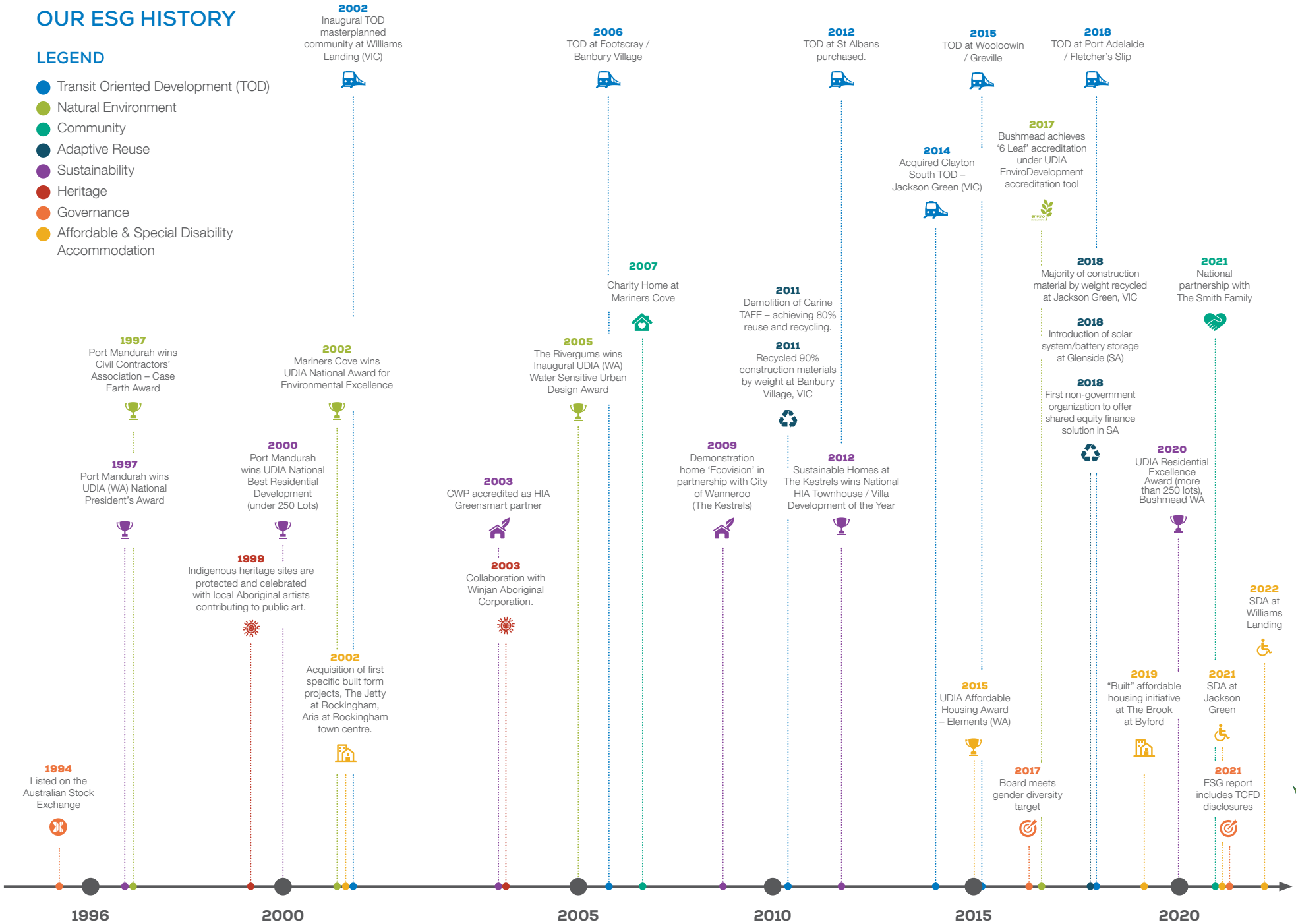
In thinking about tomorrow, we acknowledge the role of our past achievements in building a strong foundation on which we can grow into the future. The following timeline shares some of these achievements over the 28 years, since ASX listing.



# OUR ESG HISTORY

## LEGEND

- Transit Oriented Development (TOD)
- Natural Environment
- Community
- Adaptive Reuse
- Sustainability
- Heritage
- Governance
- Affordable & Special Disability Accommodation



## KEY ESG CATEGORIES & OBJECTIVES TABLE

Our fit-for-purpose ESG strategy focuses on the ESG matters that are most relevant to our operations, industry and stakeholders and takes into account ESG reporting trends, standards and practices relating to our industry and ESG reporting and disclosure guidance. Further details are provided on the following pages.

ESG Categories	Response
<b>Governance</b>	
<b>Leadership and Management</b>	<ul style="list-style-type: none"> <li>• Board and Committees</li> <li>• Executive Management</li> <li>• Risk Management including Cyber Security</li> </ul>
<b>Spotlight on Ethics</b>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Ethics and Responsible Business Practices</li> <li>• Modern Slavery</li> </ul>
<b>Social</b>	
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Value Creation</li> <li>• Transparency</li> </ul>
<b>Our People</b>	<ul style="list-style-type: none"> <li>• High Performance Culture</li> <li>• Health and Wellbeing Program</li> <li>• Opportunity, Diversity and Inclusion</li> <li>• COVID-19 Response</li> <li>• Work, Health and Safety</li> <li>• Retention and Career Progression</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Customer Engagement</li> <li>• Digital Transformation</li> <li>• Product Value</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Community Connection</li> <li>• Our Broader Community - The Smith Family Partnership</li> <li>• Design Quality and Liveability</li> <li>• Diversity and Inclusiveness</li> <li>• Activation and Sponsorship</li> <li>• Respecting Culture and Heritage</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fair and Ethical Procurement</li> <li>• Preventing Modern Slavery</li> <li>• Performance</li> <li>• Work, Health and Safety</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>• Land and Built Form Delivery</li> <li>• Economic Impact</li> <li>• Community Engagement</li> <li>• Collaborative Partnerships</li> </ul>
<b>Environment</b>	
<b>Climate-related Risk</b> (Policy, Legal, Technology, Market and Reputation)	<ul style="list-style-type: none"> <li>• Financial Impact Assessment</li> <li>• Risk Assessment</li> <li>• Adaption and Mitigation</li> </ul>
<b>Climate-related Opportunity</b>	
Resource Efficiency	<ul style="list-style-type: none"> <li>• Corporate Carbon Footprint</li> <li>• Energy Efficiency</li> <li>• Water Efficiency</li> </ul>
Energy Source	<ul style="list-style-type: none"> <li>• Renewable Energy</li> </ul>

