



Summerset

SUSTAINABLE FINANCE FRAMEWORK

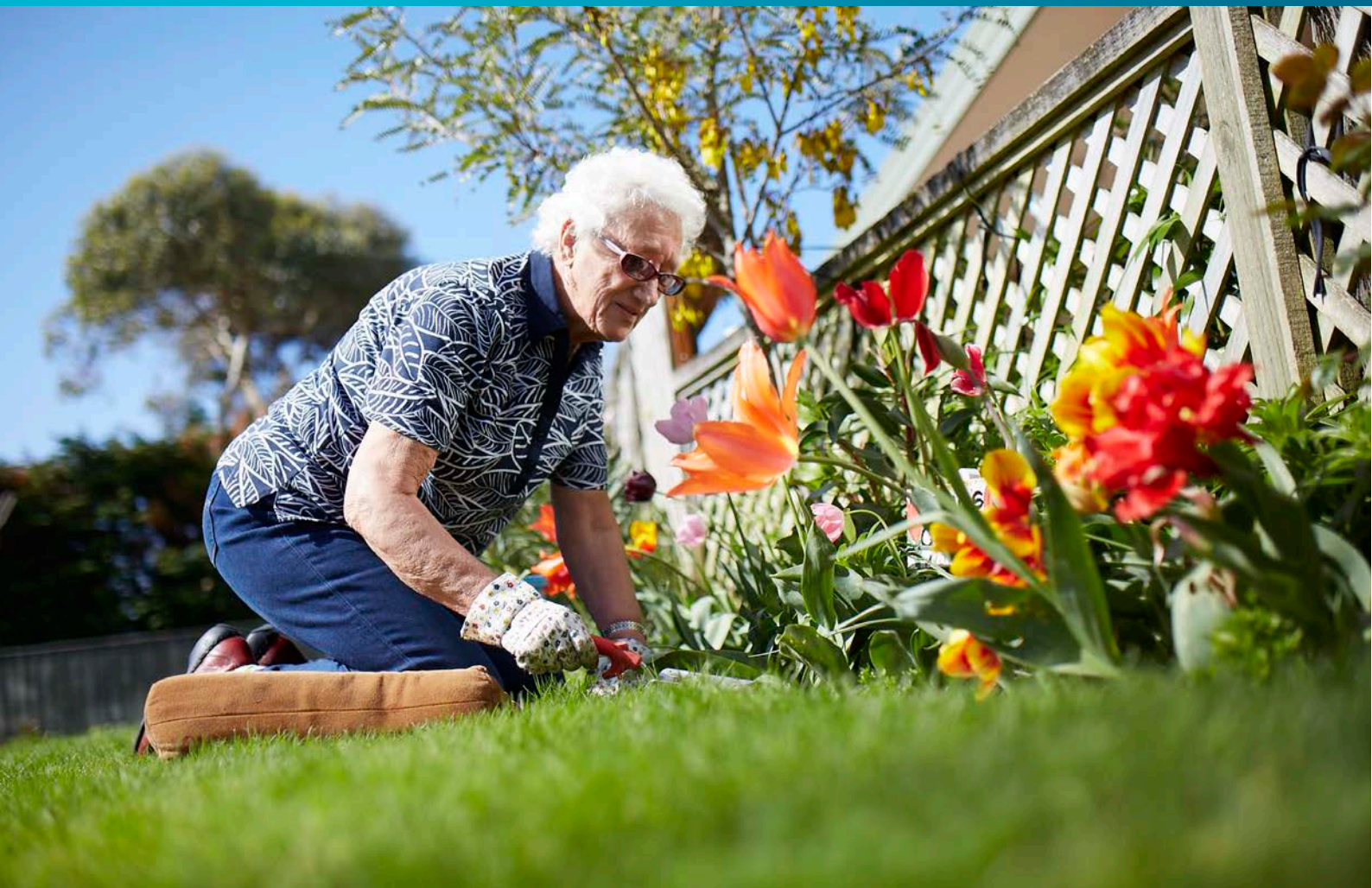






CONTENTS

INTRODUCTION	2
SUSTAINABLE FINANCE FRAMEWORK	10
GENERAL CORPORATE PURPOSE PRODUCTS	12
Relationship to Summerset's Sustainability	12
Target Setting	12
Reporting	13
Review and Verification	13
USE OF PROCEEDS PRODUCTS	14
Use of Proceeds	14
Process for Evaluation and Selection	16
Management of Proceeds	16
Reporting	17
CONTACT DETAILS	18



Summerset is one of New Zealand's leading and fastest growing retirement village operators.

