

ESG REPORT

2021



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

Achieving our vision, purpose and strategic priorities while upholding our corporate values is facilitated by our commitment to robust risk management; unwavering commitment to our stakeholders; culture of integrity, fairness and diversity; and reduction of contributors to climate change in our business and throughout our projects.



KEY ESG OBJECTIVES & STRATEGIC RESPONSES 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 Matter	Strategic Response
Governance	
Leadership and Management	<ul style="list-style-type: none"> • Board and Committees • Executive Management • Risk Management
Spotlight on Ethics	<ul style="list-style-type: none"> • Code of Conduct • Ethics and Responsible Business Practices • Modern Slavery
Digital and Technology Strategy	<ul style="list-style-type: none"> • Digital Transformation • Customer Centric Brand Strategy • Cyber Security
Society	
Shareholders and Investors	<ul style="list-style-type: none"> • Value Creation • Transparency
Our People	<ul style="list-style-type: none"> • High Performance Culture • Health and Wellbeing Program • Opportunity, Diversity and Inclusion • COVID-19 Response • Work, Health and Safety • Retention and Career Progression
Customers	<ul style="list-style-type: none"> • Customer Engagement • Digital Transformation • Product Value
Communities	<ul style="list-style-type: none"> • Community Connection • Our Broader Community - Smith Family Partnership • Design Quality and Liveability • Diversity and Inclusiveness • Activation and Sponsorship • Heritage
Suppliers	<ul style="list-style-type: none"> • Fair and Ethical Procurement • Modern Slavery • Performance • Work, Health and Safety
Government and Regulators	<ul style="list-style-type: none"> • Land and Built Form Delivery • Economic Impact • Community Engagement • Collaborative Partnerships

Environment

Climate-related Risk

(Policy, Legal, Technology, Market and Reputation)

- Financial Impact Assessment
- Risk Assessment
- Adaption and Mitigation

Climate-related Opportunity

Resource Efficiency

- Corporate Carbon Footprint
- Energy Efficiency
- Water Efficiency

Energy Source

- Renewable Energy

Products, Services and Market

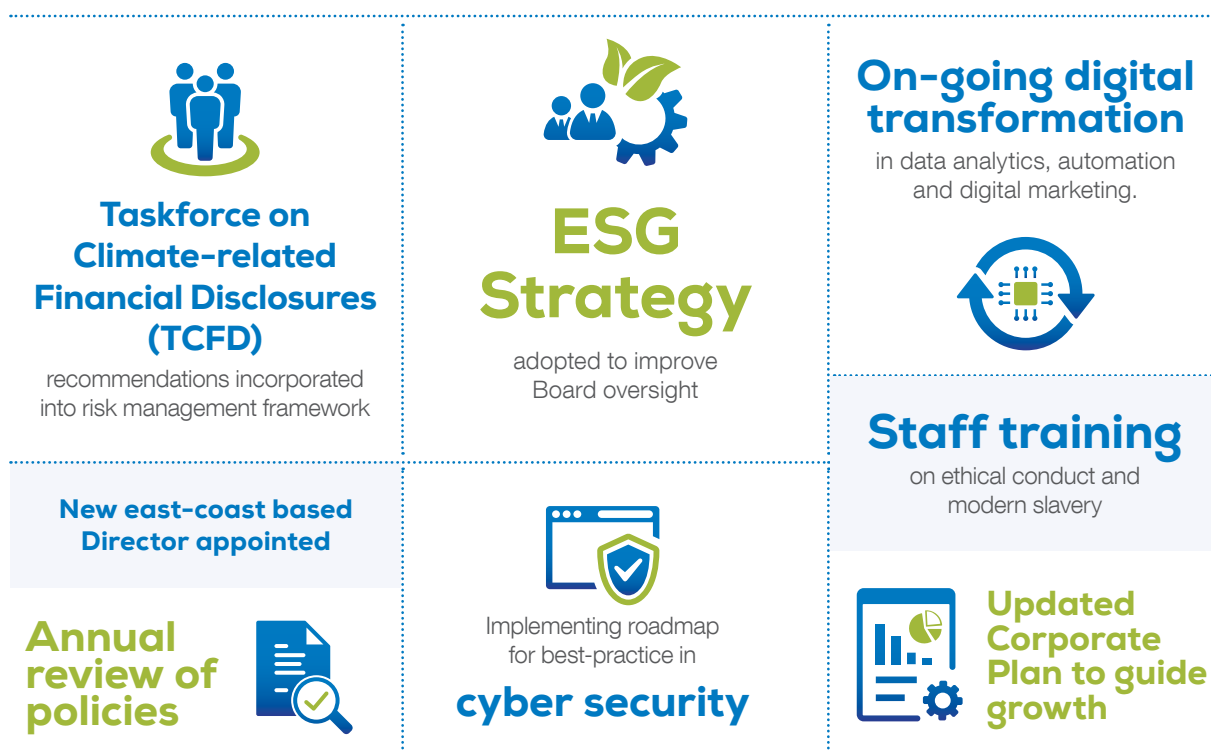
- Customer Focus

Resilience

- Credentials and Capability
 - Interdependencies
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GOVERNANCE - FY2021 HIGHLIGHTS



