

**LOCAL:**



# ESG Report

## 2023 – 2024

## Acknowledgement of Country

In the spirit of reconciliation,  
Local acknowledges the Traditional Custodians  
of Country throughout Australia and their  
connections to land, sea and community.  
We pay our respects to their Elders past and present  
and extend that respect to all Aboriginal  
and Torres Strait Islander peoples today.

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01

# Year in Review

## We're thrilled to share Local's ESG report for 2023, a year of remarkable growth and accomplishments.

This year, the Local team successfully achieved the ESG goals we set at the beginning of our business journey, culminating in third-party certifications that validate our unwavering commitment to sustainability and social impact.

A standout achievement is our certification as a **B Corporation**, placing us in the esteemed company of over 7,000 purpose-driven organizations globally, with more than 560 in Australia and Aotearoa New Zealand. This certification sets a high bar, ensuring continuous improvement and accountability.

Local also attained net-zero status in corporate operations, acknowledged through **Climate Active Carbon Neutral certification**. This recognition underscores our dedication to voluntary climate action, aligning with the Australian Government and businesses to drive positive environmental change.

And, for the second consecutive year, we have been certified as a **Great Place to Work**. In our recent employee engagement survey, 100% of our team members affirmed that Local is a great place to work. This result fuels our pride and commitment to maintaining an exceptional employee experience as we continue to grow

In the pursuit of our impact housing goals, we established key partnerships with leading housing providers, ensuring a seamless experience for our tenants. Collaborations with **Women's Property Initiatives** and **Home in Place** exemplify our commitment to providing high-quality, accessible homes for those in need.

Looking ahead, we have set ambitious environmental targets for 2050 in our **Plan for Net Zero**, starting with being net zero in our business operations from day one and net zero in our building operations from practical completion. But we're not stopping there. The next step is to reduce our upfront embodied carbon by 40% by 2030. We want our buildings to be as environmentally friendly as possible, from the foundations up.

All of this will lead us to our goal of being net zero across the board by 2050.

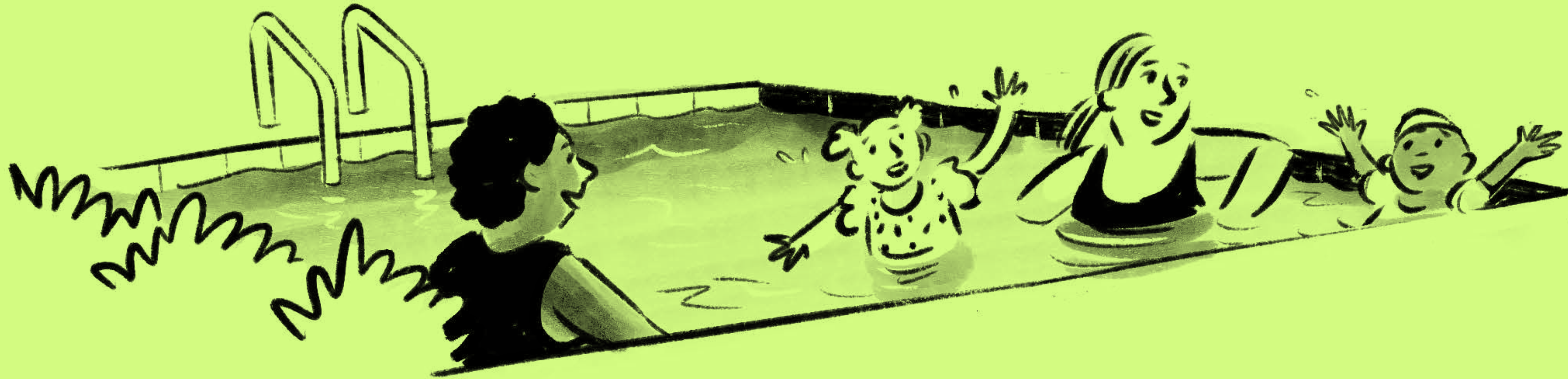
As we forge ahead, we're staying focused on our six key pillars for ESG: Sustainable Buildings, Homes for All, Thriving Communities, Culture and Capability, Safety and Fairness, and Strong Governance. These pillars guide our actions and decisions, ensuring that we have a clear plan, we know when we're on track (and when we're not) and they keep us accountable.