The business spans development, design, and construction through to managing retirement villages and care centres. Summerset has over 30 villages in operation or in development across New Zealand, and a number of different sites in New Zealand for potential future development.

'Bringing the best of life' to over 6,000 residents is at the core of everything we do at Summerset. The strategic pillars which underpin this are Growth, Our People and Our Customers. All three elements have been key to Summerset's success over its 20+ year history. Summerset is currently expanding its business into Australia, which forms an important part of our future growth plans.

Sustainability at Summerset

Sustainability is a core component of our strategy. Our carbon reduction targets, aligned with the requirements of the United Nations Paris Agreement and the Sustainable Development Goals (SDGs), will assist in our transition to a low carbon business.

Summerset's key strategic goals are underpinned by three key themes, as illustrated in the diagram on the opposite page. Each theme aligns with our core strategy; sustainability is central to this and is an essential part of everything we do.

Wellbeing – Recognising the wellbeing and welfare of our residents and staff.

Innovation – Harnessing the power of innovation as part of our overall strategy, in particular the use of technology.

Sustainability – Integrating sustainable practices across our organisation, creating a sustainable future for the current and future generations.

Our strategy



Bringing the best of life



Growth

We look for expansion opportunities and returns for our shareholders



Our people

We want to create a great place to work, where our people can thrive



Our customers

We continually improve and enhance our offering to residents



Wellbeing



Innovation



Sustainability

Our strategic goals are underpinned by our desire to bring increased **wellbeing** to our customers and staff, by harnessing the power of **innovation** and weaving **sustainability** into our work

Our ambition

Summerset's ambition is to develop, build and manage more sustainable retirement villages in both New Zealand and Australia.

We strive to ensure we provide the best care for our most vulnerable residents and develop villages with the resident and their needs at the core of everything we do.

Our ambition is to continue to build on what we have started and continue to utilise new technology for social and environmental benefits across our sites. Implementation of new technology, working collaboratively across teams and empowering our staff to make good sustainable decisions are all a key part of our journey.

Governance of sustainability at Summerset

Our sustainability programme covers Summerset villages, corporate offices, our construction activities, and our future Australian sites. Given the diverse number of sustainability initiatives and opportunities across our business, we introduced an internal Sustainability Forum. This provides a clear and robust governance structure, and includes senior managers from across the business. The Sustainability Forum's role is to prioritise, co-ordinate and monitor our sustainability strategy, and the programme has full support at Board level.

Roles and Responsibilities

Board

Oversees climate-related issues and responsibility for sustainability.

Reviews and approves direction and monitors progress against targets

CEO

Assesses and manages climate-related risks and opportunities.

Reports programme performance and progress at Board meetings.

Sustainability Forum

Includes senior managers from across the business. Shapes and monitors our sustainability strategy

Key functional workstreams

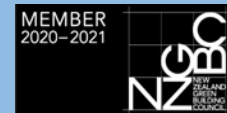
Covers operational impact areas related to the new build environment

Green Team

Implements specific actions and initiatives identified in the emissions reduction plan

Sustainability in action

- * Summerset is carbonzero certified and measures direct and indirect emissions under the **Toitu Envirocare programme**.
- * We offset our unavoidable emissions through investment in accredited Gold Standard programmes and voluntarily take part in the **Carbon Disclosure Project**.
- * Summerset has established a Science aligned Target to align with the **Paris Agreement** based on the Science Based Target Initiative methodology.
- * Summerset is a signatory to the **Climate Leaders Coalition** and a member of the **New Zealand Green Building Council (NZGBC)**.
- * Summerset's annual resident survey shows high satisfaction levels and we aim to continue to achieve a high level of service.