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

Leadership and Management	<p>Board of Directors</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 https://www.cedarwoods.com.au/Our-Company/Governance.</p> <p>The Board has established committees to oversee a range of matters pertaining to ESG priorities:</p> <ul style="list-style-type: none"> • The Audit and Risk Management Committee is responsible for financial reporting, risk management (including 'ESG risks') and external audit; and • The Remuneration and Nominations Committee is responsible for matters relating to Board composition, human resources, remuneration, succession, inclusion and diversity.
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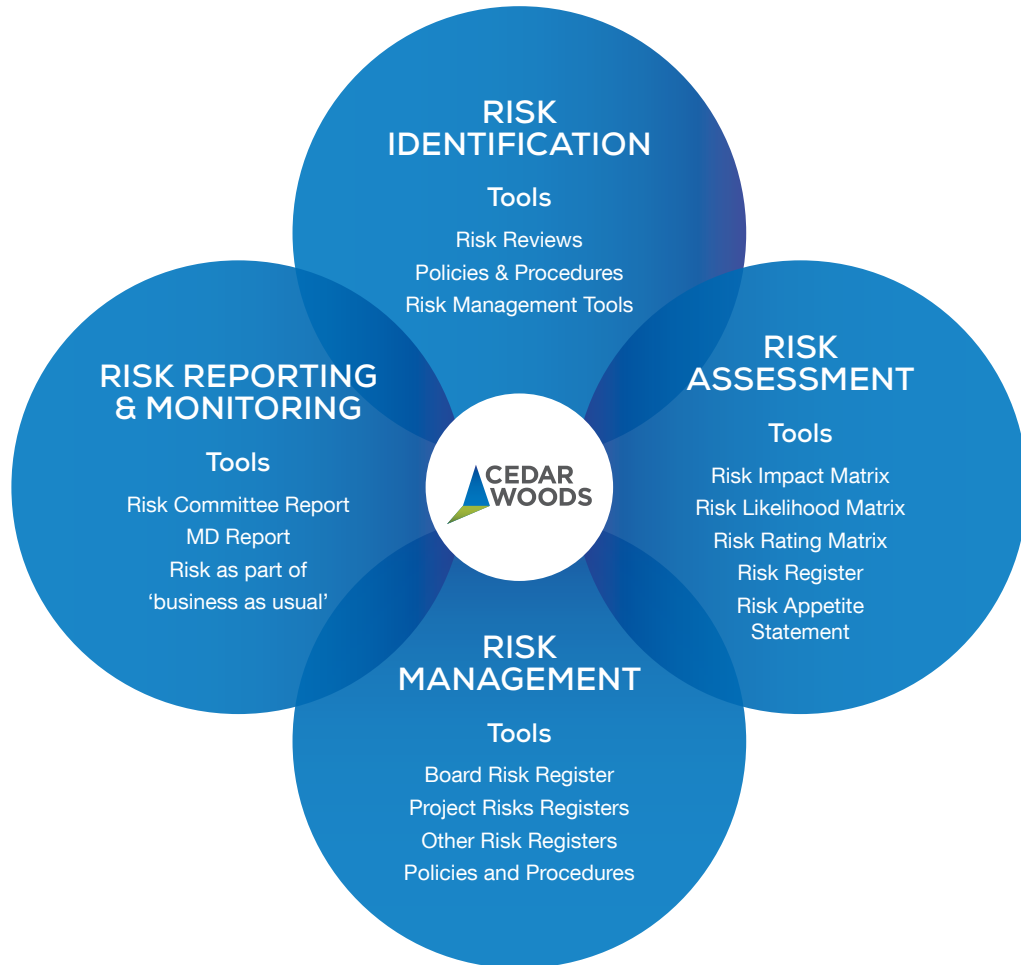
Executive Management

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.

Risk Management

Among its many responsibilities, the Board / Audit and Risk 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.

Risk Management Framework



Strategic Response

Corporate Governance Framework	Corporate Plan and Supporting Strategies
Audit and Risk Management Committee	Strong Financial Management
Remuneration and Nomination Committee	Risk Management Framework
Risk Management Policy	Risk Register

FY2021 Highlights

During FY2021 the Remuneration and Nominations Committee and the Board considered succession planning after the retirement of Ron Packer at the 2020 AGM and in May 2021 appointed Paul Say as an independent, non-executive director. Paul also joined the two Board committees.