At our core, we're dedicated to establishing a business which is sustainable, secure that is sustainable, secure and fosters a sense of community for Australians. Our vision extends beyond mere compliance or token gestures. We're striving to create a world where responsible choices are seamlessly integrated into daily life, rather than being an optional add on.



**MATTHEW BERG**  
Co CEO

**DAN MCLENNAN**  
Co CEO



02

# Our Stakeholders

We recognise that our actions have a lasting impact on a diverse range of stakeholders. To establish enduring, sustainable value we're focused on delivering a positive experience for everyone involved in our projects and operations.



Existing Neighbourhoods

Investors

Consultants

Development & Construction Partners

Suppliers

Business, Community & Retail Partners

Employees

Local



03

# Our Approach



The United Nations Sustainable Development Goals (UNSDGs) are a collection of 17 independent yet interconnected global goals carefully designed to create a better future for all of us.



The goals were formulated and adopted by all member states, including Australia, in 2015 to provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

The UNSDGs provide businesses with a roadmap to leverage their influence by directing efforts towards specific objectives to focus and measure their alignment and contribution to global social and environmental goals. We have identified six of the UNSDGs that are core to our mission which we'll seek to align with throughout the implementation of the actions contained in this report.

To best deliver on these, we've adopted the following key focus areas to drive the implementation of our initiatives through to December 2024:

Sustainable Buildings

Homes For All

Thriving Communities

Safety & Fairness

Culture & Capability

Strong Governance

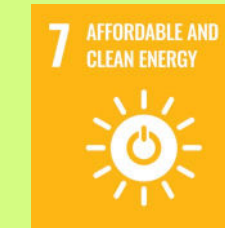


04

Actions

Outcomes & Targets

# Sustainable Buildings



## Action

### KEY TARGETS

#### 5 Star Green Star

All new Local projects will target achievement of a minimum 5 Star Green Star Buildings V1 rating. Founded by Green Building Council of Australia in 2003, Green Star is an internationally recognised rating system setting the standard for healthy, resilient, positive buildings and places.

#### 7.5 Star NatHERS

Local will seek to maintain a portfolio-weighted average NatHERS rating of at least 7.5 stars under the Nationwide Housing Energy Rating Scheme (NatHERS). NatHERS provides dwellings with a star rating out of ten based on energy efficiency. Operation of the NatHERS is administered by the Commonwealth Government on behalf of all Australian State and Territory governments. The latest iteration of the National Construction Code (2022) requires a minimum 7 Star NatHERS rating for all new dwellings, increased from a minimum 6 star rating.

#### 4.5 Star NABERS

All new Local projects will target achievement of a minimum 4.5 Star NABERS Energy rating. NABERS is the National Australian Built Environment Rating System, an initiative by the government of Australia to measure and compare the environmental performance of Australian buildings and tenancies.

## 2023 Result

### KENSINGTON TARGETS

- 6 star Green Star Design and As Built
- 7.9 star NatHERS
- 4.5 star NABERS

### SOUTH MELBOURNE TARGETS

- 5 star Green Star Buildings V1
- 7.0 star NatHERS
- 4.5 star NABERS Energy

## What's Next?

### KEY TARGETS

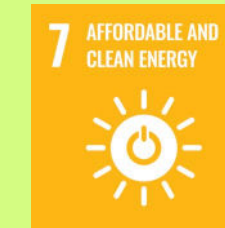
Box Hill Targets

- 5 Star Green Star Buildings V1
- 7.2 Star NatHERS
- 4.5 Star NABERS

All completed buildings to target Climate Active Carbon Neutral Base Building Operations Certification



