

INGENIA COMMUNITIES

CLIMATE DISCLOSURE STATEMENT

ISSUED May 2023

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As an owner, operator and developer of real estate across Australia, Ingenia Communities acknowledges the traditional custodians of the lands on which we operate.

We recognise their ongoing connection to land, waters and community, and pay our respects to First Nations Elders past, present and emerging.

Corporate Reporting Suite

This Climate Disclosure Statement is part of our broader corporate reporting suite, including:

Annual Report: Provides information on the Group's strategy, financial performance, individual business segments, remuneration and the Group's financial statements.

Results Presentations: Ingenia Communities strategy, financial and operating results for the period, portfolio updates and development pipeline.

Property Portfolio: Details on real estate assets owned and managed, including detailed development pipeline.

Corporate Governance Statement: Outlines Ingenia's ASX Corporate Governance Council's Corporate Governance Principals and Recommendations (4th Edition).

Modern Slavery Statement: Statement on the Group's actions to assess and address modern slavery risks in Ingenia's supply chain.

Sustainability Report: Detailed report providing information on ESG strategy, initiatives and progress.

1. INTRODUCTION

This Climate Disclosure Statement represents further evolution of Ingenia’s Climate Management Approach.

The Taskforce for Climate Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies in providing important climate-related information to stakeholders.

The recommendations set out by the TCFD provide a framework for disclosing short, medium, and long term responses to the physical and transitional risks and opportunities associated with climate change. Following the recommendations of the TCFD, this Statement provides Ingenia’s current response to climate-related issues in relation to Governance, Strategy, Risk Management, and Targets and Metrics.

Ingenia acknowledges the significant global challenge posed by climate change, and that extreme weather events and progressive changes to climatic conditions are expected to impact our communities going forward.

Through the TCFD framework Ingenia will continue to enhance our understanding of climate-related risks and opportunities in relation to the development and operation of our portfolio. In addition to evolving our disclosure of climate-related information through our first Climate Disclosure Statement, we are continuing to refine our approach to the delivery of more sustainable communities through embedding climate considerations in the acquisition, development, and operation of our assets.

This statement has been approved by the Board.



“Ingenia’s focus is on owning and developing sustainable, climate-resilient assets that enhance social and environmental impacts.”

i. OUR COMMITMENT

In February 2021, we established a clear emissions reduction ambition through our announcement of a commitment to Net Zero Emissions (Scope 1 and 2) by 2035, with an intermediary target of 30% reduction in Scope 1 and 2 emissions by mid 2026 (for designated assets against a 2019 baseline). These carbon emission reduction targets are supported by a \$75 million financial debt facility secured through the Clean Energy Finance Corporation (CEFC). Our emissions reduction strategy is outlined in the diagram below (Fig 1). More information can be found on pages 28 & 31 of our 2022 Sustainability Report [here](#).

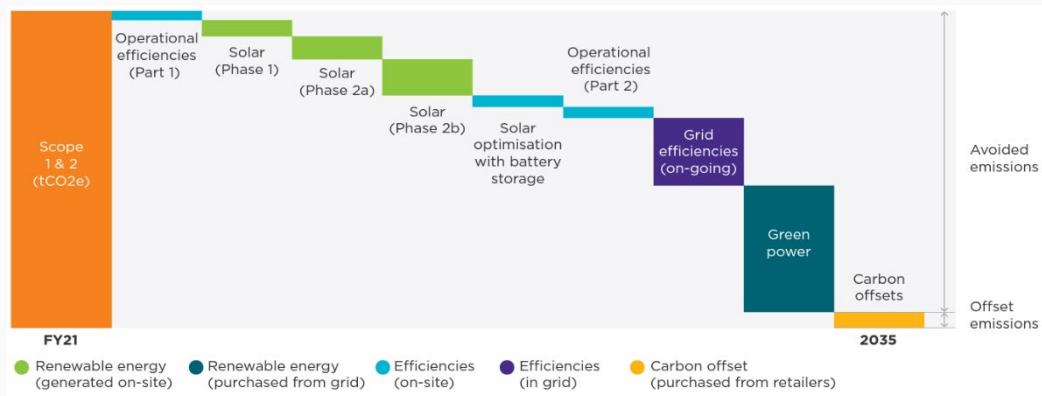


Figure 1. – Ingenia's 2035 pathway to Net Zero Emissions.

BACKGROUND

In addition to making progress to deliver our emissions reduction strategy, in 2021 we commissioned a portfolio wide climate hazard exposure assessment to better understand potential risks associated with our assets and enable us to prioritise key climate-related issues. In 2022, we updated this work with inclusion of more recent acquisitions and revised climate assessment methodology. We also commenced detailed risk and vulnerability assessments for a select group of assets to assess potential risks and identify opportunities to mitigate risks. This will allow us to more fully integrate mitigation and adaptation focussed opportunities into our operational business plans and ensure we are making progress toward becoming a low carbon, resilience focussed property owner, developer, and manager.

We have recently undertaken training with our development teams on Green Star programs and methodologies which has increased our teams' capacity to manage and respond to climate risk in our developments. We have also committed the first developments to utilise the Green Star Communities certification, requiring both climate risk assessments and carbon and energy management strategies.

In August 2022 we became the first property business in Australia to commit to delivering an entire community of [Green Star homes](#) (261 homes).

Our business position is very well aligned to the recommendations of the TCFD and will continue to evolve as we progress the following focus areas:

- Adoption of reporting aligned with TCFD recommendations or other future best practice climate-related disclosure standards
- Refinement of our objectives to ensure we create more resilient and sustainable communities through future development, and reduce the environmental impact of our existing operations
- Implementation and evolution of emissions reduction strategies to support the delivery of our Net Zero emissions commitment
- Extend detailed climate risk assessments to increase understanding of risks, mitigation strategies, and opportunities
- Embed Climate Strategy actions in all business activities.



