



# Ethical, Social, and Corporate Governance

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## 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.

Our key decisions recognise the interdependence between environment, people and economics. Sustainability practices are incorporated into our day-to-day operations and are integrated into our organisational culture, stakeholder engagement, governance and management practices. This environment helps our people to excel and our customers and communities to prosper. Aspen's employees proudly deliver sustainable outcomes for investors, customers, communities and the environment.

### Social

Aspen provides quality accommodation on affordable terms to a wide variety of Australian households in the residential, retirement and short stay sectors. 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 \$275-400 per week and land sites for \$140-\$180 per week and sell new houses at our land lease communities for between \$200-400k.

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 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.

Our properties are located in past and in some cases 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 recently completed an archaeological dig within our Barlings Beach park 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 property.

### Environmental

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 impact: uncertainty in the long-term outcomes of environmental effects should not delay action to reduce pollution and reduce consumption of non-renewable materials.

With a growing portfolio of properties located across NSW, Queensland, South Australia, Western Australia and Northern Territory, the environmental impact of our communities, environmental risks, and opportunities to mitigate risks and reduce our ecological footprint are a key focus.

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 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.

Aspen's assets are typically small land lots and single-level dwellings and therefore their environmental impacts are low compared to the average house and commercial property classes. We continually embrace new technologies to deliver innovative products and services to our customers whilst minimising costs and our ecological footprint. For instance, where feasible, our communities include:

- New homes and community facilities with improved building techniques, designs and materials that must meet current regulated building codes and are usually equivalent to the top 6 Star NABERS rating (eg. replacing obsolete caravans with highly insulated Xodboxes that require significantly less energy for heating and cooling)
- Energy and water metering and monitoring systems that enable us and our customers to better measure and reduce energy and water use
- Solar installations (eg. rooftop solar panels, solar-boosted hot water heaters)
- Appliances and devices that consume less energy and water (eg. LED lighting, low-flow shower heads, automated shut down of air conditioners)
- Recycled water systems (eg. treating wastewater for grounds watering)
- Recycled waste collection facilities

- Shared community facilities including pools, gyms, tennis courts and garden/vegetable/fruit pods
- Shared vehicles for group transport (eg. community bus) and bike storage areas

Most of our properties, particularly within our tourism parks segment, 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 northern Australia in regions where cyclones are common, such as Karratha and Darwin. We seek to protect these properties through, amongst other things, constructing more robust buildings and infrastructure, and good land management practices such as bushfire management activities and maintaining sand dunes and natural waterways. None of Aspen's properties have suffered material damage directly from flood, fire or cyclones over the past 5 years.

Some of our properties have their own community wastewater management systems (CWMS) and, where possible, we seek to upgrade or replace these facilities to, amongst other things, protect the environment. For instance, at our fund's Coorong Quays property (owned by an Aspen managed fund) which is located in a protected, environmentally sensitive area on Hindmarsh Island at the mouth of the Murray River and Coorong National Park, we are closing our CWMS and diverting wastewater to the Council's facility on the mainland. We have contributed \$500k cash and 100% of the community's future CWMS revenues to Council to fund the project. We are also proposing to build a new bird sanctuary on one of Coorong Quays' islands to enhance the local ecosystem.

### **Sustainable Procurement**

We have commenced a review of our procurement processes to understand how ESG considerations could be more deeply embedded into our 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 our key suppliers across our highest risk categories to disclose their labour management practices via the tool, which would allow us to deepen our understanding of modern slavery risk in our supply chain and identify areas for further supplier engagement.

### **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 well-being and engagement of our team is essential to 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, religion and lifestyle choices, 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 18 months, Aspen has recruited females into the head office roles of Operations Manager, Head of Marketing & Sales, Business Administration Manager and Asset Manager. Our head office workforce is currently about 40% female and our total workforce is currently about 60% 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 which are aligned with the Group's strategy and values
- Continuous performance reviews which consider alignment with Aspen's culture and values

- Development planning as part of the goal setting and performance review process
- Customer service training for all levels of the business to create a consistent customer experience
- Role-specific training across all departments

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

## **OH&S**

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 have operational control of development activity hold appropriate accreditation standards for safety, environment and quality and are appropriately inducted on work practices required at our sites.

We engage the services of Donesafe 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. Seeking to ensure 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 and 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 6 members of which 5 are considered independent. The only member 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 Boards and the senior executives. They currently focus on the following from a sustainability perspective:

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

The Boards have 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 are 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.