## GOVERNANCE - FY2022 HIGHLIGHTS

 <p><b>Taskforce on Climate-related Financial Disclosures (TCFD)</b></p> <p>first reported in FY21 annual report.</p>	 <p><b>ESG Strategy</b></p> <p>implementation under way.</p>	<p><b>On-going digital transformation</b></p> <p>achieves milestones in human resource management systems.</p> 
<p><b>MSCI ESG RATINGS</b></p>  <p><b>MSCI gives Cedar Woods 'A' ESG rating.</b></p> <p>*Disclaimer</p>	 <p><b>Strong results achieved in cyber security review.</b></p>	<p><b>Staff training</b></p> <p>on ethical conduct and modern slavery</p>  <p><b>Updated Corporate Plan to guide growth</b></p>

\*To read the disclaimer visit [https://www.cedarwoods.com.au/Our-Company/Sustainability\\_](https://www.cedarwoods.com.au/Our-Company/Sustainability_)

Our governance framework is the foundation upon which the Company operates and defines the processes by which authority is exercised and controlled.

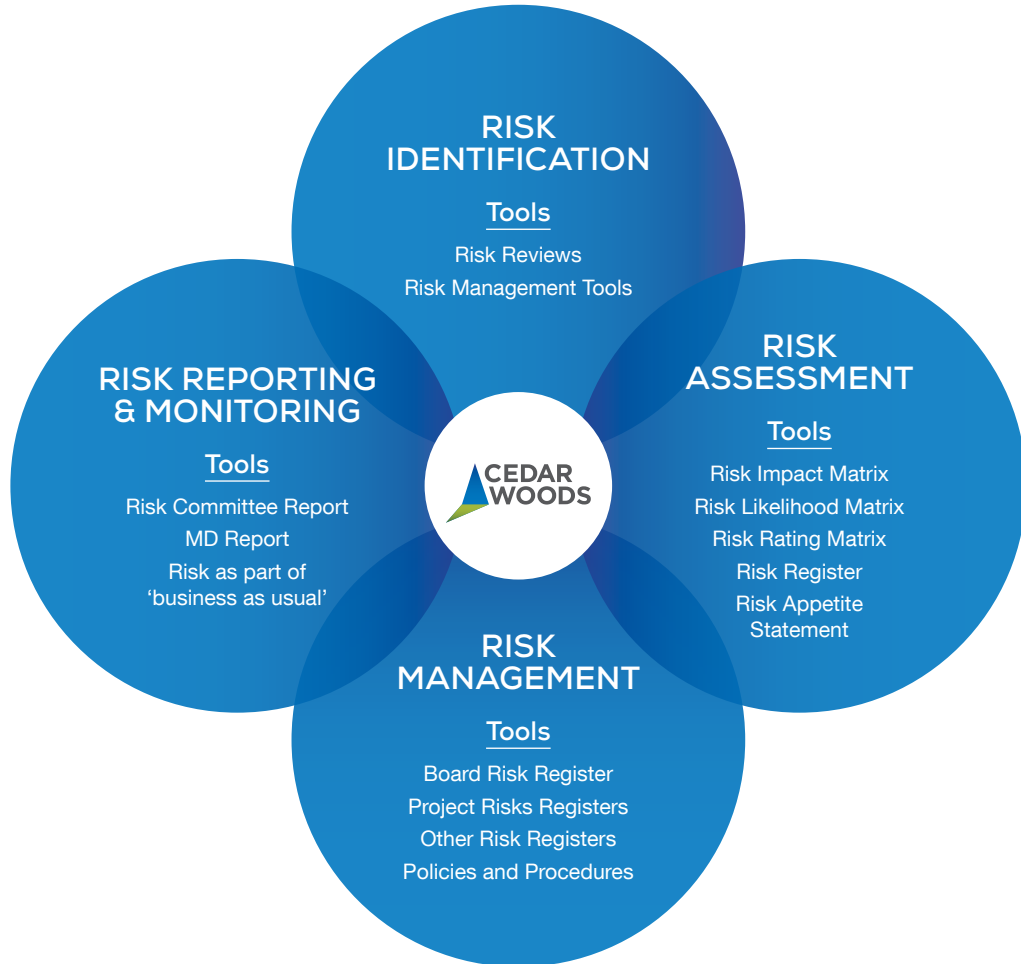
<p><b>Leadership and Management</b></p>	<p><b>Board and Committees</b></p> <p>The Company's Directors exemplify our commitment to good corporate governance and the long-term interest of shareholders. They are a diverse group who bring a strong combination of experience and skills aligned with our vision, values, strategy and strategic priorities. The Board is committed to the highest standards of corporate governance, of which further comprehensive details may be found in the annual Corporate Governance Statement at <a href="https://www.cedarwoods.com.au/Our-Company/Governance">https://www.cedarwoods.com.au/Our-Company/Governance</a>.</p> <p>The Board has established committees to oversee a range of matters pertaining to ESG priorities:</p> <ul style="list-style-type: none"> <li>• The Audit and Risk Management Committee is responsible for financial reporting, risk management (including 'ESG risks') and external audit; and</li> <li>• The Remuneration and Nominations Committee is responsible for matters relating to Board composition, human resources, remuneration, succession, inclusion and diversity.</li> </ul> <p><b>Executive Team</b></p> <p>The Company's management structure is intended to encourage effective leadership that is consistent with corporate standards and promotes a strong corporate culture. The Executive Team is the Company's most senior management body and is responsible for preparing and implementing the Corporate Plan and managing operations.</p>
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## Risk Management

Among its many responsibilities, the Board / Audit and Risk Management Committee oversees risk management, with a focus on more significant risks, including ESG risks. It has adopted a Risk Management Policy Framework which incorporates a range of tools to assist in the identification, management, and monitoring of risks in the business.

All major decisions are guided by a comprehensive risk assessment, using the framework, together with risk mitigation strategies, where necessary. The Board conducts a biennial review of the risk management framework structure, with the last in 2021.