Ingenia Lifestyle Hervey Bay, QLD

2. GOVERNANCE

TCFD Disclosure

- a) Board Oversight – Describe the Board’s oversight of climate-related risks and opportunities
- b) Executive Oversight – Describe management’s role in assessing and managing climate-related risks and opportunities.

Ingenia’s oversight of climate-related risk and opportunities.

The Ingenia Board retains direct responsibility for matters relating to broad business impacts, including corporate strategy, financial management and compliance, and risk management. The Board’s role includes the review of annual performance against sustainability related targets. The Board delegates responsibility for material exposure to economic, environmental, and social sustainability risks to the Audit, Risk and Sustainability Committee.

The AR&SC consists of three independent, non-executive directors and meets at least quarterly or as necessary. The AR&SC considers all areas of the business, including oversight of the Ingenia Group Risk Register, which includes climate-related risks. Climate risks considered by the AR&SC include physical risks related to assets, as well as policy related risks such as potential impacts relating to implementation of new regulations. The Committee also consider climate-related issues such as decarbonisation strategies, energy strategies and climate adaptation and resilience. More information on Ingenia’s Governance model can be found [here](#), and in our 2022 Sustainability Report [here](#).

The table below summarises the Governance Hierarchy which oversees and manages Ingenia’s climate-related issues.



Figure 2. – Ingenia’s climate-related Governance structure.

Our Board and AR&SC are keenly focussed on continuous improvement of our climate risk identification and management processes. Embedding climate management is an important part of our overarching strategy and our operating processes to ensure that the business develops, owns and operates sustainable assets.

Our Climate Strategy includes assessment and development of operating standards for our acquisitions, development, and operating businesses. More detail on these processes and the role of each group is outlined below.

BOARD OVERSIGHT

- **Audit, Risk and Sustainability Committee** - responsible for ongoing review of progress of Climate Strategy. The AR&SC will consider progress reports every 6 months where risk assessment and climate mitigation outcomes will be reviewed.
- **Investment Committee (IC)** - has reviewed and endorsed a process which integrates climate assessment of site hazard exposure and mitigation strategies into opportunity review, due diligence, acquisition and divestment processes. All acquisitions and divestments include identification of climate risks and mitigation strategies at the asset level as well as the impact on portfolio metrics. The climate assessment is embedded into recommendations to the Investment Committee.
- **Risk Management Committees** - hold joint responsibility for the risk culture and risk framework at Ingenia. Each Committee is comprised of relevant executives and operational staff. The Group Risk Management Committee is responsible for financial services risk, financial services compliance obligations and insurances while the Operational Risk Management Committee oversees operational business risks.
- **ESG (Environmental, Social, and Governance) Committee** - internal working group responsible for overseeing and implementing the organisation's ESG initiatives and embedding relevant practices across the Group. The Committee is a cross functional group that includes representatives from the Executive Leadership Team, Operational Business Leaders and subject matter experts. The team oversees efforts to reduce Ingenia's environmental impact, improve our social and ethical practices, and strengthen our governance structures. The objectives of the Committee include:
 - Embed sustainability principles and deliver relevant ESG goals
 - Review, monitor and report progress against Ingenia's ESG goals
 - Develop and implement policies and procedures related to ESG issues
 - Advise senior leadership/Board on ESG matters and make recommendations for improvement.

EXECUTIVE OVERSIGHT AND ACCOUNTABILITY

- **Senior Executive Leadership Team** - responsible for the day-to-day management of the business and implementation of the strategic plan, including the Climate Strategy. These responsibilities include monitoring progress against sustainability business targets, climate risk management, and delivery of Ingenia's CEFC debt facility commitments.
- **General Manager, Investor Relations and Sustainability** - responsible for the development of sustainability strategy and objectives and the delivery of identified outcomes, including climate-related strategy, reporting climate risk, and progress against climate-related objectives and targets. Our Sustainability team's roles include initiating and establishing programs and processes that address the management and improvement of sustainability business related issues. This includes review and updates to climate strategy and management systems. The team also support and aggregate data for the purposes of business monitoring, strategy and program review, and reporting.

The Committee meets bimonthly and considers all matters relating to ESG relevant to the organisation, including issues relating to climate adaptation and mitigation. Working with business teams to deliver on objectives is a key focus of the Committee.

“Delivery of our Climate Strategy is a key focus across the business and is aligned to the delivery of overall strategic goals.”

Business teams

Acquisition, development, and operational teams consider exposure to physical risks of climate-related issues in relation to their asset ownership, design, and day-to-day management. Particularly relevant is the application of local planning policy and regulation relating to flood mitigation, bushfire management and protection, and sea level rise. Development teams are also responsible for the design and delivery of *Green Star - Communities* and *Green Star Homes* certifications in relevant new development projects. Both Green Star tools include requirements for assessment, stakeholder engagement, and design and delivery of responses to climate risks.

Further, development and operational teams are responsible for the delivery of initiatives required to achieve Ingenia's Net Zero commitment. The Strategy includes Scope 1 and 2 operational emissions as per commitments under the CEFC debt facility agreement, described earlier in this Statement. Examples of specific initiatives delivered in development and retrofitted to existing assets include energy and water efficiency measures, reducing waste to landfill, and clean energy strategies such as solar roll out, battery and hot water system replacement programs. Our design team specify products and brands aligned to reducing ecological impact through product consumption and production and supporting the application of our broader sustainability strategies, including modern slavery, electrification, supply chains and material circularity.

We recognise the need to build internal capacity and awareness as a key component of our strategy and are continuously upskilling our teams - building internal capability through focussed climate engagement presentations, including to the Executive Leadership Team and the Board; engaging teams through climate assessments, and through Green Star training for design and development teams. Following the Green Star training conducted during FY22, a number of team members qualified as Green Star Accredited Professionals.