# Sustainable Buildings

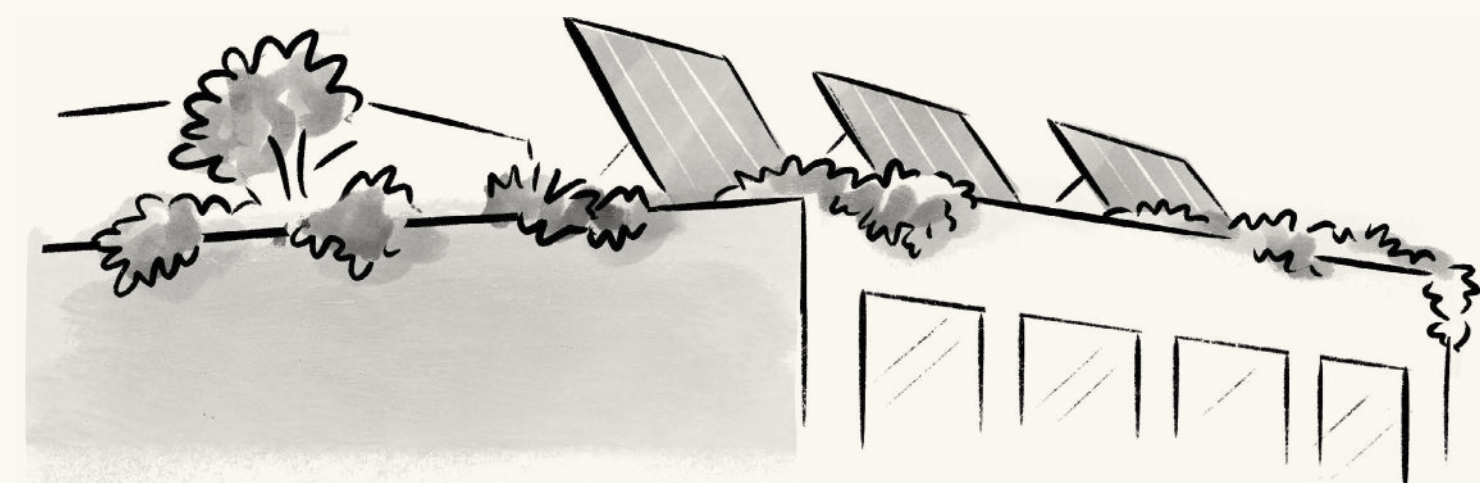


## Action

### NET ZERO

We recognise that there is no Planet B, and as such we are fully committed to being an active participant in the global movement to reduce emissions, starting with being **net zero in our business operations from day one and net zero in our building operations from practical completion**. This means we'll keep our carbon footprint in check and make sure our business and building operations have minimal impact on the environment.

Furthermore, we'll operate our buildings with a **net zero emissions** approach, and we'll also empower our tenants to embrace a zero emissions lifestyle. By providing fully electric living, **Green Power**, promoting **waste reduction** practices and conscientiously utilising resources only when necessary, while prioritising their **conservation** we aim to educate and promote sustainability to our residents and encourage their buy-in.



## 2023 Result

- Corporate operations Climate Active carbon neutral certified
- Net Zero Business plan board approved with key targets:
  - Net Zero in business operations from day one
  - Net Zero in building operations from practical completion
  - 40% reduction in embodied carbon by 2030
  - Net Zero across the board by 2050
- Pathway to 40% reduction in embodied carbon by 2030 developed

## What's Next?

- Corporate operations Climate Active carbon neutral recertification
- Implement embodied carbon reduction strategy
- Net zero carbon design and standards to be developed
- Complete transition risk and impact assessment
- Complete physical risk and impact assessment



**Climate Active Carbon Neutral Certification** is a voluntary certification program that helps organisations **measure, reduce** and **offset** their greenhouse gas emissions. The program is administered by Climate Active, an independent organisation that is recognised with the **Australian Government**.

# Sustainable Buildings



## Action

### SUSTAINABLE DESIGN & PROCESSES

When it comes to designing sustainable buildings that can stand the test of climate change, **sustainability is our guiding light**. We consider the climate in every step of our building design and site selection process, factoring in everything from the site’s accessibility to public transport to ensure **reduced reliance on cars, to future proofing each building against existing and emerging climate risks**.

To bring sustainability to life, we integrate a range of features into our designs, including **rooftop solar panels** that power our common areas, harnessing the sun’s energy to keep our operations green. We also implement embedded networks that run on **100% Green Power**, ensuring our energy sources are clean and renewable. And we’re committed to being **fully electric across our portfolio**.