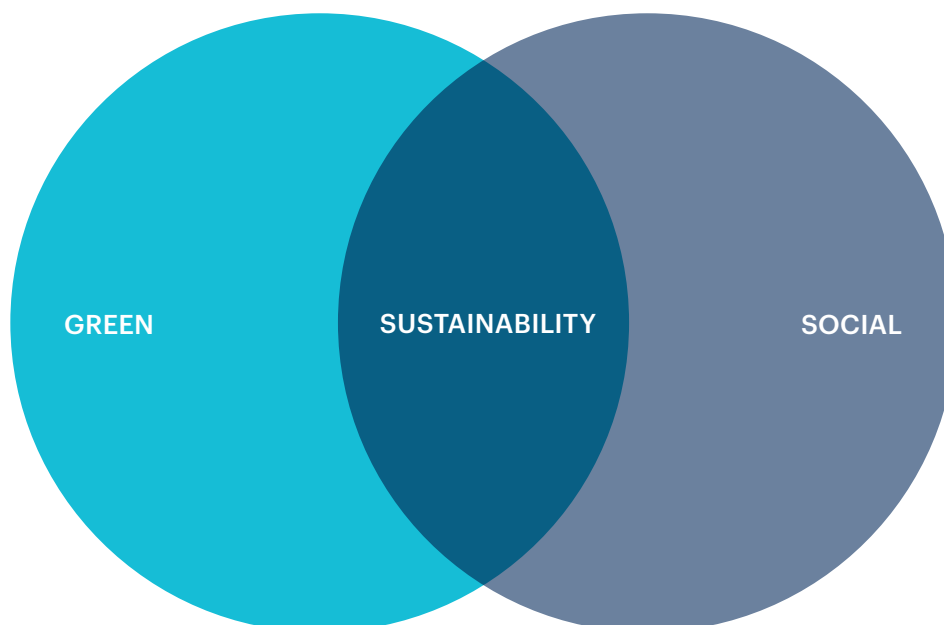
Sustainable Finance Framework

This Sustainable Finance Framework (the “**Framework**”) sets out the anticipated process by which Summerset intends to issue and manage Sustainable Debt on an ongoing basis via the issuance of:

- * Use of Proceeds products (such as Green, Sustainability and Social Bonds or Loans)
- * General Corporate Purpose products (Sustainability Linked Bonds or Loans)

Throughout this Framework green, social, and sustainability (GSS) initiatives and products can be thought of as per the diagram above, where ‘sustainability’ related products include a combination of green (environmental) and social projects/metrics. This applies across both Use of Proceeds and General Corporate Purposes products.

Defining Product Types





This Framework is aligned with the various applicable market standards, which are voluntary guidelines accepted globally. These standards provide overarching criteria and guidelines as to how Summerset will issue and manage the above products on an ongoing basis, and include the:

- * International Capital Market Association (“**ICMA**”) Sustainability-Linked Bond Principles (“**SLBP**”)¹
- * Asia Pacific Loan Market Association (“**APLMA**”) Sustainability Linked Loan Principles (“**SLLP**”)²
- * ICMA Green Bond Principles (“**GBP**”)³
- * APLMA Green Loan Principles (“**GLP**”)⁴
- * APLMA Social Loan Principles (“**SLP**”)⁵
- * ICMA Social Bond Principles (“**SBP**”)⁶

This Framework has been externally reviewed and verified by a third-party to confirm it is prepared in accordance with the above market standards.

The market standards referenced in the Framework are considered best practice at the time of publication, and Summerset retains the right to adapt the Framework over time to ensure it remains in line with these standards.

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/> published June 2020

² <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/> published May 2021

³ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/> published June 2021

⁴ <https://www.lsta.org/content/green-loan-principles/> published February 2021

⁵ <https://www.lsta.org/content/social-loan-principles-slp/> published April 2021

⁶ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/> published June 2021

General Corporate Purpose Products

A General Corporate Purpose product links Summerset's funding to the achievement of ambitious sustainability performance targets (SPTs). Sustainability-Linked Bonds ('**SLB**') and Sustainability-Linked Loans ('**SLL**') are defined in this Framework as debt issued for general corporate purposes that do not require proceeds to be utilised for Eligible Assets, evaluated, monitored or tracked.

Summerset commits to engaging best practice initiatives in issuing and managing its General Corporate Purpose products on an ongoing basis.