### Risk Management Framework



### Strategic Response

Corporate Governance Framework	Corporate Plan
Audit and Risk Management Committee	Risk Management Framework
Remuneration and Nomination Committee	Risk Register

Cyber

Cyber Security

To ensure that investors, employees, and customers continue to trust Cedar Woods with their private and confidential data, we undertake annual checks and reviews of our cyber-security systems and controls. In FY2022, the Company has conducted supply chain reviews, external penetration testing and a comprehensive internal review with strong positive results. The 2022 internal review resulted in a 60% reduction of cyber security risks, reflecting the success of the FY2022 cyber-security strategy.

**Strategic Response**

Cyber Security Strategy

IT Security Policy

**FY2022 Highlights**

The appointment of Mr Paul Say as an independent, Non-Executive Director was overwhelmingly approved by shareholders at the 2021 AGM in November. The Remuneration and Nominations Committee and the Board considered the composition of the two Board committees and with Mr Say joining the two Board committees, Robert Brown stepped down from each of the committees, with each committee now comprised wholly of independent directors.

The senior management team was strengthened by the appointment of a new State Manager in Queensland. Management refreshed the corporate plan and meetings were held with the Board to address the corporate strategy.

The Audit & Risk Management Committee reviewed the Company's Risk Framework and performed deep dives into cyber-related and corporate taxation risks. The Company refreshed a number of corporate policies including the Environmental Management Climate Change Policy.

In recognition of the Company's progress in ESG it received an 'A' rating from MSCI, a global provider of indices, ESG and climate products.

An independent review of the Company's cyber security posture was conducted with strong results.

Spotlight on Ethics

Code of Conduct

A comprehensive set of standards of conduct expected of all employees, including Directors, is provided in the Code of Conduct. The Company has zero tolerance for corrupt practices and has a proactive approach to ethics and accountability throughout its policies and practices.

Ethics and Responsible Business Practices

Conducting business with the utmost honesty, integrity and respect is integral the Company's ESG priorities. The Company's values are stated on page 10 of this report and are supported by a number of policies.

Modern Slavery

Our Modern Slavery Policy addresses our approach to identifying modern slavery risk and outline steps for mitigating modern slavery and human trafficking in our operations.

**Strategic Response**

Code of Conduct

Conflicts of Interest Policy

Whistle Blower Policy

Anti-Bribery and Corruption Policy

Continuous Disclosure Policy

Insider Trading Policy

Modern Slavery Policy

Privacy policy

SOCIETY – FY2022 HIGHLIGHTS

 <p><b>Smith Family Partnership</b> Cedar Woods and The Smith Family making a difference in the lives of disadvantaged children</p>	 <p>Participation in staff survey</p>	 <p>Executive appointment boosts gender diversity.</p>
 <p><b>Enhanced Flexible Working policy and new COVID vaccination policies</b> to protect staff and other stakeholders</p>	 <p><b>Affordable Housing</b> delivered across projects, nationally</p> <p><b>Over 1,000 jobs</b> created in the economy</p>	 <p><b>Awards</b> Staff member wins UDIA WA Young Development Professional Award and UDIA National Young Leaders Award National Landscape Architecture Award for Land Management at Ellendale</p>
<p><b>13</b> internal promotions</p>	<p><b>We do what we say we'll do.</b></p>	

Maintaining strong stakeholder relationships is fundamental to Cedar Woods' long-term sustainable success. We have identified the following major stakeholder groups for our business and the related strategic initiatives:

<b>Shareholders and Investors Strategy</b>	Value creation We create long-term value for our shareholders.	
	Transparency We interact and engage with shareholders through various forums, including half-year and annual reporting, annual meeting of shareholders, investor presentations, web forums and ASX disclosures and announcements.	
	<b>Strategic Response</b>	
	Shareholder returns	Continuous disclosure policy
	Shareholder and Investor relations	Investor Communications policy

**FY2022 Highlights**

Returns to shareholders are detailed in the 'Financial Performance Highlights' on page 8 of the annual report.

In November 2021 we provided a 'hybrid' form of AGM in which shareholders could participate in person or join the meeting online. At the AGM, all resolutions were supported by shareholders.



### High Performance Culture

Our strategic priority is to create a progressive, high-spirited work environment with strong staff alignment to values and objectives, where top talent works collaboratively, and high performance is rewarded.

We undertake an annual survey to gauge staff satisfaction and engagement. These measures represent the level of enthusiasm and connection staff have with the Company. It's a measure of how motivated and committed people are within the business.

There are several staff communication platforms, including the quarterly Operational Updates and 'Woodsy', our intranet platform which enable staff to keep up to date with news and access company policies and resources.

A 'Culture Club' operates in each state to organise team building and social events.

### Health and Wellbeing Program

The Company promotes a strong health and safety culture with access to psychology and mental health support services as part of its wellbeing program as well as providing staff with health-focused webinars and free weekly physical exercise sessions and other activities such as yoga.

### Opportunity, Diversity, and Inclusion

We are committed to a positive, diverse and inclusive workplace which encourages strong and productive relationships and provides access to equal opportunity at work. During the year we established a Diversity & Inclusion (D&I) Committee to support our efforts in achieving a more diverse workforce (which includes gender as well as other areas such as ethnicity, religion, and sexual orientation). The committee is chaired and comprised of staff members and has established a charter and series of priorities and objectives to advance the diversity and inclusion agenda and monitor and measure progress on D&I activities and engagement outcomes.

### COVID-19 Response

The challenge of COVID-19 has demanded an ongoing extra level of agility and resilience. Policies with respect to managing COVID-19 have been implemented and technology solutions provided to enable remote working and additional leave requirements. Policies have been updated as the nature of the pandemic evolves.

### Work, Health and Safety (WHS)

We prioritise the health and safety of our employees and contractors. Our health and safety policies and practices also take into consideration the protection of the surrounding community. Senior management is accountable for the health and safety performance across the Company's portfolio of projects. Cedar Woods' Board also receives regular reporting on the Company's WHS risks and performance. Audits are performed annually of the WHS compliance at state operations.

### Retention and Career Progression

Consistent with our corporate value 'We are people developers', we value our people and their long-term success and, therefore, we seek opportunities to keep them engaged and develop professionally. To this purpose, we focus on internal career development and promotion, enabling staff to develop new skills, broaden their exposure and build relationships across the Company. Internal career progress is preferred, where appropriate.