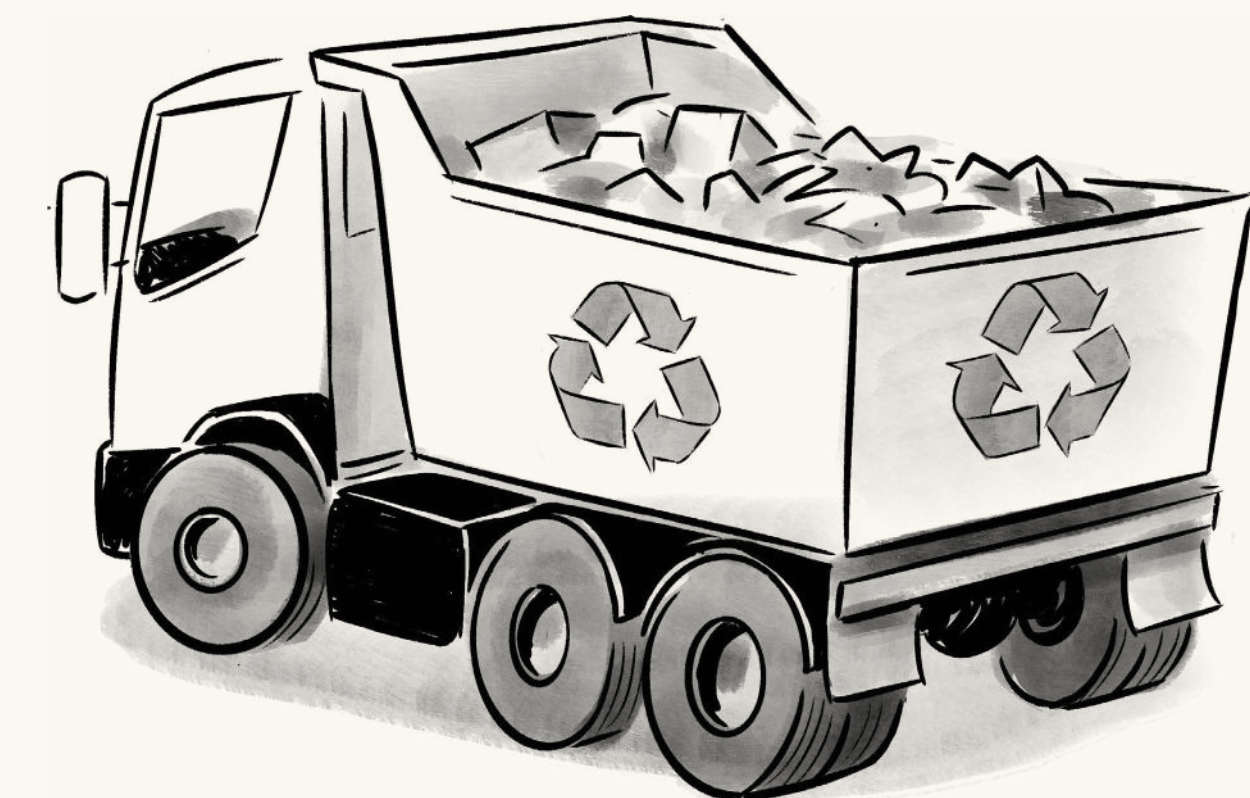


## 2023 Result

- Climate change risk and adaptation plan developed for Kensington project
- All Local operated buildings committed to utilising energy from 100% Green Power
- Kensington Solar: 160kW
- South Melbourne Solar: 107 kW

## What’s Next?

- Develop sustainable site selection criteria for new acquisitions
- Box Hill Solar: 107kW



# Sustainable Buildings



## Action

### MATERIALS

We're fully committed to the **ethical and sustainable** procurement of all materials in our supply chain. We roll up our sleeves with our project partners to make sure we're considering **materials selection** throughout the whole procurement process.

Our materials selection process is centred on the use of **recycled** materials or those that are recyclable, all while carefully considering the **lifecycle** and **durability** of each material. And, whenever possible, our preference is to partner with **local suppliers**. This not only aids in reducing emissions but also enhances the **wellbeing** of our **local communities**.

### WASTE

We adopt a proactive approach to **collaborate** with our suppliers and engage stakeholders in actively **reducing waste generation, minimising landfill creation**, and ensuring **responsible waste disposal** throughout both the construction and operational phases of our buildings.

In line with our commitment to sustainability, we are currently in the process of implementing a range of measures aimed at **reducing waste** generation while maximising our efforts in **recycling** and **composting**. Our ultimate goal is to contribute to the establishment of a **circular economy** and do our part in reducing the **environmental impact** associated with waste management.