TABLE 1 - FY23 - GOVERNANCE IMPROVEMENT ROADMAP

ACTION	PROGRESS
Undertake training and engagement on Climate related issues	✓ Board Education/training on climate and the role of TCFD
Improve and embed reporting of climate-related issues	✓ Established Audit, Risk and Sustainability Committee reporting metrics and parameters
	Evolve ESG and Climate risk reporting to Audit, Risk and Sustainability Committee as strategy continues to evolve
	Continue to improve data capture and quality
	✓ Climate risks incorporated in Risk Assessments
	Review progress towards Net Zero Emissions and refine strategy as required
Ensure leadership accountability for climate-related issues	✓ Inclusion of ESG performance metric in remuneration for key Executive Leadership Team members
Review Governance Structure for opportunities for improvement	✓ Refinement of Internal ESG Committee role and objectives
Disclose climate-related Issues to the market aligned to recommendations of Taskforce for Climate Related Financial Disclosure (TCFD)	✓ Preparation of First Climate Disclosure Statement



4. STRATEGY

TCFD Disclosure

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
- b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning
- c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Ingenia's actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material.

Ingenia operates a diverse suite of assets. We currently own and operate over 100 assets portfolio wide including:

- Lifestyle – Over 50s land lease communities
- Gardens – Seniors rental villages
- Holidays – Holiday rental, caravanning and camping
- Rental – Affordable all age rental communities.

A number of these assets include more than one of these accommodation types within the operations of the community.

The scale and nature of our operations is relatively complex and can pose challenges in delivering our emissions reduction and climate adaptation strategies. Diverse and often aging asset infrastructure and limited data capture pose additional challenges.

We hold direct responsibility for the operation and energy use within common areas in each of our operating communities, however residents in our Lifestyle and Gardens communities are generally responsible for their own energy use. While we operate embedded networks within our communities the level of control we have over resident energy supply and demand choices can be limited. Other emissions management challenges include a lack of industry benchmarks, standards or comparable datasets, particularly when compared to more established sectors within the property industry such as large residential, apartments and commercial property. Our strategy relies on our own benchmarking which can take time to establish, an issue exacerbated over the last 2 years by lockdowns associated with the COVID pandemic and irregular demand profiles. We aim to take a practical and consistent approach to the application of best practice processes, which when applied as a wholistic strategy, allow us to understand relative and potential risks, and to develop plans to mitigate exposure, adapt to changing climatic conditions, and reduce our emissions.

i. PHYSICAL RISKS

Physical climate risks exist across all Ingenia's assets, particularly those exposed to coastal areas, close to waterways, or located in more natural surroundings. Climate-related exposure and vulnerability may increase or decrease accordingly depending on the location and physical attributes of the asset. In 2021 Ingenia prepared a Climate Exposure Assessment across 77 assets included in the portfolio at that time. In 2022 the portfolio was reassessed using updated methodology and including an additional 28 assets acquired in the interim period (current as at end of June 2022). The revised assessment process provides site level climate hazard exposure scores representing both present day and future climate hazard exposure. Climate hazards included in the assessment are consistent with variables identified in *CSIRO and Bureau of Meteorology's Climate Change in Australia; Regional Climate Change Explorer, NRM sub-cluster reports*. Each asset was assessed for exposure against the physical climate attributes listed in Table 2 on the following page. This assessment is undertaken as part of the acquisition process for new assets and to provide individual asset and portfolio level data, which is utilised in internal assessments, the identification of relevant asset specific strategies and monitoring of risk.

“Our strategy responds to the risks and opportunities identified in the Risk section of this Climate Disclosure Statement.”

TABLE 2 - PHYSICAL CLIMATE RELATED HAZARDS

CLIMATE RELATED IMPACT	EXPOSURE RISK
Bushfire	Can result in damage to property, dangerous and damaging indoor and outdoor air quality, impacts on business activities, increased demand for emergency services and evacuation facilities, and in the worst case, loss of life
Rainfall and riverine flooding	Can result in damage to property, reduced business activity, erosion and contamination of coastal environments and unstable trees, increased demand for emergency services and evacuation facilities, and in the worst case, loss of life
Drought	Can result in increased demand on drinking water supplies, water restrictions, reduced asset amenity
Temperature (heat)	Extreme heat is a key concern with respect to health and wellbeing impacts on communities, increased demand on energy grids and cooling systems, increased demand on drinking water supply, reduced demand for outdoor lifestyle activities and increased demand for facilities such as community centres offering respite and relief from heat
Storms, tropical cyclones, large hail	Can result in damage to property and facilities, interruption of business activities, increased demand for emergency services and evacuation facilities
Coastal inundation including sea level rise/storm surge/coastal erosion	Increased risk of damage to property and infrastructure resulting from increased severity of storm surge, and ongoing increase in corrosion and contamination associated with salt water encroachment

Based on results of the initial exposure assessments undertaken in 2021, ten high exposure assets were selected for further vulnerability assessment to provide a representative sample of assets and climate considerations. The sample assets were selected to inform potential vulnerability considerations and recommendations across a diversity of asset typologies, regional locations, and at various stages of development and operation. A further three detailed vulnerability and adaptation assessments of existing assets, and three assessments of new development assets have been undertaken in 2022, bringing the total to 16 assets which have now been assessed for vulnerability to climate hazards. These assessments, aligned to Ingenia's own risk assessment framework, were undertaken in accordance with international and national standards for risk assessment and aligned to RCP 8.5 scenario projections through to 2030 and 2090.

RCPs or Representative Concentration Pathways are used to describe different atmospheric greenhouse gas concentration scenarios. The RCP 8.5 pathway would result in a 4.3 degree Celsius temperature increase by 2100 relative to pre industrial temperatures, and is considered worst case scenario where little is done to abate Greenhouse gas emissions. The Assessments include mitigation and adaptation recommendations as well as broader general recommendations to improve organisational climate risk and resilience approaches. The outcomes of these assessments are integrated within our overall climate strategy.

Where an asset experiences a physical climate event, we will also monitor the event and any impacts and undertake a review of our responses to ensure we understand where we need to change or improve our responses.