Strategic Response	
Company Vision, Values and Priorities	COVID-19 Response Initiatives
Equal Employment Opportunity Policy	Health and Wellness Programs
Diversity and Inclusion Policy and Committee	Remuneration benchmarking and reviews
Employee Engagement Survey	Staff training strategy
SuperCedar employee recognition awards	Performance management
Occupational WHS System, Reporting and Audit	Cedar Woods Advance (Career Progression)



## FY2022 Highlights

The proportion of women employees currently sits at 49 per cent. The number of women in senior management is currently at 36 per cent. The number of women on the Board is two out of six, or 33 per cent.

We were pleased that in our most recent survey 100 per cent of our people completed the employee survey. Staff satisfaction is currently 85 per cent. Survey results saw a high level of interest in additional training on people management, mental health and wellness and specific systems training, which are being incorporated into the training program.

Cedar Woods recognises that many of its staff require working arrangements that are outside of a traditional work structure. Over 60 per cent of the workforce is working under the flexible working arrangements policy allowing people to benefit from flexible working hours and working from home. At the end of the financial year the Company introduced a 'Purchase Leave' policy whereby employees can purchase up to two weeks additional personal leave a year by way of salary sacrifice, spreading the cost over the remaining pay periods in the year.

Our good health and safety record continued through the effective operation of our work, health and safety systems resulting in no serious staff injuries or fatalities as a result of any failure of the Company's WHS system.

Cedar Woods Advance, our career progression program, was introduced during 2021, providing staff with the opportunity to constructively manage their career advancement with the support of the Company. There were 13 internal promotions during the financial year.

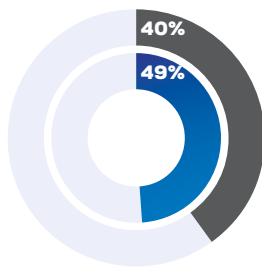
'SuperCedar' Awards encourage and reward employees who are living our corporate values. During the year 13 staff received a SuperCedar Award after being nominated by their peers and judged by the executive team.

Another important achievement during the year was the proud moment a Cedar Woods staff member won the UDIA WA and National Young Development Professional Award 2021.

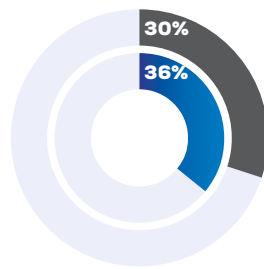
An initiative completed during the year was the implementation of a new integrated human resource, remuneration and performance management system as part of the digital and technology transformation. The system offers a leading edge and seamless solution for staff onboarding, objective setting and performance reviews, remuneration setting and payroll, including a staff portal for easy access to data for employees.

## Metrics and Targets

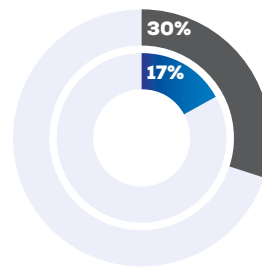
### Gender Diversity



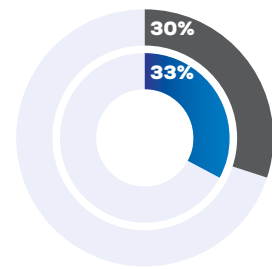
Proportion of women employed in the whole organisation



Proportion of women in senior management positions



Proportion of women in executive positions

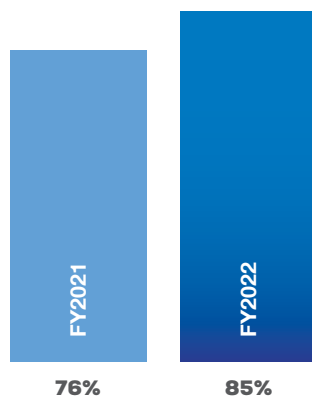


Proportion of women on the Board

■ Long term objective %

■ FY2022 Actuals %

### Staff Satisfaction



### Staff Working Flexibly



WE FOCUS ON INTERNAL CAREER DEVELOPMENT AND PROMOTION, ENABLING STAFF TO DEVELOP NEW SKILLS, BROADEN THEIR EXPOSURE AND BUILD RELATIONSHIPS ACROSS THE COMPANY.



Our Customers

### Customer Engagement

Customer Engagement is driven through various physical and digital platforms as well as our Customer Service function that provide customers with product guidance, assistance and issues resolution. It also helps the Company better understand customer needs and trends and drives improvements in customer satisfaction.

### Digital Transformation

The launch to market of new project websites provides a refined and consistent user experience for all our customers, providing real time stock availability, an enhanced customer journey and strategies to nurture our prospective customers.

### Product Value

Customers are at the centre of everything we do. Product Value is created for our customers through the delivery of a quality land or built form product that is designed around ecologically sustainable principles, which contribute to liveability and long term investment value. In some instances, our communities include or are integrated into local employment, retail and sport/recreational centres which foster relationships with businesses and local organisations and enhance the lifestyle of our residents.

### Strategic Response

Community Development Programs

Customer Inclusion Initiatives (affordability, disability, community diversity, transition to retirement)

Net Promoter Score surveys along the customer journey

## FY2022 Commentary

The challenging construction conditions seen in some jurisdictions meant the Company had to make the tough decision to defer construction at certain project stages where it was no longer possible to commence in the current environment. The Company sought to minimise the impact on our valued customers by contacting each customer and providing opportunities for further discussion while prioritising the return of their deposit.

While sales and construction market conditions are mixed currently, the sector is expected to perform well in the medium term as our diversified portfolio will continue to appeal to a broad range of customers, across the country.

### Community Connection

One of our Values, 'Creating Community Connection', recognises that our projects bring people together, fostering connections that enrich the lives of people through the places we create.

### Our Broader Community – The Smith Family Partnership

In 2021 the Company formed a national community partnership with The Smith Family – Australia's leading children's education charity. Our partnership aims to assist disadvantaged Australian Children get the most out of their education and provides our staff the opportunity to be involved in activities supporting this worthwhile cause.

### Design Quality and Liveability

We seek to create communities that are safe, healthy and enjoyable places to visit, work and live. This is premised on best-practice urban planning and environmental design to meet lifestyle expectations. Many of our projects include community amenities, such as educational facilities, retail centres, employment centres and sport and recreational facilities that improve the lifestyle of those who live in our communities.

### Diversity and Inclusiveness

Our projects offer a range of products that not only cater for various budgets but also include specific product types suitable for affordable housing initiatives, specialist disability housing, aged care and retirement.

### Activation and Sponsorship

We create value for our communities through our direct provision of amenities, infrastructure public spaces and jobs. We implement resident onboarding initiatives and community grants for local community groups.