The senior management team was strengthened by the establishment of the newly created key roles of National Acquisitions Manager and HR Business Partner. Management refreshed the corporate plan and two meetings were held with the Board to specifically address the 5-year corporate strategy.

The Audit & Risk Management Committee reviewed and revised the Company's Risk Framework and performed deep dives into cyber-related, financial and environmental risks. The Company refreshed a number of corporate policies including the Conflict of Interest Policy and IT Security policies. The environmental strategy was refreshed with regard to the disclosure requirements of the Task Force on Climate Change Disclosures (TCFD).

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 to the Company's ESG priorities. The Company's values include, 'Do what we say we will do' – for all of our stakeholders. This is built on the values of trust, reliability, dependability, honesty and reputation which form the basis of how employees conduct business.

Modern Slavery

Interactions with key suppliers and business partners adhering to our policy and processes that address 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
Whistle Blower Policy	Anti-Bribery and Corruption Policy
Continuous Disclosure Policy	Insider Trading
Modern Slavery Policy	

FY2021 Highlights

The Company reviewed its purpose, vision and values and introduced a 5th value 'We create community connection' to recognise the important role it has in nurturing communities at its developments.

The Company assessed its operations and supply chain for modern slavery risk and provided its first Modern Slavery report and conducted training for staff throughout the business on this important ethical issue.



Ariella Conservation Wetland, Brabham WA

Digital and Technology Strategy

Digital Transformation

The Company has substantially progressed its Digital and Technology Strategy which provides a a high level of resilience and ability to quickly respond to the immediate workplace risks posed by COVID-19, mainly through pursuing a “cloud first” approach allowing all users to work remotely. The vision is embed into our ESG Strategy systems that provide a source of advantage for the Company.

Customer Centric Brand Strategy

We devote significant resources to executing our Customer Centric Strategy and leveraging the solid foundations we have built. Our customer focus drives us to build systems and processes that enhance customer engagement through a strong understanding of their journey with the Company. We continue to build our digital capability by embedding leading digital talent and systems to increase operational efficiency and productivity. Our automation will provide platforms that capture and analyse data and lead to better insight and informed decision making.

Cyber Security

Investors, employees, and customers trust the Company with their data, so we safeguard their private information with the highest level of care and diligence. We maintain a comprehensive data protection, privacy and cybersecurity program, which effectively manages and protects the Company’s Personally Identifiable Information and sensitive corporate information.

