



Environmental, Social, & Corporate Governance

Environmental, Social and Corporate Governance

Aspen aims to be a trusted and ethical business wherever our operations are located and in doing so, return value to investors as well as local stakeholders. This objective applies across our business of owning, operating and developing real estate.

The needs of current and future generations are at the heart of our decision-making processes. Our key decisions recognise the interdependence between environment, people and economics. Sustainability practices underline our day-to-day operations and are integrated into our organisational culture, stakeholder engagement, governance and management practices. This environment helps our people excel and our customers and communities to prosper. Aspen's employees proudly deliver sustainable outcomes for investors, customers, communities and the environment.

Social

Aspen improves society and reduces inequality by providing quality accommodation on affordable terms to a wide variety of Australian households in residential, retirement and park communities. Many of our customers are disadvantaged with below-average wealth and income, and therefore find it difficult to secure suitable accommodation. We typically rent dwellings for under \$400 per week and land sites for under \$200 per week and sell new houses at our land lease communities for under \$400,000. We have started collaborations with The Salvation Army and Red Cross to provide social housing in Western Australia and we want to expand these efforts in the future across Australia.

Aspen values quality stakeholder relationships that are connected, responsive and collaborative. Through these relationships we understand the communities' needs, aspirations, cultures and their sense of place. We support our customers in a variety of ways so that they can live happier and healthier lives. For instance, we foster a social, diverse and inclusive culture in many of our communities by providing on-site management, customer services and community spaces and facilities. This gives our customers a sense of home and meaningful connections to the community.

Some of our properties are located in past and present Indigenous communities and we actively seek to help these communities and conserve heritage items. For instance, to help protect the Barlings Beach Aboriginal Place, we previously completed an archaeological dig within our Barlings Beach park community with the assistance of the Mogo Local Aboriginal Land Council. Another example is the protection and proposed public display of an Aboriginal Scar Tree within our Mount Barker residential estate.

Environment

With a growing portfolio of properties located across Australia, the environmental impact of our communities, environmental risks, and opportunities to mitigate risks and reduce our ecological footprint are a key focus of our ESG program.

Looking after the environment, today and for future generations is essential. We recognise the need to continually reduce environmental impacts, work towards sustainable resource use and ensure emissions are at or below levels that can be reabsorbed without harm. Additionally, we apply the precautionary principle when considering environmental impacts: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials. Aspen has a carbon emission reduction target for the assets that it controls that is in accordance with the 2015 Paris Agreement.

Our portfolio is highly diversified in terms of age, location and community types which presents some challenges and opportunities around environmental impacts and performance, and we consider this through our acquisition, operating and development processes. In reviewing our environmental performance and objectives we consider not only the impact of our own operations but the performance of the dwellings within our communities that are owned by our customers.

Reduced resource use, energy intensity and CO₂ emissions are inherent in Aspen's business model because we provide accommodation with some or all the following attributes:

- Communal living – more efficient sharing of resources such as living, dining, entertaining and recreational spaces, and transport (eg. community bus)
- Dwelling size less than half the Australian average for new homes – about 40% of household energy use is for temperature control (heating and cooling) and this is proportional to floorspace
- New homes and community facilities with improved building techniques, designs and materials that meet current regulated building standards including energy efficiency (eg. replacing obsolete vans/annexes with highly insulated modern dwellings that require significantly less energy to operate)
- Renewable energy installations such as rooftop solar, solar-boosted gas/electric water heaters and solar street lighting - we intend to install batteries at our properties if they become economic for our customer base

- Water saving devices and recycling - clean water requires energy to produce and distribute
- Community gardens - local food production reduces transport requirements and absorbs CO₂
- Recycling and composting facilities - composting food reduces CO₂ emissions relative to burying food
- Relatively high levels of vegetation that absorbs CO₂
- Replacing our vehicles with more efficient or electric/hybrid versions when appropriate
- Metering – making customers more aware of their electricity, gas and water use and charging directly for it to influence behaviour

We continually embrace new technologies to deliver innovative products and services to our customers whilst minimising costs and our ecological footprint.

Some of our properties, particularly our park communities, are located in attractive natural environments and are therefore subject to heightened environmental risks and increasing insurance costs. This includes properties located along coastlines and other waterways and close to bushland, which increases the risks of erosion, flood and fire. We also own properties in regions where cyclones are common such as Karratha and Darwin. We seek to protect these properties through, amongst other things, undertaking physical risk assessments, constructing more robust buildings and infrastructure and maintaining them well, and good land management practices such as bushfire management programs and maintaining sand dunes and natural waterways. None of Aspen's properties have suffered material physical damage from flood, fire or cyclones over the past 10 years.

Sustainable Procurement

Aspen has commenced a review of its procurement processes to understand how ESG considerations could be more deeply embedded into its processes. Based on this review, we will identify a prioritised set of initiatives to ensure we are appropriately managing ESG risk in our supply chain, including considering modern slavery as a priority.