### Heritage

Often we inherit a legacy from older communities, in the form of land or buildings with indigenous or cultural heritage significance. Heritage is a focus for the Company as we maintain a strong track record of respecting culture and heritage through restoration, recognition, project themes and branding.

### Strategic Response

Respecting culture and heritage

Affordable and Diverse Housing

Smith Family Partnership

Community Sponsorship



WE BRING PEOPLE  
TOGETHER, FOSTERING  
CONNECTIONS  
WHICH ENRICH THE LIVES  
OF PEOPLE THROUGH  
THE PLACES WE CREATE.

## FY2022 Highlights

We have committed to directly supporting 100 students through The Smith Family's Learning for Life program, which is delivered across 91 communities around Australia. The Learning for Life program provides school students and their families with financial assistance for education essentials such as uniforms, school supplies and excursions; tailored personal support from a Smith Family team member; and access to extra out-of-school learning and mentoring programs.

During the year staff have engaged in The Smith Family programs such as 'Straight Talk' career information sharing for year 6 students, and the 'Dream Run' and the 'Bridge to Brisbane Fun Run' fundraising and fitness activities.

The South Australian team hosted Cedar Woods' first Work Inspiration event, which saw 15 students visit Cedar Woods' Glenside project. Staff involved in the project outlined key project information to the students and explained the types of jobs that were involved in the Glenside community development, from early-stage planning to end of delivery. Students had the opportunity to ask Cedar Woods staff about their career pathways and how they got started in the industry. Similar events are planned at Bushmead in WA and Williams Landing in Victoria later this year.

We work hard to ensure that the planning, urban design and architectural responses of our projects lead to a high quality liveable built environment that is responsive to the environment and community needs. A measure of our success is how our projects rate in industry awards, measured against our peers. This year the Company won another prestigious award, the 2021 National Landscape Architecture Award for Land Management at Ellendale.

In FY2022 we have continued to deliver affordable housing and specialist disability accommodation and recognise the role such housing has in creating diverse and inclusive communities.

Since its inception, the Company's Community Grants Program has donated more than \$600,000 dollars to support a range of community projects, organisations and clubs that operate in the localities of our projects. This year, \$70,000 was donated.

**\$70,000**  
donated to local community groups in FY2022

Proud partnership  
with The Smith Family





\*Artist impression

▲ Boston Commons Strata Office, Williams Landing VIC

Our Suppliers

### Fair and Ethical Procurement

The Company is committed to ethical, accountable and transparent procurement that maintains probity and fairness. To achieve balanced environmental, social and economic outcomes, we rely on our network of diverse and multidisciplinary suppliers. When delivering our projects, our suppliers contribute to our forums on innovation and cost efficiency, while maintaining quality outcomes. We also support the payment of our suppliers on fair payment terms.

### Performance

The Company continues to periodically undertake comprehensive contractor reviews. Evaluation criteria include overall quality, timeliness, cost efficiency, etc. Material suppliers are assessed for financial health and modern slavery risk as part of the on-boarding process and prior to the issue of significant new contracts.

### Work, Health and Safety

We prioritise the health and safety of our employees and contractors. Our WH&S policies and practices also consider the protection of other stakeholders. Senior management is accountable for the health and safety performance across the Company's portfolio of projects. Cedar Woods' Board also receives regular reporting on the Company's health and safety performance. In addition, an independent audit is conducted annually on the compliance with the Company's WHS system.

### Strategic Response

Supplier onboarding process

Contractor Quality and Financial Reviews

Stakeholder and industry events

Occupational Work, Health and Safety Policy, Procedures & Audit

## FY2022 Highlights

We frequently assess our suppliers on a range of metrics that define the quality of their services. Our most recent review of our suppliers' performance resulted in over 97 per cent passing or exceeding the required benchmark. In our most recent payment times review, over 93% of our supplier invoices were paid within 60 days, a 3% improvement on the prior year.

COVID-19 has had a significant impact on the national economy and on the supply chains that operate. The Company has experienced some delays during construction and increases in cost. There is continuing risk of supply shortages and cost increases for materials.

The Company had a strong safety record during FY2022, with no incidents of fatal or serious injuries occurring on any of our project sites.

### Land and Built Form Delivery

The Company plays a key role in the supply of land, housing and infrastructure, nationally. Our projects contribute to land supply, increase the number of homes and businesses near public transport and facilitate urban renewal. They also contribute to the provision of essential civil and community infrastructure for broader public benefit. These deliverables are in accordance with government urban growth strategies in each state.

### Economic Impact

Importantly, we create value for government and regulators by generating private sector investment and jobs. We create further value through payment of fees and taxes.

### Community Engagement

Our projects often require engagement with existing local communities. The Company seeks to engage in a meaningful way, providing opportunity for consultation to positively influence project outcomes.

### Collaborative Partnerships

The Company seeks opportunities for collaborative partnerships in land development and urban renewal projects. We have a number of collaborative projects with government agencies which align with government strategic priorities and objectives, including diverse and affordable housing. We seek to ensure that such collaborations are mutually beneficial and are built on respect and common understanding.

### Strategic Response

Joint Venture Projects

Regular State and Local Government liaison meetings

Participation in regulatory and policy review through industry forums

Membership with industry advocacy groups (HIA, UDIA, Property Council)

## FY2022 Highlights







The 2022 Financial Year saw the Company spend over \$178 million in development projects, nationally.

We work on the formula that for every \$1 million spent on civil or built form construction, seven Full Time Equivalent (FTE) jobs are generated. This is comprised of two direct FTE construction jobs, three indirect FTE jobs, in supporting industries such as engineering, machinery and materials, and two induced FTE jobs, in sectors that provide goods and services to meet the consumption needs of the direct and indirect jobs created. On this basis, Company development spend contributed to the creation of approximately 1,246 jobs nationally.