Strategic Reponse

Digital & Technology Strategy

IT Security Policy

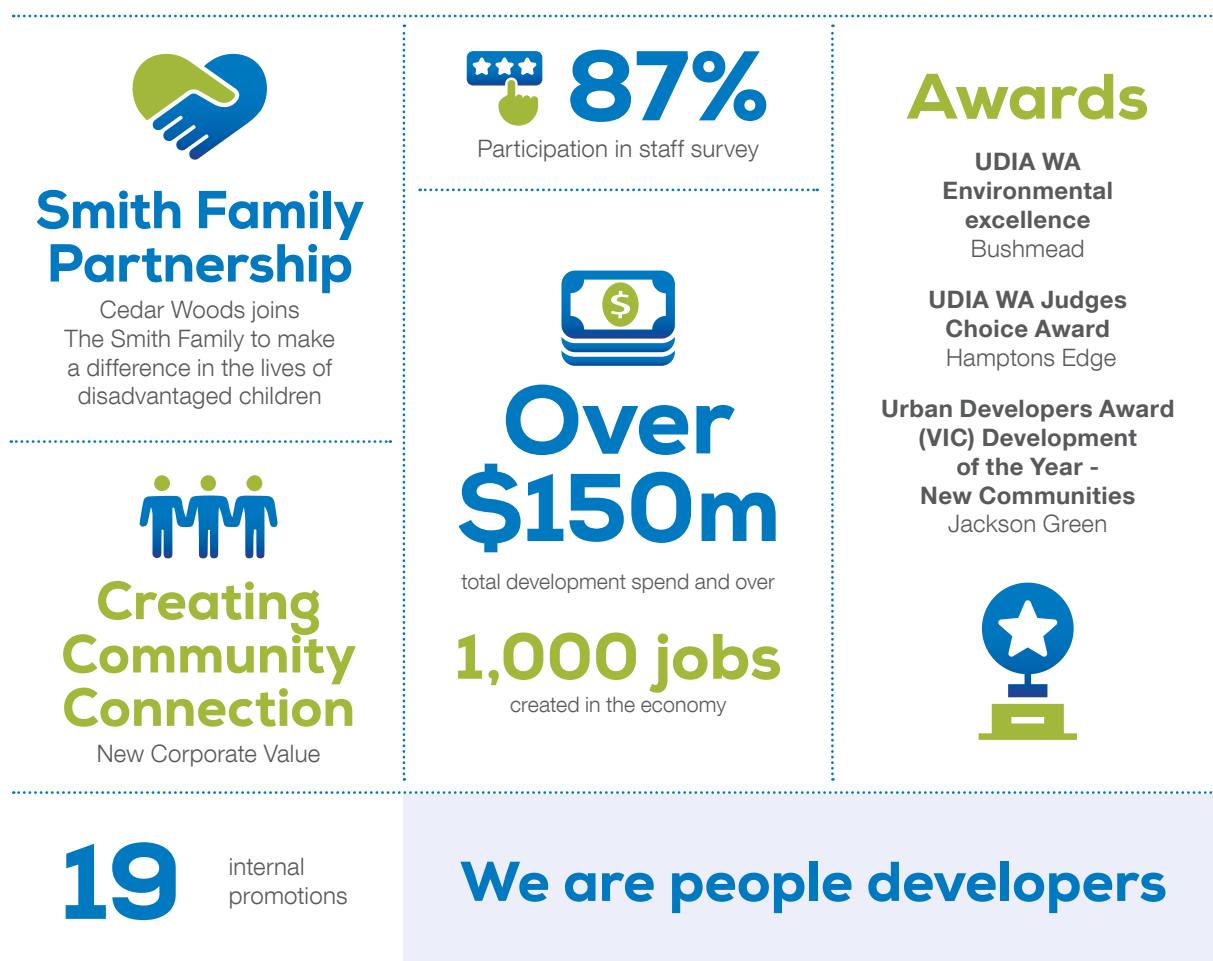
Cyber Security strategy

IT Acceptable Use Policy

FY2021 Highlights

Cedar Woods is committed to the reduction of paper use to support the environment through reducing the use of carbon, water, energy and native forests involved in paper production. The company has implemented a number of initiatives to reduce the amount of paper being printed across the business by nearly 60%. The last 12 months has seen the introduction of electronic expense systems, a focus on digital marketing material over print and promoting the use of Microsoft Teams to collaborate on documents to achieve this.

SOCIETY – FY2021 HIGHLIGHTS



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:

Shareholders and Investors Strategy	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.
	Strategic Response
	Shareholder returns
	Continuous disclosure policy
	Shareholder and Investor relations

FY2021 Highlights

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

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 internal survey to gauge staff engagement and views. Engagement represents the level of enthusiasm and connection staff have with the Company. It's a measure of how motivated people are to put in extra effort and a sign of how committed they are to stay.

There are a number of staff communication platforms, including the quarterly Operational Updates and 'Woodsy', our intranet platform which enable staff to keep up to date with the latest 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 free weekly physical exercise sessions.

Opportunity, Diversity, and Inclusion

As a national property developer, we are committed to a positive, diverse and inclusive workplace which encourages strong and productive relationships. The Company is committed to providing access to equal opportunity at work, based on fostering a corporate culture that embraces and values diversity and inclusion and allows people to feel safe when trying new things.

COVID-19 Response

The challenge of COVID-19 demanded an extra level of agility and resilience. The team came together, supported each other and demonstrated the value of partnership and collective purpose. The Company has invested heavily in technology. As a result, the national transition to remote working was managed smoothly and efficiently, with everyone adapting quickly.

Work, Health and Safety

By prioritising the health and safety of our employees and contractors, the Company builds a culture of trust and accountability. Our health and safety policies and practices also take into consideration the protection of the surrounding community. Senior management are 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.

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 actively 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	Remuneration benchmarking and reviews
Employee Engagement	Staff training strategy
SuperCedar employee recognition awards	Performance management
Occupational WHS System, Reporting and Audit	Cedar Woods Advance (Career Progression)

FY2021 Highlights

The proportion of women employees currently sits at 52 per cent. The number of women in senior management is currently at 32 per cent. The number of women on the Board is two out of six, or 33 per cent.

We are cognisant that we need to promote and recruit more women to senior positions, which is reflected in our employee development and recruitment programs.

We were pleased that in our most recent survey 87 per cent of our people completed the employee survey. Staff engagement is currently 71 per cent. Survey results saw a high level of interest in additional training on: people management; mental health and wellness; and emotional intelligence. This saw the commencement of the Company's 'Health and Wellbeing' program.