Artist impression – Ingenia Lifestyle Hervey Bay, QLD



Key actions identified through the Exposure and Vulnerability Assessments described above are provided in the table below (Table 3) and form the basis for our priorities in building asset climate resilience.

TABLE 3 - GENERAL CLIMATE VULNERABILITY RECOMMENDATIONS

ISSUE	RECOMMENDATION	PROGRESS
Climate-related investment	Methodology for prioritising risks across sites	✓ Highest priority sites based on hazard exposure rating and asset value have been identified for further assessment
Acquisitions	Screen acquisitions for exposure to material climate change risks	✓ Process piloted, approved by the Board and now being implemented for all acquisitions
Design & development	Climate change risk assessments during new masterplan design	<ul style="list-style-type: none"> ✓ Green Star - Communities and Green Star Homes pilots underway ✓ Green Star Climate Risk assessments complete for three development projects ✓ Green Star - Communities and Green Star Homes training provided to all Design and development teams - business now has inhouse Green Star Accredited Professionals (GSAPs)
Back up power	Provision of back up power or alternative power to assets at risk of network outages	<p>Solar rollout & battery trial ongoing, investigating Geothermal heating and cooling</p> <p>Installing initial EV charging stations</p> <p>Identify and prioritise assets most at risk of outages</p> <p>Audit backup power systems</p>
Drought resilience	Explore alternative water solutions to support resilience	<p>Green Star - Communities and Green Star Homes projects commenced which will include water initiatives to improve drought resilience e.g. recycled water connection, high efficiency taps and fittings</p> <p>Drought resilience addressed in minimum design standards for new projects</p>
Communication resilience	Identify options for locations prone to poor communication network reception	Communications audit of assets scoring high for bushfire, flood, and storm exposure



ii. TRANSITION RISK

Through the 2015 Paris Agreement, which came into force in 2016, the global community has agreed to take steps toward a transition to a low carbon economy. To achieve this ambition, signatories must put in place steps to limit emissions and hence target a limit of global warming to 2°C. Australia has adopted this ambition as a nation, recently passing the Climate Change Act 2022. In doing so the country commits to the implementation of policy and economic measures to move the local economy away from fossil fuels toward a cleaner more sustainable energy base.

To inform our understanding of key transition drivers, and to support the subsequent identification of risks and opportunities relating to potential impacts on Ingenia's business strategy, we have prepared a Transition Risk Assessment in conjunction with an independent expert climate consultant.

The Transition Risk assessment reviewed the key drivers of transition risk in relation to an aggressive shift in economic conditions using RCP 2.6 to inform scenario analysis. RCP 2.6 is aligned to TCFD and represents a best-case climate scenario where global emissions are significantly reduced. It is also the only scenario where global warming peaks at 1.5 to 2°C by the end of the century. This scenario is likely to represent the most disruptive and highest cost of transition, as energy systems and product suppliers make rapid change.

The Transition Risk Assessment process included engagement workshops with Executive Team representatives and representatives from specialist areas from across the business, and input into risk and actions through a session with the Ingenia Board.

This process identified key transition risks and opportunities. These are described in the following tables.

TABLE 4 - KEY TRANSITION RISKS AND DRIVERS

TCFD CATEGORY	PRIORITY RISKS IDENTIFIED	RESPONSE
Market	Supply chain cost increases resulting from market uncertainty and resource scarcity	<ul style="list-style-type: none"> Prefabricated homes Securing supplier agreements early Alternative supplier and materials strategy
	Customer affordability risk associated with additional transitional costs over and above current inflationary pressures	<ul style="list-style-type: none"> Masterplan and home design review Energy infrastructure optimisation strategy Green Star Homes trial – efficient and resilient homes
	Abrupt and unexpected energy cost increases and solar capacity limitations	<ul style="list-style-type: none"> Roll out of solar and efficiency program Energy infrastructure optimisation strategy
Policy and Legal	Increased operating expenditure due to climate hazard exposure	<ul style="list-style-type: none"> Asset climate adaptation and resilience assessment strategy
Technology	Investment in technology that becomes outdated or curtailed by regulation	<ul style="list-style-type: none"> Energy infrastructure optimisation strategy Prioritise diverse yet proven technologies – LED, solar PV, heat pump hot water, batteries, and geothermal
Reputation	Capability to identify and manage climate-related risks	<ul style="list-style-type: none"> Asset climate adaptation and resilience assessment strategies



TABLE 5 - KEY TRANSITION OPPORTUNITIES AND DRIVERS

TCFD CATEGORY	PRIORITY OPPORTUNITIES IDENTIFIED	RESPONSE
Energy source	Investment in energy efficiency to reduce energy demand and future proof against energy cost and carbon pricing	<ul style="list-style-type: none"> Energy Efficiency program roll out includes hot water upgrades, LED lighting roll out, solar roll out and Green Star Homes design reviews A/C smart remotes in holiday cabins
	Installation of EV charging stations as EVs become a customer preference over time	<ul style="list-style-type: none"> Energy infrastructure optimisation for new development considers EV charging requirements Review of space, energy capacity and customer demand in existing villages
	Installation of renewable energy to achieve Carbon Neutral operations	<ul style="list-style-type: none"> This program is well progressed with 2,080 kW of Solar PV installed across 52 communities at 30 June 2022
Market	Customer preference for domestic travel due to increased costs of airline travel and preference for 'local' tourism	<ul style="list-style-type: none"> Ingenia is well placed to capitalise on preference for local travel Energy and water efficiency program roll out continues to strengthen Ingenia as a low footprint option for travellers
Market	Enhancing reputation and reduced exposure to liability through measuring and reporting climate-related risks	<ul style="list-style-type: none"> Asset climate adaptation and resilience strategies and TCFD aligned reporting Portfolio asset exposure assessment Implement acquisitions climate assessment



Pool house
Ingenia Lifestyle Chambers Pines, QLD

Ingenia's identified climate-related transition risks are generally related to market shifts, policy changes or potential for reputational loss, either with residents, employees or securityholders. Understanding these drivers and risks will enable us to identify short, medium and long term mitigation approaches and capitalise on opportunities to benefit our customers, stakeholders and our business strategy. This is our first year with a clear end to end strategy in place to manage climate risks, and through ongoing review and feedback we will refine our current processes and identify priorities not addressed by existing strategies.