## ENVIRONMENT – FY2022 HIGHLIGHTS

 <p><b>First Carbon Footprint Mapping</b> completed in FY2022 for Greenhouse Gas Emissions.</p>	 <p><b>Transit-Oriented Projects</b> 100% of built-form residential located in high-frequency transit precincts.</p>	 <p><b>Car sharing, electric vehicle hire and charging stations</b> installed at 4 new apartment buildings.</p>
 <p><b>Embedded Energy Networks,</b> incorporating solar, across our apartment portfolio.</p>		
 <p><b>Cloud strategy &amp; e-contracts</b> implementation reduces carbon footprint.</p>	<p><b>All Residential lots</b> sold with energy and water efficiency guidelines.</p>	<p><b>Award winning Ellendale and Bushmead projects</b> continue to protect, restore and regenerate a combined 277ha of conservation land.</p>

## CLIMATE RELATED FINANCIAL DISCLOSURES

Cedar Woods’ relationship with the environment has always been core to our business model but addressing climate change risk and realising emerging opportunities through mitigation and adaptation is becoming increasingly important.

Last year the Company prepared its inaugural ESG Strategy consistent with the Financial Stability Board’s Taskforce on Climate-Related Financial Disclosure (TCFD) for addressing climate change-related risks and opportunities. The Strategy is currently under review, having regard to proposed changes to the disclosure and reporting standards.

### Climate-Related Risk Assessment and Opportunities

Using the TCFD approach, the following provides an assessment of climate-related risk, in the context of Cedar Woods’ core business and value creation model. The following observations and assumptions are noted:

- The Company notes the recent introduction to Federal Parliament of the Climate Change Bill 2022

and the Government’s commitments to emission reductions by increasing the take-up of renewable energy. We expect the property development sector will play an increasing role in this carbon reduction strategy.

- The property development sector is strongly regulated, with various mitigation and adaption measures already being implemented at State levels, including:
  - a. Sea Level Rise and Coastal Erosion: state government coastal planning policies make provision for the latest data on sea level rise and storm surge; mapping of low-lying areas; and establishing the need for coastal process assessments to determine the need for coastal protection and defence initiatives.
  - b. Changes in temperature and extreme heat events: minimum requirements for the design, construction and performance of residential buildings are set by the Australian Building Codes Board. Buildings are classified on a star-based scale under the National House Energy Rating Scheme (NatHERS). For commercial buildings, the Building Energy Disclosure Act requires commercial buildings above a certain floorspace

- a. to meet energy efficient requirements through the National Australian Built Environment Rating System (NABERS) certification scheme. Other relevant elements of building design, considering climate change, are energy efficiency and water sensitive design.
  - b. Bushfire: State governments update bushfire risk mapping and have various land use planning requirements relating to fire mitigation (exclusion zones) and adaption (use of fire-retardant materials in building construction).
  - c. Storms, cyclones and flooding: Federal and state governments update rainfall and runoff guidelines (looking at rainfall intensity) flood mapping and identification of cyclone zones where appropriate construction standards are required.
- Our analysis is combined to address both climate change scenarios (>1.5°C or >2°C) under the TCFD model.
  - Cedar Woods' climate-related risk assessment is focused on project outcomes and more significantly relate to a combination of direct delivery impacts (loss of native bushland) and the on-going impacts of urban development (associated travel and household emissions over the 40-year lifecycle of buildings).
  - The highest levels of perceived risk in the analysis below are in the areas of: Policy risk – bushfire (transitional risk); Water scarcity (transitional risk) and Construction costs (including cost of delays) due to severe weather (acute risk).

## Board and management oversight of climate related risks

The Board has overall responsibility for the risk management framework and is responsible for decisions in relation to strategies and key risks. In turn, this authority has been delegated in part to the Audit Risk and Management Committee (ARC), which assists the Board to meet its risk management and compliance obligations. The ARC considers reports addressing Cedar Woods' risk culture, its risk appetite framework, its strategic risk profile, the risk registers and emerging or notable risks, including those related to climate change.

Major business proposals brought to the Board are accompanied by comprehensive due diligence incorporating risk analysis, including

climate-related risks. Climate-related issues are also considered when reviewing the Corporate Plan, annual budgets and business plans.

Each member of the Executive Team has specific responsibilities related to sustainability, including initiatives related to climate related risks and opportunities.

## How Cedar Woods identifies, assesses and manages climate-related risk

The Executive Team is responsible for developing and facilitating the risk management framework, advising and training the business on risk management, and consolidating risk reporting to the ARC and the Board.

At each stage in the project lifecycle, significant risks (including climate-related risks) are identified by project team leaders as part of risk assessment procedures. The Executive Team continuously liaises with all levels of the organisation, across projects to ensure risks are appropriately identified, assessed, treated and monitored.

Existing and emerging regulatory requirements related to climate change are incorporated into overall risk management, risk registers and risk reporting.

## Risk Assessment

	Climate Related Risk	Financial Impact	Risk	Adaptation & Mitigation
Transitional	<b>Policy Risk: Sea Level Rise and Coastal Erosion.</b> Time horizon: Medium to long-term	Increase in coastal setbacks, development levels, coastal protection measures, reduced dwelling yield.	Low	Measures addressed in State policies relating to coastal protection and land use planning. Cedar Woods has limited exposure to coastal and estuary locations.
	<b>Policy Risk: Changes in temperature and extreme heat events.</b> Time horizon: Medium to long-term	High construction costs associated with more stringent performance requirements associated with NatHERS (residential) or NABERS (commercial) construction requirements.  Increased landscaping / reduced development footprint. More costly built form responses.	Low	All buildings within Cedar Woods projects comply with national design, construction and performance rating requirements.  In land estates, energy efficiency and water sensitive design is encouraged through design guidelines.  Measures addressed in State policies relating to medium density, such as: reducing 'urban heat island' effect; focus on natural cooling / breezeways; reduction in hard surfaces; use of lighter-coloured materials; and mature landscaping / tree canopy.
	<b>Policy Risk: Bushfire.</b> Time horizon: Short to long-term	Increased project approval uncertainty, loss of developable area (exclusion zones) and increased cost of construction (fire mitigation / retardant materials), reduced land value.	Medium	More rigorous policy measures under continuous review. Bushfire management is becoming determinative, overriding normal land use and planning controls. Cedar Woods monitors the implications on existing and new projects and considers exposure to native bushland at the acquisition phase.
	<b>Policy Risk: Rainfall, Storms, Cyclones and Flooding.</b> Time horizon: Medium to long-term	Accommodating worst-case rainfall and flooding scenarios will increase cost of stormwater and drainage infrastructure and increase loss of developable land – for retention /detention.	Low	All Cedar Woods projects comply with water management strategies and plans and install appropriate water management infrastructure based on current rainfall and runoff data.
	<b>Policy: Water Scarcity.</b> Time horizon: Short to long-term	Increasing cost of water and cost associated with securing non-potable water sources	High	Evidence suggests non-potable groundwater for irrigation is becoming scarce. Cedar Woods has responded by using scheme water (as an interim measure) and increasing reliance on low water nature-scape or no water use xeriscape landscaping techniques.  In land estates, water wise landscaping is promoted. In some cases, rebates provide incentive for installation of rainwater tanks, to reduce reliance on potable water supplies.  Third-pipe reticulation is used to distribute recycled water in most land estates in Victoria.
	<b>Policy: Enhanced climate change reporting and disclosures</b> Time horizon: Short to long-term	Increased resources to respond to requirements for increased climate change disclosures and reporting.  Increased investor scrutiny and activism, and potential for limits to access to capital for failure to respond to business community.	Medium	Evidence indicates an increase in ethical investing, shareholder activism and proxy firms linking ESG performance to recommendations on AGM resolutions. Cedar Woods is responding by implementing an enhanced ESG strategy and increasing disclosures.