Cedar Woods recognises that many of its staff require working arrangements that are outside of a traditional work structure. Over 20 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.

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.

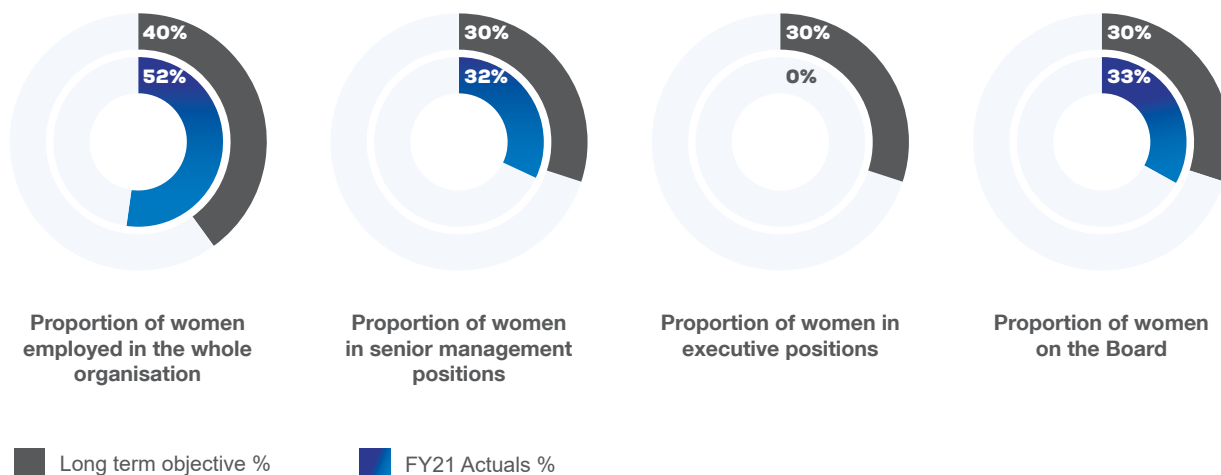
Cedar Woods Advance, our career progression program was introduced during 2021, providing staff with the opportunity to constructively manage their career advancement with the support of the company. There were 19 internal promotions during the financial year.

SuperCedar Awards were introduced to encourage and reward employees who are living our corporate values, with the inaugural awards presented to staff in June 2021.

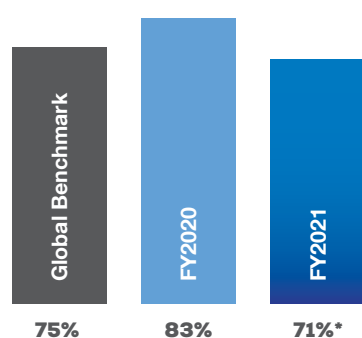


Metrics and Targets

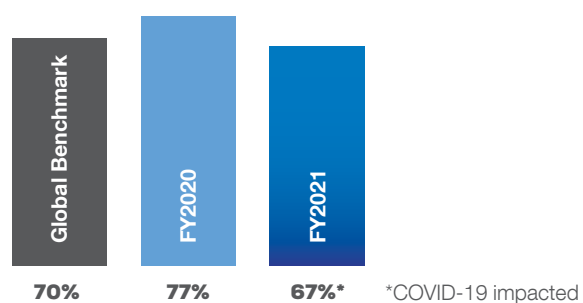
Gender Diversity



Staff Engagement



Staff Retention



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

Digital Transformation will see the launch of more comprehensive and contiguous marketing platforms that are designed for customer data collection during their engagement with our business, along the entire customer journey.

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 the latest environmental and sustainability, adding to liveability. 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

National Marketing and Communication Strategy

Community Development Programs

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

Data driven decision making approach to Company's operational model

Customer Service Offering

FY2021 Highlights

Feedback received from our customers from customer surveys have indicated high net promoter scores. In FY2022 we will implement a national net promoter score methodology and program across our portfolio, with the aim of a nationally consistent approach to NPS surveys and data collection.

Our customer relationship management (CRM) system continues to be refined to enhance data analytics and learn more about our customers' requirements.

We have embarked on a digital strategy to more effectively capture and manage our leads and enquiries, and a corporate marketing strategy to better co-ordinate national marketing initiatives.

Feedback received from our community engagement provides us vital feedback to help further improve our products.





Our Communities

Community Connection

Included in our highlights, the Company recently adopted the new Community Value, 'Creating Community Connection', recognising that our projects and decisions bring people together, foster connections that enrich the lives of people through the places we create.

Our Broader Community – The Smith Family Partnership

This year 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.