Insuring our assets supports our risk mitigation strategy by limiting our exposure to revenue loss and costs of reconstruction associated with climate or weather related events. Currently all assets are insured, however we recognise that there are a range of economic and market conditions that influence the insurance market. We continue to monitor the insurance market and work with our insurers as part of our risk mitigation strategies.

iii. EMISSIONS REDUCTION PATHWAY

Our focus on reducing emissions includes our announcement in February 2021 of our commitment to Net Zero emissions in operations (Scope 1 and 2) by 2035. This long-term commitment covers our existing operations in Australia and includes an intermediary target of 30% reduction in Scope 1 and 2 emissions (includes 45 assets benchmarked against a 2019 carbon baseline by 2026). The target is supported by a \$75 million finance debt facility secured from the Clean Energy Finance Corporation (CEFC). Our decarbonisation strategy follows a best practice carbon management hierarchy of avoid, reduce and replace emissions before purchasing offsets. An overview of our 'Pathway to Net Zero' is outlined in this Statement's Introduction (see Figure 1). The pathway focusses on operational efficiencies such as LED lighting, battery installations, thermally efficient accommodation, solar roll out, electrification and considers 'greening of the grid' over time. Purchase of green power and purchase of a small amount of carbon offsets from energy retailers will also likely play a role in achieving Ingenia's objective. More information is available in our 2022 Sustainability Report [here](#).

In support of our net zero ambitions, we are delivering all electric communities across all our new development projects. Through our move away from gas connections we are now installing rooftop solar and induction cookers through all communities. We are also optimising our new communities energy grids to support changing electrical demand, batteries, and future electric vehicle charging.

Highlights of our carbon and climate response initiatives include:

- Installation of solar energy generation – as of June 2022, we have invested around \$2.5 million in solar installations representing approximately 2080 kw of installation across 52 of Ingenia's communities
- Trial of battery technology at Ingenia Lifestyle Hervey Bay to support optimisation of onsite renewable energy generation and use
- Rollout of 5400 LED lights across 38 existing communities with an estimated saving of over 500,000 kWh per annum
- Installation of first ModnPods at Ingenia Holidays Byron Bay, which will provide for a modular and healthier holiday cabin, while delivering enhanced environmental outcomes
- Installation of smart remotes in holiday accommodation – circa 1,000 smart remotes were installed in holiday cabins across 22 holiday parks. These remotes automatically prevent air conditioning being run at uneconomic hot or cold levels through pre-set minimum and maximum temperatures, thereby improving energy efficiency
- We have committed to delivering 261 homes certified to the GBCA's Green Star Homes standard. The Green Star standard requires all homes delivered under the standard to achieve net zero carbon in operation
- We have also committed three new development projects to achieve Green Star - Communities certifications (Beveridge in VIC, Bargara in QLD and Fullerton Cove in NSW)
- All new acquisitions are required to factor in installation of solar to support achievement of our Emissions Reduction target.

iv. ACQUISITIONS, DEVELOPMENT AND OPERATING ASSET LIFECYCLE

During 2022 we have focussed on how we continue to embed climate-related risk and opportunity considerations into our acquisitions, development, and operations processes.

- **Acquisitions** - To ensure we are considering climate and other environmental and social issues during our acquisition process we developed, piloted and have adopted a more comprehensive inhouse ESG due diligence template. The template is to be applied within our broader opportunity identification and due diligence processes to support consideration of asset related climate risks during the acquisition process. This process ensures that:
 - Acquisitions consider issues and opportunities associated with climate goals
 - A clear understanding of individual asset risk is obtained and, if required, costs to mitigate are considered as part of the acquisition process
 - Integration (for existing assets) and development plans include an understanding of the climate review process and outcomes
 - Portfolio impacts can be modelled and integrated into group programs (e.g. solar, LED lighting)
 - As portfolio composition changes, portfolio wide risk assessments are updated to reflect new acquisitions.
- **Development** - The integration of climate-related issues into our design and development processes has included:
 - A commitment to achieving *Green Star - Communities* certification across 3 new development projects: Fullerton Cove in NSW; Bargara in QLD; and Beveridge, north of Melbourne in Victoria. As part of the *Green Star - Communities* certification process, we have completed climate adaptation and resilience assessments for these projects. The outcomes of each assessment will be included within a climate plan focussed on climate risk and opportunity in design, development, and operations of each community. Green Star Climate Plans will be integrated into our overarching climate management approach and annual asset management review. The learnings gained by our development teams and project partners, particularly in terms of integration of recommendations into design and delivery processes, will allow us to continue to progress our overarching strategy, improving processes and energy outcomes
 - Aside from Green Star processes, the Ingenia design team have integrated key initiatives into our standard design practices. In response to our commitment to all electric communities, consideration of alternative cooking, heating and hot water options are now factored into design, including highly efficient electrical appliance selection
 - Ingenia is a member of the GBCA's *Green Star Homes* Early Access Program, piloting the *Green Star Homes* certification tool. Following completion of the design and construction of our first home at Plantations (certification underway) in August 2022 we announced our commitment to delivering the first complete community of *Green Star Homes* in the country, at our Beveridge community in Victoria. *Green Star Homes* specifications include requirements to be Net Zero in operation and embed resilience through provision of efficient climate design responses and alternative water supplies.
- **Operations** - In FY22 we engaged climate experts AECOM to update our exposure assessment across our portfolio of 108 existing assets. The exposure assessment provides us with a baseline for further analysis and insights. In this regard, we recently assessed 3 assets for mitigation initiatives, made recommendations and constructed pilot dashboards with the aim of building on this initiative over time. Through undertaking analytics on our exposure assessment, we have prioritised assets for future mitigation assessments. Our focus will be on assets that fall within the high exposure category, and have a high value. We will also prioritise initiatives that we have identified through both Green Star and our mitigation assessments that will have a high impact and can be scaled at a portfolio level.