	Climate Related Risk	Financial Impact	Risk	Adaptation & Mitigation
Transitional	<b>Legal / Liability Risk</b> Time horizon: Medium to long-term	Evidence suggests that existing homes directly exposed to climate-related risk, (particularly when threatened by coastal processes and bushfire) are adversely impacted by higher insurance premiums (or inability to insure certain risks), lower property valuation and reluctance by financial institutions to provide finance.	Low	New property development is subject to the latest climate change data reflected in coastal protection, bushfire and drainage and flooding management plans / requirements. Risk relates more to older established dwellings in vulnerable locations.
	<b>Technological Risk</b> Time horizon: Medium to long-term	Out of date technology and lack of innovation. Cost of retrofitting to achieve compliance.	Low	Urban and built-form design response and incorporation of climate-related impact mitigation and adaption can be constantly updated and applied throughout the life of a Cedar Woods project.
	<b>Market: Change in Consumer Preferences</b> Time horizon: Short to long-term	Reduced market share, sales and return on investment.	Low	Setting aside considerations relating to location and price, new housing in estates that are compliant with climate-related policy settings (energy efficient design, bushfire mitigation, drainage and flood management etc.) respond better to shifting consumer preference than housing stock with inferior design qualities and in more vulnerable locations.
	<b>Reputational Risk.</b> Time horizon: Short to long-term	Loss of company reputation, credentials and branding. Loss of engagement with staff.	Low	Performance is enhanced through adherence to ESG strategy and transparent reporting.
Acute	<b>Physical Risk: Sea Level Rise and Coastal Erosion.</b> Time horizon: Medium to long term	Cost of protective measures, upgrade and repair.	Low	Cedar Woods has limited exposure to vulnerable coastal locations.
	<b>Physical Risk: Bushfire.</b> Time horizon: Short to long-term	Loss and cost of rehabilitation, replacement, upgrade and repair.  Compliance with firebreak requirements.	Medium	Cedar Woods adheres to regulatory fire management requirements at its land holdings.
	<b>Physical Risk: Increase in construction time and costs due to increase in severe weather</b> Time horizon: Short to long-term	Extra cost and time to construct physical assets.	Medium	Cedar Woods provides additional time to construction budgets, feasibilities and timetables to allow for severe weather.
	<b>Physical Risk: Rainfall, Storms, Cyclones and Flooding. Direct loss or damage to property assets.</b> Time horizon: Short to long-term	Loss and cost of rehabilitation, replacement, upgrade and repair.	Low	All Cedar Woods' projects comply with stormwater drainage and flooding infrastructure and flooding requirements.

## CLIMATE-RELATED OPPORTUNITIES

Efforts to mitigate and adapt to climate change also create opportunities. The TCFD identifies the following areas of opportunity:

- Resource efficiency: achieving direct cost savings
- Energy source: growing global investment in renewable energy technologies
- Products and services: innovation in new low-energy products and services may improve competitiveness and capitalise on shifting consumer preferences

- Markets: opportunities for new markets and asset types may lead to diversification and better positioning to a lower-carbon economy, and
- Resilience: where companies improve their adaptive capacity to respond to climate change.

The TCFD recommends the formulation of specific metrics and quantifiable targets to assess and manage relevant climate-related risks and opportunities. These are being further developed as part of the current ESG Strategy review.

### Resource Efficiency

#### Corporate Carbon Footprint

Increasing attention is being applied to minimising the carbon footprint of corporate operations. Cedar Woods has commenced carbon footprint mapping to better understand the business impact on emissions. Cedar Woods considers climate-related risks across the lifecycle of its projects. Emissions largely relate to the operational cost of urban development and the 40-year lifecycle of buildings. Cedar Woods' focus on transit-oriented development makes a significant contribution to promoting public transport use and lower emissions from private vehicle use.

#### Resource Efficiency

Residential dwellings, when occupied, consume significant amounts of energy and water. Cedar Woods is working to improve the resource efficiency of the homes it builds through updated sustainable design practices. Such measures work to reduce consumption and decrease living costs. In land estates, we facilitate climate responsive subdivision lot layout.

## FY2022 Highlights

In FY2022 we conducted our first carbon footprint mapping on Greenhouse Gas emissions resulting from our corporate operations, including our four state offices, project sales offices and the Williams Landing Shopping Centre. Results are shown in the table below. The Company has already implemented a carbon reduction strategy and is confident that it will, over time, significantly reduce carbon emissions. Initiatives include 100% cloud technology strategy, 100% carbon offset paper and flights and 100% green power use at all state offices.

The year saw the delivery of a number of the Company's ESG Strategy objectives related to improving resource efficiency in new dwellings, including:

- Improved information sharing across projects
- A review of our national approach to ecologically sustainable design (ESD) considerations for new apartment projects, with the view of adopting a more consistent national approach.

A greater focus on resource efficiency measures, metrics and targets, for new projects is expected as part of the ESG Strategy review.

In South Australia, the 7.7-Star NatHERS rated Monarch apartments at Glenside commenced construction. Individual apartment ratings ranged from 6.4 Stars up to 9.4 Stars, averaging 7.7 Stars overall. The broad range of ESD initiatives formed a case study as part of the Company's national review of apartment standards.

## FY2022 Greenhouse Gas Emissions (t-CO<sub>2</sub>-e)

Corporate operations	Scope 1 & 2*	Scope 3#	Total
State offices	67	608	675
Sales offices	69	265	334
Shopping centre	447	243	690
	<b>583</b>	<b>1,116</b>	<b>1,699</b>

\* Direct emissions from refrigerants and from the generation of purchased electricity

# Other emissions outside scope 1&2 such as water use, waste generation, purchased goods and air travel.

Emissions calculated by independent consultants from company data.