Design Quality and Liveability

Through our projects 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 physical infrastructure and 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 customers through their purchase of land or built form product. We create value for our communities through our direct provision of amenities, infrastructure public spaces and jobs. We continue to build on this foundation by implementing resident onboarding initiatives and community grants for local businesses and resident associations.

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

Company Purpose, Values and Vision

Affordable and Diverse Housing

Smith Family Partnership

Community Sponsorship

Awards

Respecting culture and heritage

FY2021 Highlights

The Company adopted a new corporate value, 'Creating Community Connection' recognising that each day our team makes decisions that bring people together, foster connections that enrich the lives of people through the places we create.

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. Sharing a common goal, The Smith Family and Cedar Woods are committed to developing and creating a better tomorrow, whilst providing opportunities for young people to thrive.

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 three prestigious awards:

- UDIA WA Environmental excellence – Bushmead
- UDIA WA Judges Choice Award – Hamptons Edge
- Urban Developers Award (VIC) Development of the Year - New Communities – Jackson Green

In FY2022 we aim to develop a national target for affordable housing products and include SDA in at least 30 per cent of our apartment developments.

Since its inception, the Company's Neighbourhood Grants program has donated more than half a million dollars to support a range of community projects, organisations and clubs that operate in the localities of our projects.

\$50,000

donated to local community groups in FY2021

Proud partnership
with The Smith Family



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 are required to contribute to our forums on innovation, cost efficiency, while maintaining quality outcomes. We also support the payment of our suppliers on fair payment terms.

Modern Slavery

The Commonwealth Modern Slavery Act requires companies to publish annual Modern Slavery Statements. The Company is committed to implementing effective systems and controls to ensure Modern Slavery is not taking place in any of our supply chains.

Performance

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

Work, Health and Safety

By prioritising the health and safety of our employees and contractors, the Company builds a culture of trust and accountability. Our WH&S policies and practices also consider 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 health and safety performance.

Strategic Response

Supplier onboarding process	Contractor Quality and Financial Reviews
Modern Slavery Policy	Occupational Work, Health and Safety Policy and Procedures
Code of Conduct	Stakeholder and industry events

FY2021 Commentary

During the year we completed our first Modern Slavery report under the Modern Slavery Act 2018. The report is available on our website at www.cedarwoods.com.au/Our-Company/Social-Responsibility. During the year, suppliers representing 80 per cent of our year to date expenditure, as at the date of the review, were assessed for modern slavery risk. Employees responsible for procurement were trained in order to help us meet our obligations.

We continually engage with our suppliers through our procurement and contract management process. Twice each year we 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 98 per cent passing or exceeding the required benchmark.

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, increases in cost. There is growing risk of supply shortages and cost increases for materials.

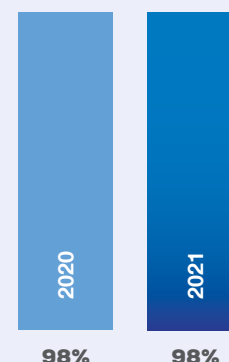
Tragically, in May 2021 the Company was informed that a supplier to one of the Company's contractors working on the St. A site in Melbourne, Victoria was fatally injured whilst supplying product to the contractor in question. This is the first fatality at a Company owned site in its operating history. The investigation into the circumstances of this tragedy is ongoing with the full support of the Company and the contractor. Based on the Company's understanding of the events, it believes it has fully complied with its safety obligations. The safety and wellbeing of our people, contractors and their suppliers always remains Cedar Wood's first priority and we will continue with uncompromising focus on the safety of our workforce and contractors.

Metrics and Targets

Supplier quality review score

BENCHMARK

98% of suppliers pass biennial reviews.



Modern Slavery

The first Modern Slavery Statement is produced.



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 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, which is an essential part of the nation's COVID-19 recovery strategy. 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)

FY2021 Highlights

The 2021 financial year saw the Company spend over \$150 million in development spend, on all 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 over 1,000 jobs, nationally, with 497

FTE jobs in Victoria, 315 FTE jobs in Western Australia, 217 FTE jobs in South Australia and 31 FTE jobs in Queensland.

In early 2021, Cedar Woods welcomed the news that its bid to develop land around the Swanbourne (WA)

train station progressed to Stage 2 under the Western Australian State Government's Market Led Proposal (MLP) process. The MLP policy provides an innovative opportunity for the State to work with the private sector to

create jobs and stimulate the local economy. Cedar Woods achieved 'first mover' advantage in a process to select a developer for a best practice transit-oriented development on land around the Swanbourne train station.

The Company holds membership with the following industry and business associations:

- Urban Development Institute of Australia
- Property Council
- Housing Industry Association

ENVIRONMENT – FY2021 HIGHLIGHTS



CLIMATE RELATED FINANCIAL DISCLOSURES

Cedar Woods acknowledges that the physical risks of climate change, along with the challenge of transitioning to a lower carbon world, present a material risk.