The Framework aligns with the following five core components of the Sustainability Linked Loan Principles, and incorporates the core aspects of the Sustainability Linked Bond Principles:

- * Selection of KPIs
- * Calibration of Sustainability Performance Targets
- * Loan / Bond Characteristics
- * Reporting
- * Review and verification

Relationship to Summerset's Sustainability Strategy

Summerset's sustainability strategy is innately linked to the organisation's objectives of putting our residents at the core of everything we do with the overarching goal being, "bringing the best of life". Any issuance of sustainability linked bonds or loans will be aligned to this strategy and Summerset's purpose as outlined in the introduction to this Framework. The Key Performance Indicators (KPIs) and Sustainable Performance Targets (SPTs) selected for these transactions will be material to the business, measurable, quantifiable and aligned with our strategy and this Framework.

Calibration of SPTs

General Corporate Purpose products aim to incentivise borrowers to improve corporate level sustainability performance by linking the margin on a loan facility to the Borrower's performance against a pre-agreed target or targets. These SPTs are discussed between Summerset and lenders at the inception of each new issuance and progress is assessed by an independent third party annually.

These SPTs will be based on Summerset's Sustainability strategy and are likely to focus on any of the following:

Environmental

- * Energy and greenhouse gas emissions — e.g. reducing electricity and gas usage
- * Waste — e.g. minimising waste to landfill and reducing paper consumption
- * Travel — e.g. using more efficient and greener transport options
- * Biodiversity — e.g. improved native planting and use of non-toxic fertilizers
- * Sustainable supply chain and procurement practices — e.g. using socially or environmentally certified suppliers

Social

- * Community engagement — e.g. resident satisfaction levels and social engagement with communities
- * Health and wellbeing — e.g. health services and continuum of care for our residents
- * Diversity and inclusion — e.g. staff and resident diversity
- * Access to essential services — e.g. enhanced care options for vulnerable members of society

Governance

- * ESG reporting and disclosure
- * ESG policies and systems

Global ESG Assessments

- * Improvements in ESG ratings/indices

Other targets may be added by mutual agreement between the lenders and Summerset when agreeing specific targets at the inception of funding arrangements. Summerset will ensure that any targets selected

are ambitious, measureable and able to be benchmarked against a baseline of data.

Loan / Bond Characteristics

The proceeds of Summerset's Sustainability-Linked Instruments will be used for general corporate purposes. These transactions will feature financial and/or structural characteristics that encourage the achievement of the SPT. This may include both penalties and/or incentives, depending on the transaction. The magnitude of the coupon or margin adjustment, as well as the effective date(s) (otherwise known as trigger date(s)) will be detailed in the relevant documentation for each transaction.

Reporting

At the inception of each SLL, Summerset and arranging banks will discuss the appropriate SPTs, and the timeline and process of reporting progress on those targets with the lenders. Where relevant, Summerset will publish detail relating to the reporting of General Corporate Purpose products via the annual report and/or via our investor website.

For SLB's, Summerset's sustainability performance against the set SPTs will be reported and made publically available. Summerset will publish the reporting of progress for these transactions annually on our investor website.

Review and Verification

Summerset is committed to transparency and disclosure and will ensure an accurate representation of performance towards selected targets, including a review by a qualified external third party, is provided to lenders regularly. At the inception of each general corporate purpose transaction, Summerset will agree with lenders on the nature, timing and frequency of recording and reporting on their progress towards set targets. The intention is that this reporting will be published at least annually over the lifetime of the SLL or SLB for investors, and made publically available on the debt investor website for SLBs.

Use of Proceeds Products

Use of Proceeds (UoP) products are defined in this Framework as debt instruments that raise funds for new and existing projects, assets or business activities with a 'social' / 'green' or environmental benefit. These instruments include GSS bonds and loans. The proceeds from these products will be attributed to the financing of assets eligible under the GBP/GLP/SLP/SBP categories, as well as certain criteria outlined within the Climate Bonds Initiative ("**CBI**"), where applicable.








This section of the Framework outlines the process by which Summerset proposes to issue and manage its Use of Proceeds (UoP) products on an ongoing basis. The Framework aligns with the following four core components of the Use of Proceeds Principles below:

- * Use of Proceeds
- * Process for Evaluation and Selection
- * Management of Proceeds
- * Reporting

Use of Proceeds

The proceeds of the Debt Instruments under the Framework will be allocated to the financing or refinancing of Summersets planned projects and assets which conform to the eligibility criteria set out below ("**Eligible Assets**").

Summerset Eligible Assets and projects are aligned with the relevant United Nations Sustainable Development Goals (SDGs) below. Linking Use of Proceeds instruments to SDGs helps to demonstrate the impact of Summerset's initiatives to achieving broader sustainability goals and highlights Summersets commitment to sustainable practices. A non-exhaustive list of possible asset types is included below. This list will be re-evaluated any time a UoP transaction is contemplated by Summerset.