## Energy Source

The federal government recently announced its 2030 and 2050 emission reduction targets that will be largely driven by a substantial shift to renewable energy sources.

Innovative renewable power solutions, such as integrated microgrids and embedded energy networks are emerging in the market and the Company has begun to explore the viability of large scale application to increase the take-up of renewable energy across projects.

## Products / Services / Market

Demand for Cedar Woods' products is primarily driven by location and price. While there is growing customer preference for water and energy efficient initiatives and other sustainability benefits as part of a housing package, most are not prepared to incur additional cost. This is particularly the case for first-home buyers, where up-front cost is critical to affordability and finance approval. The Company is currently reviewing its apartment sustainability initiatives, with a particular focus on high-value initiatives and maximum benefit-to-cost ratio initiatives that deliver the most immediate and impactful benefit.

### Sustainable design at Ellendale, QLD

A leading-edge environment-first design focusing on retaining and enhancing the topography, vegetation and native waterways of Cedar Woods' Ellendale community in Brisbane is seeing biodiversity flourish as its population increases.

In partnership with award-winning landscape architects Place Design Group, Cedar Woods has regenerated wildlife corridors at Ellendale within years, rather than decades.

An extensive five-year planting program has involved more than 189,000 trees, shrubs and ground covers, with more than 40 per cent of the masterplan preserved as green space.

Ongoing fauna management and rehabilitation includes the establishment of 64 squirrel glider poles, 320 nesting boxes and 120 metres of fauna underpasses, supporting locally and nationally

significant species including koalas, squirrel gliders, possums and owls.

The achievement has been recognised at a state and national level, with Ellendale and Place Design Group awarded the prestigious 2021 Australian Institute of Landscape Architects (AILA) National Landscape Architecture Award for Land Management.

To date, Cedar Woods has delivered more than 440 homesites at Ellendale, supporting a population of more than 1400 people, while dedicating almost 60 hectares of natural bushland and green space to Brisbane City Council.

As construction continues on the next stages of the community, work will continue on retaining, rehabilitating and enhancing new corridors of the highest ecological value, with a further 31 hectares of open space to come.



### Credentials and Capability

Achieving various targets relating to water and energy efficiency, and other innovative sustainability outcomes is a pre-requisite to eligibility for government joint venture projects in some states and add to the Company's capabilities and credentials.

### Considering Interdependencies

When assessing climate-related risk, it is important to consider the unique interdependencies with other important land development considerations, specifically transport, natural environment and adaptive reuse, recycling and waste minimisation, which are identified in Cedar Woods' Environmental Management and Climate Change Policy.

- **Transport.** Transition to a low-emissions economy does not just look at the performance of buildings. The location of Cedar Woods' projects are often middle-inner suburban locations integrated with high-frequency public transport, encouraging people to use more public transport and replace car trips with 'active transport' options, such as walking and cycling (e.g. Glenside, Williams Landing / Town Centre, Jackson Green, St A, Fletcher's Slip and Glenside), providing low emission transport choices to the occupant.
- **Natural Environment.** The Company has a strong track record as being the 'Environmentally Responsible Developer', with a high number of accreditations and awards for environmental excellence. While land development has environmental impacts, it is not without significant investment in conservation, rehabilitation, decontamination and on-going environmental management.
- **Adaptive Reuse, Recycle and Waste Minimisation.** Adaptive reuse, recycling and reducing waste relates to more efficient use of resources as well as reduced emissions associated with production processes and transport. Cedar Woods has a strong track record in the adaptive reuse of heritage buildings, the clean-up of contaminated infill sites and the use of recycled materials in civil works. Reduced waste relates to more efficient use of resources as well as reduced emissions associated with production processes and transport. The Company has a strong track record in the clean-up of contaminated sites and buildings.

## FY2022 Highlights

The year saw a continued focus on Cedar Woods' delivery of infill housing, in locations connected to high-frequency public transport, including train stations and bus transit. Over 40% of settled housing product was delivered at:

- Williams Landing / Town Centre (VIC) – oriented around a transit hub consisting of a freeway overpass, a train station, a bus interchange, and commuter parking
- Glenside (SA) – inner city Adelaide, with high-frequency bus transit
- Fletcher's Slip (SA) – adjacent to the train corridor and Glanville station
- Jackson Green - Clayton Apartments – just 20km from Melbourne and adjacent to rail.

The Company also acquired a new site in Eglinton (WA) which will deliver a 1,200 lot masterplanned community, located within 500m of the proposed new Eglinton train station.

The past 12 months saw the Company continue to invest significantly in the protection, restoration and regeneration of the natural environment. Bushmead (WA), was 'Highly Commended' by the Society for Ecological Restoration. The Society is an international non-governmental organisation to advance the science, practice and policy of ecological restoration. Significant restoration work continued at Ellendale (QLD), which features as a case study above.

## Disability Housing, Huntington Apartments, Jackson Green, Vic

Cedar Woods has partnered with not-for-profit Summer Housing to deliver quality homes for young people living with disabilities in its Jackson Green development.

As part of this partnership, Cedar Woods has delivered eleven properties within the 165-unit Huntington Apartments to Summer Housing. Ten of these specialist disability accommodation apartments will be utilised by people with disabilities and complex care needs while the remaining unit will provide accommodation for on-site carers.

All apartments have been carefully modified to achieve Platinum level certification under the Liveable Housing Design Guidelines and meet high physical support design requirements under the National Disability Insurance Scheme (NDIS).

The modifications undertaken include making the apartments wheelchair-friendly with revisions in kitchen design, doorway widths and thresholds and

structural provisions put in place for ceiling hoists. The homes also feature assistive technology which will support the residents in their daily lives and provide access to the 24/7 on-site concierge provider.

Located within the Jackson Green community, residents of the low-maintenance apartments will have easy access to nearby amenities, public transport and services, allowing occupants to live as independently as possible.

Today there are over 4,000 young Australians with complex care needs currently residing in aged care facilities as there is no alternative housing for them. Summer Housing focuses on increasing the range and scale of diverse and accessible housing options to reduce this number. Cedar Woods is expecting to complete more disability accommodation including nine units for Guardian Living at Williams Landing.