For these reasons, the Company is developing a climate change adaptation strategy, consistent with the Financial Stability Board's Taskforce on Climate-Related Financial Disclosure (TCFD) for addressing climate change-related risks and opportunities. This strategy seeks to quantify the impacts of climate change on the Company's 'Value Creation Model', reflect the property development sector, and identify strategies to adapt to and mitigate against the impacts of climate change. Furthermore, it will manage associated risk and identify metrics against which the Company will report on progress and achievements.

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:

- While the Commonwealth Government has committed to meeting the broad Paris Agreement emission targets, there is little guidance on how the targets will be met. There is no formal direction as to what form climate change policy will take and the effect it will have on the property development industry.
- The property development sector is strongly regulated, with various mitigation and adaption measures already being implemented at State levels, including:
 - 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 establishes the need for coastal process assessments to determine the need for coastal protection and defence initiatives.
 - 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 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.

- c. Bushfire: The 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). These policy measures are undergoing increasing scrutiny in light of recent catastrophic bushfire disasters across the country.
 - d. Storms, cyclones and flooding: The Commonwealth 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.
- The discussion on the following pages on risk relates to both climate change scenarios (>1.5°C or >2°C). It is difficult to respond to the various climate change scenarios as they relate more to a scientific assessment of climate projections and the contribution the property sector makes to those projections. The assessment below has a broad universal application.
 - The need for effective mitigation and adaptation strategies through the property sector needs to be driven from the top, through policy and regulatory change, perhaps assisted by guidance and initiatives of industry bodies, rather than relying on the diverse and varying initiatives of individual companies.
 - Cedar Woods' climate-related risk assessment is focussed 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). At this stage, a low priority has been given to corporate operational impacts.
 - 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, where relevant, climate-related risks. Climate-related issues are also considered when reviewing the Corporate Plan, annual budgets and business plans. In the future, climate related performance targets will form part of the corporate balanced scorecard and individual performance metrics of staff.

The Executive Team has developed the sustainability strategy 'Future Proof' and is responsible for its delivery. 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 (e.g. bushfire regulations) are incorporated into overall risk management, risk registers and risk reporting.

Risk Assessment

	Climate Related Risk	Financial Impact	Risk	Adaptation & Mitigation
Transitional	Policy Risk: Sea Level Rise and Coastal Erosion. 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.
	Policy Risk: Changes in temperature and extreme heat events. 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.
	Policy Risk: Bushfire. 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, over-riding 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.
	Policy Risk: Rainfall, Storms, Cyclones and Flooding. 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.
	Policy: Water Scarcity. 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 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.
	Policy: Enhanced climate change reporting and disclosures 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 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	Legal / Liability Risk 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
	Technological Risk 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
	Market: Change in Consumer Preferences 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. Cost of retrofitting older housing stock can be cost prohibitive
	Reputational Risk. 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	Physical Risk: Sea Level Rise and Coastal Erosion. Time horizon: Medium to long term	Cost of protective measures, upgrade and repair	Low	Cedar Woods has limited exposure to vulnerable coastal locations
	Physical Risk: Bushfire. Time horizon: Short to long-term	Loss and cost of rehabilitation, replacement, upgrade and repair Compliance with firebreak requirements	Medium	Cedar Woods considers WH&S and duty of care implications for communications plans and procedures in relation to staff, contractors and residents associated with bushfire threat to current projects in vulnerable locations
	Physical Risk: Increase in construction time and costs due to increase in severe weather 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
	Physical Risk: Rainfall, Storms, Cyclones and Flooding. Direct loss or damage to property assets. 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 will be developed as part of the Company's newly adopted ESG Strategy and reported against in FY2022 reporting.

Resource Efficiency

Corporate Carbon Footprint

Increasing attention is being applied to minimising the carbon footprint of corporate operations. Cedar Woods will consider how carbon footprint mapping can be used to better understand business impacts. 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.

Energy Efficiency

Cedar Woods helps households enhance energy efficiency and reduce energy costs. In our land development estates we facilitate climate responsive subdivision lot layout. In the building processes which follow, we influence energy efficiency through our design guidelines and 'Sustainable Living Guide'.

Water Efficiency

Increasing innovation is being applied to water sensitive urban design through project initiatives which retain stormwater for reuse and achieve reduction in mains water consumption. Third-pipe reticulation is used to distribute recycled water in most land estates in Victoria.