ELIGIBLE SECTORS GBP / GLP SLP / SBP	SUSTAINABLE DEVELOPMENT GOALS	ELIGIBILITY CRITERIA
ENERGY EFFICIENCY	 	<p>Business, assets or projects that reduce energy consumption in our own operations, including through using heating and cooling technology, efficient lighting and lighting control systems, incorporation of building management systems, efficient electrical appliances and fuel-efficient vehicles.</p>
RENEWABLE ENERGY		<p>Generation of energy from renewable sources such as solar. Technology/componentry manufacturing that contributes to renewable energy generation.</p>
EFFICIENT BUILDINGS		<p>Low carbon and efficient villages (new-build), that at least meet recognised environmental standards such as Homestar , or above the current standards set by the New Zealand building code equivalent (applicable for either As-Built or Design ratings).</p>
WASTE MANAGEMENT		<p>Reduction in waste to landfill from our construction programme and operations, and improvements in diversion rates.</p> <p>Focus on materials selection and materials usage that promotes and achieves waste minimisation.</p>
GOOD HEALTH AND WELLBEING		<p>Medical equipment and facilities used in the delivery of essential health and wellbeing services for residents.</p> <p>Provision of purpose built care facilities that cater to vulnerable residents with specific age-related concerns (dementia units).</p>
ACCESS TO GREEN SPACE		<p>Urban design of villages to maximise access to green space, improve native biodiversity and air quality in our communities.</p>

Process for Evaluation and Selection

The processes outlined in this Framework will be governed through Summerset's Sustainability Forum. The Sustainability Forum oversees the sustainability strategy and will review asset eligibility and performance, assess opportunities, and report on progress related to all sustainable lending. Summerset's CEO is part of the Sustainability Forum and will report to the wider executive team and at Board level on a quarterly basis.

For new and existing UoP issuances, the Sustainability Forum will manage the Eligible Assets selection process and will consider the following objectives, features and benefits:

- * Conformance with Eligible Asset categories mentioned above.
- * Conformance with the market standards (GLP, GBP and SBP).
- * Conformance with applicable internal policies, frameworks and guidelines.
- * Assess current sources of finance (budgeted and/or allocated) to determine ease and cost implications of possible re-financing.
- * Social impact outcomes.

Management of Proceeds

Summerset commits to managing and tracking proceeds from UoP issuances, including::

- * fully allocating proceeds raised within a maximum of 24 months from issuance,
- * maintaining a balance of Eligible Assets which is greater than the sum of all outstanding UoP products, in order to manage the risk of holding unallocated proceeds,
- * meeting any balance of funding through alternative funding sources.

Tracking of proceeds

Summerset will maintain an asset register for any green, social or sustainability assets and use this to track the receipt and notional allocation of net proceeds from any UoP instruments. This register will be reviewed annually by the Sustainability Forum.

Unallocated proceeds

In the event that proceeds have not been allocated to Eligible Assets at issuance, or where during the life of the loan/bond proceeds become unallocated, Summerset intends to temporarily allocate the amount through one of the following:

- * Investment instruments that are cash, or cash equivalent instruments, within a Treasury function, or applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Eligible Assets.

Summerset will ensure funds are disbursed to Eligible Assets within 24 months of the issuance of the UoP product.

Reporting

Summerset values transparency and disclosure and intends to provide annual reporting on the Eligible Assets in line with market standards. For any UoP products, this will take the form of a UoP report – listing current eligible assets and the associated value.

Assurance

Summerset commits to undertake external review and assurance on all UoP instruments issued by engaging a credible external verifier. This includes external review of our sustainability performance prior to issuance and any ongoing assurance at least annually throughout the life of any issuance. This assurance will be shared with lenders in a timely manner for any GSS bonds or loans.

REPORTING	FREQUENCY AND LOCATION
Framework	Updated as necessary and available on the debt investor website.
Assurance Statements	Published at the time of first issuance and annually thereafter. Available to lenders on the debt investor website as required.
CBI Certification	Published at time of first issuance (if relevant). Provided to all lenders and available on the debt investor website as required.
Use of Proceeds Report	Published annually and available on the investor website.

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