The Property Council of Australia has established and launched a supplier platform for Modern Slavery reporting. The initiative aims to engage suppliers to the industry via a common modern slavery questionnaire, and achieve greater consistency, efficiency and transparency in reporting. Aspen may invite its key suppliers across its highest risk categories to disclose their labour management practices via the tool, which will allow us to deepen our understanding of modern slavery risk in our supply chain and identify areas for further supplier engagement.

Due to the types of inputs Aspen uses and that the vast majority are produced and sourced onshore, we believe the risk is low.

Employees

Aspen's employees provide a competitive advantage for our business, with a high level of sector knowledge and expertise that is critical to our overall business performance. The wellbeing and engagement of our team is essential in providing quality communities for our residents and guests and ensuring the ongoing growth and success of the business.

We work to maintain a performance oriented and inclusive culture, to attract, develop and retain talented people, and to drive a high level of employee engagement and success. We embrace and value all employee differences including gender, gender-identity, age, culture, race and religion, and support each of our employees to achieve their potential and their career goals. Our commitment to diversity extends to all aspects of employment, from recruitment to career development, promotion and remuneration. We recognise the competing demands that are often placed on employees outside of work and we seek to provide appropriate options to achieve work-life balance.

We are committed to improving diversity and in particular, the number of females in leadership and other traditionally male dominated roles within the business. Over the past 24 months, Aspen has recruited females into the head office roles of Head of Marketing & Sales, Operations Manager, and Business Development Manager. We have also significantly increased the proportion female property managers. Across all our properties, 83% of the Property Managers are female.

Aspen's rapid business growth has created significant opportunities for employees. We believe that investing in the development of our people will benefit the business as well as motivate individual employees to achieve their own career objectives while delivering sustainable results. Our development, talent and succession planning processes seek to ensure that we maximise learning and progression for our people and continue to attract and retain individuals aligned with our vision and values. These processes include:

- A defined performance management process that sets clear and measurable goals for individual employees that are aligned with the Group's strategy, culture and values
- Continuous performance reviews
- Career development planning

- Customer service training for all levels of the business
- Role-specific training across all departments

Individual performance is regularly assessed both internally and through customer feedback and all our head office employees and senior management at the properties can benefit from Aspen's remuneration incentive programs.

Occupational Health and Safety

In operating and developing our communities the safety and health of our people, residents and guests is paramount. We aim to create and maintain safe and healthy environments, ensuring that the operations of the Group are conducted in a manner which safeguards the health and wellbeing of our teams, residents, guests, contractors and other visitors to our communities. Relevant staff have KPIs which are related to health and safety, reinforcing the importance of our health and safety framework. We ensure that contractors who control development activity and tradespeople hold appropriate accreditation standards for health, safety, environment and quality and are appropriately inducted on work practices required at our sites.

We engage the services of Donesafe, insurers and other experts to provide support and training to on the ground teams, to help identify and mitigate health and safety risks, and to help ensure compliance with relevant legislation. Ensuring that we have adequate resources and processes to address risks to health and safety, responding to any issues in a timely manner and reporting to management and the Board are key priorities.

Governance

Aspen Group comprises the stapled head entities Aspen Group Limited and Aspen Property Trust. Aspen Group Limited is a company with a Board of Directors. Aspen Property Trust is a trust governed by a Responsible Entity, Evolution Trustees Limited which is independent from Aspen Group Limited and has its own Board. Between the two entities' Boards, there are currently six members of which four are considered independent. The member of the AGL Board who is considered non-independent is the Joint Chief Executive Officer by virtue of his executive role and substantial shareholding in Aspen Group.

Aspen's governance framework is led by the Aspen Group Limited Board and the senior executives. They currently focus on the following from a sustainability perspective:

- The health and safety of employees, contractors, customers and visitors
- Legal and regulatory requirements
- Environmental impacts
- Stakeholder engagement

The Board has ultimate responsibility for ensuring that Aspen's sustainability strategies are robust and that systems are in place for managing Aspen's key areas of sustainability risk and opportunity.

Our senior executives ensure that the organisation continues to perform in a way that demonstrates integrity on our environmental position, our commitment to the communities in which we operate and the opportunities we provide for our people and business partners to contribute to current and future generations.

Our current Key Management Personnel include the Joint Chief Executive Officers. They are aligned to the long-term performance of Aspen Group through their substantial personal shareholdings and the structure of their remuneration packages where 50% of total remuneration is deferred for up to 3 years and subject to vesting conditions including qualitative and quantitative performance measures.

Aspen's Corporate Governance Statement is available on its website at

<http://www.aspengroup.com.au/shareholder-information/corporate-governance/>

Aspen's governance framework is outlined below, showing the relationship between the Board, its Committees and the CEO position.

External Governance Framework