TABLE 6 - FY23 - STRATEGY IMPROVEMENT ROADMAP

ACTION	PROGRESS
Preparation and endorsement of Climate Strategy to support business position	✓ Climate strategy endorsed by the Board and adopted by the business to reinforce and clarify standard operating procedures regarding climate risk assessment and mitigation
	✓ Standard operating procedures regarding climate risk assessment and mitigation adopted across development and acquisitions
	✓ Climate risk assessment across operating assets
Implement processes used to determine the material financial impacts of climate-related issues	✓ Portfolio wide climate hazard exposure assessment complete
	✓ Asset values integrated into climate hazard exposure assessment
	✓ Mitigation identification embedded into acquisitions and development processes
	✓ Strategy, risk and performance reporting to Executive and Board in place
	Refine pilot asset specific climate dashboards
Complete energy strategy for new developments and operating assets	✓ New development strategy complete identifying minimum standards to address climate resilience
	✓ Distributed Energy Resource (DER) Strategy for new developments in place, aligned to net zero pathway emission reductions
	Implement minimum development standards and DER strategy for new development
	Establish operations climate adaptation assessment framework and DER Strategy
Pilot Green Building Council of Australia ratings tools	✓ Commitment to Green Star - Communities and Green Star Homes ratings across identified development projects
	✓ Three Green Star climate risk assessments complete
	Build on learnings from Green Star projects to enhance minimum development standards
Continue to deliver on actions and outcomes from physical and transition risk/opportunity assessment processes (as described in Tables 4 and 5)	✓ Continue rollout of existing projects (including energy efficiency, energy storage and solar PV)
	Continue to identify energy efficiency and renewable energy opportunities in existing portfolio
Improve reporting systems and management processes	Review pilot Power BI dashboards for three existing assets
	Explore potential to generate centralized action plans for climate, linked to asset dashboards



Ingenia Lifestyle Nature's Edge, QLD

3. RISK

TCFD Disclosure

- a) Identify – Describe the organisation's process for identifying and assessing climate-related risks
- b) Manage – Describe the organisation's processes for managing climate-related risks
- c) Integrate – Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Disclose how Ingenia identifies, assesses, and manages climate-related risks.

i. OVERALL RISK MANAGEMENT APPROACH

Ingenia's overall Risk Management approach is described in the Responsible Entity Risk Management Statement found [here](#). Ingenia is the holder of an Australian Financial Services Licence (AFSL) and as such is required to put in place an appropriate risk management framework. Our Risk Management approach responds to the requirements of regulatory entities including the Australian Stock Exchange, the Australian Securities & Investments Commission, the Corporations Act Licence requirements and ISO 31000 requirements. The role of the Audit, Risk and Sustainability Committee and the role of the Compliance Officer are outlined in Principle 7 of the [Corporate Governance Statement](#). Principle 7 also describes the role and requirements of the Responsible Entity and the associated scheme constitutions. Further explanation of the role of the AR&SC in relation to Climate-related issues is described in Section 2 (Governance Approach) of this Statement.

Risks identified, control measures, and ongoing monitoring, are set out in the Ingenia Communities Group Risk Management Policy and Risk Registers. As a result of the annual risk assessment Ingenia has Risk registers for both the Corporate and Operating Businesses. These registers include climate-related risks and management responses. Risks are prioritised via the risk management matrix within the risk registers. Ingenia's Risk Function coordinates a quarterly risk register update to the Risk Appetite Matrix. Updates are then included in the Risk and Compliance Report and presented to the AR&SC.

Over the past 2 years we have developed a multifaceted approach to identifying and managing both existing and future physical and transitional climate risks. Through our first Transition Risk Scenario Analysis and development of our first climate risk register, we have a framework through which we can regularly monitor risks, opportunities, and responses associated with business operations in a low carbon future. Further, our approach to identifying and ranking our assets according to their physical exposure and asset value has helped us to prioritise climate risk assessments across our portfolio.

During 2022 we developed climate dashboards for three assets. Over time, the development of a portfolio wide centralised dashboard of all assets will enable us to track exposure, vulnerability and risk assessments, recommendations, and actions taken. The dashboard will also be designed to consolidate relevant data from climate assessments to support review and prioritisation of future capital expenditure.

Prioritisation is assessed based on the level of exposure of the asset to climate elements, consideration of impacts to life and property, asset value and ongoing operation of the asset, and financial impact to the business overall. Once in place, the dashboard will be updated as we acquire new assets or dispose of existing assets, and where further climate risk data becomes available.

Our forward-looking approach to managing climate risk across our assets includes a focus at each of the three stages of our community asset lifecycle, as described below:

- **Acquisitions** - To help inform our current and future investment decisions we have recently prepared a comprehensive ESG checklist to support improved understanding of potential acquisition climate hazard exposure. Once a decision to acquire an asset is made, we will prepare a detailed climate risk assessment and action plan, which can support more accurate pricing proposals and capital expenditure requirements. We will continue to refine this approach in FY24 through monitoring application on new acquisition opportunities, and through risk assessment of development and operating assets, to ensure learnings are captured and integrated into future acquisition assessment. Acquisitions assessments feed into asset management (operating assets) and development strategies and are incorporated into the overall portfolio assessment of climate risk.
- **Development** - Where a greenfield asset is acquired for the purposes of future development, the acquisition ESG checklist and climate risk assessment will be used to inform our Climate Adaptation and Resilience Plan approach, which is informed by the Green Star standards. The Green Star Climate Adaptation and Community Resilience credit draws on existing climate based reviews including catchment and flood assessments, bushfire requirements, sea level rise planning undertaken by local and state authorities, and advice from technical experts, to inform a risk assessment and recommendations. We will review this approach and recommendations over time to identify opportunities to enhance the minimum standards reflected in our design processes. The GBCA undertake regular industry and expert reviews of the Green Star tools, which helps us to continuously align with industry best practice.