FY2021 Highlights

The past year has seen a significant change in working habits through our response to COVID-19. In particular, widespread work-from-home arrangements, reduced in-person meetings and almost no interstate travel, has significantly cut work-related travel and associated costs. Future carbon footprint mapping may identify further initiatives that cut carbon emissions and contribute to the Company's cost-efficiency measures.

Many of our energy and water initiatives are realised at the building stage. FY2021 was dominated with lot sales, where we influence buildings through recommended best practice criteria through Design Guidelines, or by providing rebate incentives for renewable energy options, energy efficiency measures or rainwater tanks. We facilitate a climate responsive subdivision lot layout, where the potential benefit is experienced once buildings are constructed.

Managing the total water cycle consistent with Better Urban Management Guidelines is fundamental to every Cedar Woods project. Design Guidelines promoting water efficiency apply to all residential lot sales. Over \$1.2 million was paid in the financial year to lot purchasers for water-wise landscaping packages across land estates.

Renewable Energy

Innovative renewable power solutions are in the market and an increasing number of projects offer purchasers substantial savings in energy costs by participating in renewable energy schemes and income generation through the sale of surplus power back to the grid. All apartment projects in Victoria incorporate embedded networks and solar farms on roof tops.

FY21 Highlights

At Bushmead (WA), the project has achieved UDIA EnviroDevelopment (Energy) accreditation through a range of initiatives including climate responsive solar design; provision of renewable energy options; high-efficiency fixtures and appliances; and initiatives to manage peak load demand. Over \$115,000 was paid in FY2021 to lot purchasers for photovoltaic solar cells at Bushmead.

Customer Focus

Demand for Cedar Woods' products is primarily driven by location and price but there is growing customer preference for water and energy efficient initiatives and other sustainability benefits as part of housing packages.

FY2021 Case Study

Monarch Apartments at Glenside (SA) highlights growing purchaser preference for more sustainable lifestyles. Located just over two km from the Adelaide CBD residents benefit from high frequency public transport and a five minute walk into the capital centre. Already the winner of numerous awards in Masterplanned Development, Residential Development and Urban Renewal, the Monarch Apartments continue to build on sustainability credentials by offering residents:

- 7-Star NatHERS Energy Rating
- Double glazed windows
- Solar powered communal areas
- Electric car charging
- Dual water meters (remotely read) for each apartment
- Automated natural ventilation to corridors
- Bicycle parking with secure digital access control



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.

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 increasingly 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 (Glenside, Carine, Subiaco, Bushmead, Banbury Village, Byford on the Scarp, Ariella etc).

FY2021 Highlights

Cedar Woods continues its focus on urban infill in brownfield locations and connected to high-frequency public transport, including train stations or bus transit. For decades, Cedar Woods has refined its skills in delivering transit-oriented developments, evident by Jackson Green (VIC), winning the 2020 'Development of the Year – New Communities' in The Urban Developer Awards.



Jackson Green (VIC)

The Project will incorporate 151 townhouses and over 400 apartments across four buildings. A short distance to the Clayton train station, residents are connected to a great range of amenities including retail, medical and education, such as Monash University. Sustainability is at the heart of Jackson Green with 4,740m² of public open space, retained native vegetation, rainwater storage, kill switches and future proofing for solar. So far, all completed apartment buildings have achieved between 6.6 – 7.1 star energy ratings under NatHERS. The Huntington Apartments at Jackson Green includes the Ohmie Go Tesla3 car share, with a booking platform for residents to further reduce reliance on private cars.



Bushmead (WA)

Bushmead (WA) was winner of the 2020 UDIA (WA) Award for Environmental Excellence. The project includes Cedar Woods rehabilitating and managing 188ha of bushland for conservation. This year marks the planting of 500,000 trees as part of revegetation initiatives. It has achieved UDIA's 6-leaf EnviroDevelopment Accreditation.

Some of the reuse and recycle initiatives at Bushmead include:

- 100 per cent road base - 18,000m³ - from recycled material, mainly crushed concrete
 - Reclaimed and repurposed products used in parks and nature play areas
 - Trees milled for seating, bollards, paths, boardwalks, and for use in nature play areas
 - Retaining walls and decking made from recycled products
 - All cleared vegetation mulched and re-used on-site
- Stripped topsoil - 10,000m³ - is respread on lots and Public Open Space.

Ellendale (QLD)

Ellendale (QLD) was recognised in the prestigious 2021 Australian Institute of Landscape Architects Awards, being awarded Excellence in Land Management. Cedar Woods has committed to retaining and rehabilitating 91ha of natural and open areas. Rehabilitation works included revegetation planting, translocation of significant plant species from development areas into rehabilitation areas, seed propagation from site, and fauna infrastructure such as nesting boxes, gliders poles and fauna underpasses to creating additional habitat and fauna movement pathways.