To ensure we efficiently meet the objectives of the business to be Net Zero in operation (Scope 1 and 2) by 2035, we engaged expert energy strategy consultants to support the preparation of a new Energy Strategy for our development projects. The Strategy aims to optimise Distributed Energy Resources (DER) and ensure the infrastructure we install within our new developments supports optimised designs, facilitates delivery of our Carbon Neutral target for each development, and future proofs energy cost and reliability for both Ingenia and our residents.

- **Operations** - During 2022 we updated our climate hazard exposure assessment across our existing portfolio of communities. The assessment provides an exposure score and ranking which enables us to prioritise assets for detailed risk review and supports our approach to our asset planning and capital expenditure. We have also undertaken three RCP 8.5 aligned Climate Risk assessments during the year, including one Gardens Community and two Holiday Parks. The identification, prioritisation and action recommendations are expected to improve prioritisation of capital allocation programs to climate based initiatives.



I. AWARENESS AND ENGAGEMENT

To improve understanding and consideration of climate-related issues, climate risk education and awareness sessions were held with senior management as part of the preparation of the Transition Risk Assessment, and through a separate session with the Board. It is important that decision makers are aware of and engaged in key elements of Ingenia's climate approach to ensure clear visibility over key physical and transition risks are given appropriate consideration. An internal staff training module on climate-related risk is currently in development and is expected to be available toward the end of 2023. The module will be available for both new starters and existing staff as an introduction to climate-related risk at Ingenia. We partnered with the GBCA to deliver four 'in house' Green Star training sessions with our staff. Four sessions were run this year with a focus on delivering projects aligned to the *Green Star Communities* and *Green Star Homes* tools and establishing the Group's minimum ESG standards.

TABLE 7 – RISK MANAGEMENT IMPROVEMENT ROADMAP

ACTION	PROGRESS
Monitor climate risk and opportunity across the portfolio	<ul style="list-style-type: none"> ✓ Portfolio climate hazard exposure assessment completed and regular reporting to Audit, Risk and Sustainability Committee in place ✓ Outcomes of acquisitions climate risk assessment incorporated into portfolio reporting and asset integration
Develop climate resilience self-assessment process for acquisitions and existing operating assets	<ul style="list-style-type: none"> ✓ In-house climate exposure and mitigation tool for acquisitions endorsed by Audit, Risk and Sustainability Committee and adopted by the business ✓ Deep dive Climate Risk Assessments completed across two holidays and one Gardens communities, providing insight for further assessment and action Prepare rapid (self assessment) climate adaptation & mitigation tool for existing assets in conjunction with Operations team Undertake additional deep dive Climate Risk Assessments on priority assets to enhance understanding of key risks and opportunities across asset base
Improve climate outcomes for new developments	<ul style="list-style-type: none"> ✓ Climate risk assessments completed on 3 new development projects, in accordance with Green Star Climate Risk credit Rollout agreed minimum standards for new developments Deliver Green Star - Communities and Green Star Homes projects, including Climate Risk Credit Assessment, in line with existing commitments
Continue alignment and integration of climate risk identification and management into the existing corporate and asset risk management processes	<ul style="list-style-type: none"> ✓ Climate risk processes embedded in existing risk management framework ✓ Ingenia risk management template used for three climate risk assessments on existing assets Continue to identify opportunities to align processes and reporting



5. TARGETS AND METRICS

TCFD Disclosure

- Metrics – Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- GHG performance – Disclose Scope 1, Scope 2, and if appropriate Scope 3 GHG emissions, and the related risks
- Targets and Performance – Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Ingenia's metrics, targets and GHG emissions.

Ingenia has committed to both the transition to a low carbon economy and working with our communities to build climate resilience into our assets. Targets support our leadership and asset managers to focus decision making and prioritise investment into key strategic areas that will help to future proof our business.

Ingenia has adopted the following targets in relation to climate-related issues.

i. LOW CARBON ECONOMY TARGETS

- To be Net Zero in operations (Scope 1 and 2) by 2035
- 30% reduction in Scope 1 and Scope 2 GHG emissions by 2026 for all assets owned at 1st January 2019 (against a 2019 baseline)
- Completion of 261 homes certified to the *Green Star Homes* at our Beveridge Project
- Deliver at least one *Green Star Communities* certified pilot project and one *Green Star Homes* certified pilot project

More information on our climate metrics and targets can be found in our 2022 Sustainability Report [here](#), including an assessment of performance against GRI.

We reported our emissions for the first time in 2021 and have updated our data tables to include our 2022 energy and emissions data.

Table 8 on the following page captures our performance data on energy consumption and GHG emissions for activities under our operational control. This reporting provides us with a baseline year from which we can monitor future emissions. Challenges continue to exist in capturing and collating data however the Group is seeking to extend data capture and, over time, move to the provision of audited reports. Due to the COVID pandemic and extended lock downs in our residential communities and lock outs in our holiday parks we expect that our last 2 years of data will represent anomalies in our energy use and emissions as usage begins to normalise over time.

A summary of our emissions data is found below – for more detailed reporting, including details on the reporting protocols in place, please refer to the 2022 Sustainability Report.

TABLE 8 - ENERGY AND EMISSIONS DATA

OCCUPANCY, ENERGY CONSUMPTION AND GHG EMISSIONS	FY22	FY21
Nights Occupied	2,823,613	2,234,801
Electricity Usage (MWh)	14,554	12,840
Natural Gas (MWh)	2,036	807
LPG (MWh)	4,418	3,665
Scope 1 emissions (tCO ₂ e)	1,454	975
Scope 2 emissions (tCO ₂ e)	11,702	10,275
Total GHG Emissions (Scope 1 and Scope 2 (tCO₂e))	13,156	11,250
Emissions Intensity (Scope 1 and Scope 2 (kg CO₂e/night))	4.7	5.0
Resident Electrical Usage (MWh)	7,386	5,907
Resident Emissions (tCO ₂ e) - Scope 3 emission for Ingenia	6,087	4,842

Notes

1. Excludes Ingenia Head Office, Funds, Assets under development during the reporting period, Murray Bend and Merry Beach (where metered data for annuals is not available). Not adjusted for the increase in asset base over the period.
2. Increase in electricity consumption and Scope 2 emissions due to new acquisitions
3. Increase in Ingenia Holidays natural gas usage due to acquisition of BIG4 Inverloch Holiday Park in December 2020
4. Prior year data has been restated to include an estimation of LPG for Marsden Gardens which was not captured in preceding years.

Our key measure in relation to our contribution as a business to Australia's carbon footprint is Total GHG emissions. To enable benchmarking and comparison of assets we also use an intensity metric which is based on energy use and GHG generated per night our assets are occupied. We continue to focus on working with our energy suppliers to improve access to our energy related data for consumption and generation. To support this work, we have commenced installation of submeters across 6 of our assets in NSW (The Grange, Bob's Farm, Latitude One), Qld (Nature's Edge) and VIC (Lakeside Lara and Parkside) to allow us to gain a better understanding of how energy is used within those assets. Reported Scope 3 emissions are calculated for the electricity consumption by residents across our communities. We also have a clear focus on improving our waste and water data collection and are committed to developing metrics for these key areas over the next 2 years.



TABLE 9 - TARGET AND METRICS IMPROVEMENT ROADMAP

ACTION	PROGRESS
Develop Targets and Metrics for climate risk and resilience	✓ First emissions data published in 2020 (using 2019 baseline data) following development of energy data collection and reporting metrics
	✓ Announced commitment to achieve Net Zero by 2035 and 30% GHG emissions reduction by 2026 in February 2021
	✓ Mitigation targets are described within the Metrics and Targets section of this Statement. Consideration of Climate Adaptation metrics ongoing
	Continue to evolve data capture and quality as business systems and capital investments progress
	Explore intensity measures in addition to occupancy where it will drive improved understanding and management (e.g. tCO2/\$M asset value or tCO2/sqm occupied space)
Develop Transition Risk metrics to support monitoring and review	✓ Transition risk assessment undertaken; key risks and opportunities identified
	Further consideration to be given to Transition Metrics to enable effective ongoing monitoring and reporting
Introduce a development and operations waste performance target within the portfolio	✓ Waste reporting established to provide baseline for future waste targets
	✓ Green Star pilot project to provide insight into viable options for Waste targets and metrics across new developments
	✓ Waste workshops held for new developments to identify potential initiatives and innovations
	✓ Utilise waste workshops and development minimum standards to identify waste targets for new development projects
	Continue work with Waste contractor on strategic waste priorities for our operational communities to understand suitable targets and required initiatives
Establish efficiency or financial goals, financial loss tolerances associated with emissions reduction	✓ Emission reduction targets in place
	Financial metrics options to be considered in conjunction with regulatory requirements and industry standards



Ingénia Holidays Cairns Coconut QLD

6. NEXT STEPS

Over the last two years we have built our climate management approach culminating in this, our first TCFD aligned report. We have clear commitments to reduce our carbon emissions in support of Australia's national target and alignment to a global drive towards limiting temperature gains to between 1.5 and 2°C. In this regard, we will continue to drive our energy efficiency upgrade programs, and solar and battery programs across our existing portfolio. For our new projects we will design and build new developments informed by Green Star and continue down the path of delivering a consistent and optimised approach to the provision of energy in our new developments, as we head toward our goal of net zero (Scope 1 and 2) by 2035. Finally, we will implement our climate risk identification processes for our new acquisitions and refine the process as we feed back outcomes from our climate risk reviews in our existing and development assets.

For those anticipated changes to long term climate and weather patterns already locked into our future climate as a result of legacy GHGs, we will continue to build our understanding of physical risks and opportunities for our communities and the risks and opportunities to our business overall in the transition to a low carbon economy. We will also continue to focus on embedding our climate adaptation and resilience approach and assessment recommendations into our existing acquisitions, development, and operations practices, our business strategy and our risk management processes.





Artist impression – Ingenia Lifestyle Natures Edge, QLD

DISCLAIMER

This Climate Disclosure Statement was prepared by Ingenia Communities Holdings Limited (ACN 154 444 925) and Ingenia Communities RE Limited (ACN 154 464 990) as responsible entity for Ingenia Communities Fund (ARSN 107 459 576) and Ingenia Communities Management Trust (ARSN 122 928 410) (together Ingenia Communities Group, INA or the Group). Information contained in this Statement is for the purpose of providing general information regarding the Group's performance and plans with respect to climate-related risks and opportunities.

This information provided in this Statement is for general information only. Nothing contained in this Statement constitutes investment, legal, tax or other advice.

This Statement contains forward-looking statements and statements of opinion. This may include statements relating to plans, strategies and objectives of management; the Group's targets and goals; external enablers (e.g. technological advancements); fluctuations in carbon and energy markets; and climate scenarios.

The forward looking statements involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Group. In particular, they speak only as of the date of these materials, they assume the success of the Group's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based.

Given these uncertainties, and in light of the extended time horizon this Statement considers and the uncertainty associated with possible policy, market and technology changes, readers are cautioned not to place undue reliance on such forward looking statements.

There are also limitations with respect to climate scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this Statement. By reading this Statement and to the extent permitted by law, the reader releases each entity in the Group and its affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this Statement.

Information in this Statement is at May 2023 unless otherwise stated. Except as required by applicable laws or regulations, the Group does not undertake to publicly update or review any forward-looking statements, whether as a result of any new information or future events.