## 2023 Result

- Materials selection strategy developed
- Materials selection policy developed and endorsed
- Materials selection requirements included in Local design and operational standards

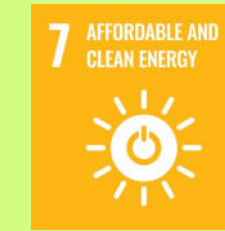
- Waste reduction strategy developed
- Asset and system lifecycle assessment criteria and end of life strategy developed

## What's Next?

- Implement materials selection strategy
- Implement design and operational standards

- Implement waste reduction strategy
- Implement asset and system lifecycle strategy
- Develop waste program for Local residents
- Develop strategy for diverting reusable vegetation, rocks and soil from disposal
- Develop incentive program for contractors recovering, reusing and recycling building materials
- Develop targets for waste stream recovery, reuse and recycling across Local's portfolio of projects

# Sustainable Buildings



## Action

## 2023 Result

## What's Next?

### WATER

We're focused on minimising water usage and supporting water conservation efforts through indoor and outdoor water efficiency, **drought resistant gardens** and implementing **rainwater capture systems**. These initiatives not only reduce our reliance on water resources but also contribute to the overall **sustainability** and **resilience** of our buildings.

- Water conservation strategy developed

- Implement water conservation strategy
- Develop requirements for minimum water use post occupancy



# Homes for All



## Action

### IMPACT HOUSING

Every Local project will incorporate a component of impact housing – dedicated homes for people who have reduced access to appropriate housing options.

The Local commitment is to allocate at least 10% of the housing within a project to impact housing.\*

Our impact housing will focus on providing homes for residents from the following four groups:

#### 1. Social Housing

- Providing homes for women over the age of 55 who are homeless or at risk of homelessness
- Tenancies to be managed by a registered community housing provider with expertise in providing housing and tenancy support

#### 2. Key Worker Affordable Housing

- Providing housing for key workers on low to moderate incomes who are serving the local community
- Residents will be sourced by Local in conjunction with community housing providers

*\*Where housing is made available as specialist disability accommodation, this can involve unit amalgamations to create larger, more accessible dwellings. Where this occurs, we calculate our 10% commitment based on the pre-amalgamation unit numbers.*

## 2023 Result

- \$53M in capital funding committed to Impact Housing
- Partnership established with Women’s Property Initiative (WPI) for Kensington and South Melbourne social and affordable homes
- Partnership established with Home in Place for Kensington SDA homes

#### Kensington

- **Social:** 11 apartments
- **SDA:** 9 apartments (16 residents plus 1 onsite overnight support dwelling)
- **Affordable:** 22 apartments
- **Age in Place:** 10 apartments
- **Total:** 52 apartments

Forecast average annual voluntary contribution over planning permit obligations of \$415,714 from 2025 to 2030.

## What’s Next?

#### Box Hill

- **Social:** 8 apartments
- **SDA:** 9 apartments (16 residents plus 1 onsite overnight support dwelling)
- **Affordable:** 20 apartments
- **Total:** 37 apartments

Forecast average annual voluntary contribution of \$797,541 from 2025 to 2030.





# Homes for All



## Action

## 2023 Result

## What's Next?

### IMPACT HOUSING

#### 3. Specialist Disability Accommodation

- Providing high quality housing for younger people in or at risk of entering residential aged care facilities
- NDIS participants with SDA funding to be sourced by an SDA provider registered with the NDIS Quality and Safeguards Commission to be appointed by Local.

Where Local considers there is not appropriate demand for SDA housing in the relevant sub-market, Local will provide a minimum of 10% affordable housing.

#### 4. Age in Place

- Where the demographics support demand in the relevant sub market, Local will include apartments designed to meet Livable Housing Australia Gold standard to provide a viable housing solution for older Australians seeking to age in place

This commitment is irrespective of the planning encumbrances which may apply.

*\*Where housing is made available as specialist disability accommodation, this can involve unit amalgamations to create larger, more accessible dwellings. Where this occurs, we calculate our 10% commitment based on the pre-amalgamation unit numbers.*

#### South Melbourne

- **Age in Place:** 21 apartments
- **Affordable:** 41 apartments
- **Total:** 62 apartments

Forecast average annual voluntary contribution over planning permit obligations of \$351,565 from 2025 to 2030.





**Women's Property Initiative**  
 Women's Property Initiatives (WPI) provide secure, affordable homes for low income women and women led families. By providing long term housing solutions, WPI change women's futures for the better and break the intergenerational cycle of poverty.



**Home in Place**  
 Home in Place is one of Australia's largest non government social housing providers with over 35 years experience in providing secure and affordable housing. In particular, the Home in Place Specialist Disability Accommodation (SDA) team manages 1,500 places for people with high support needs.

# Thriving Communities

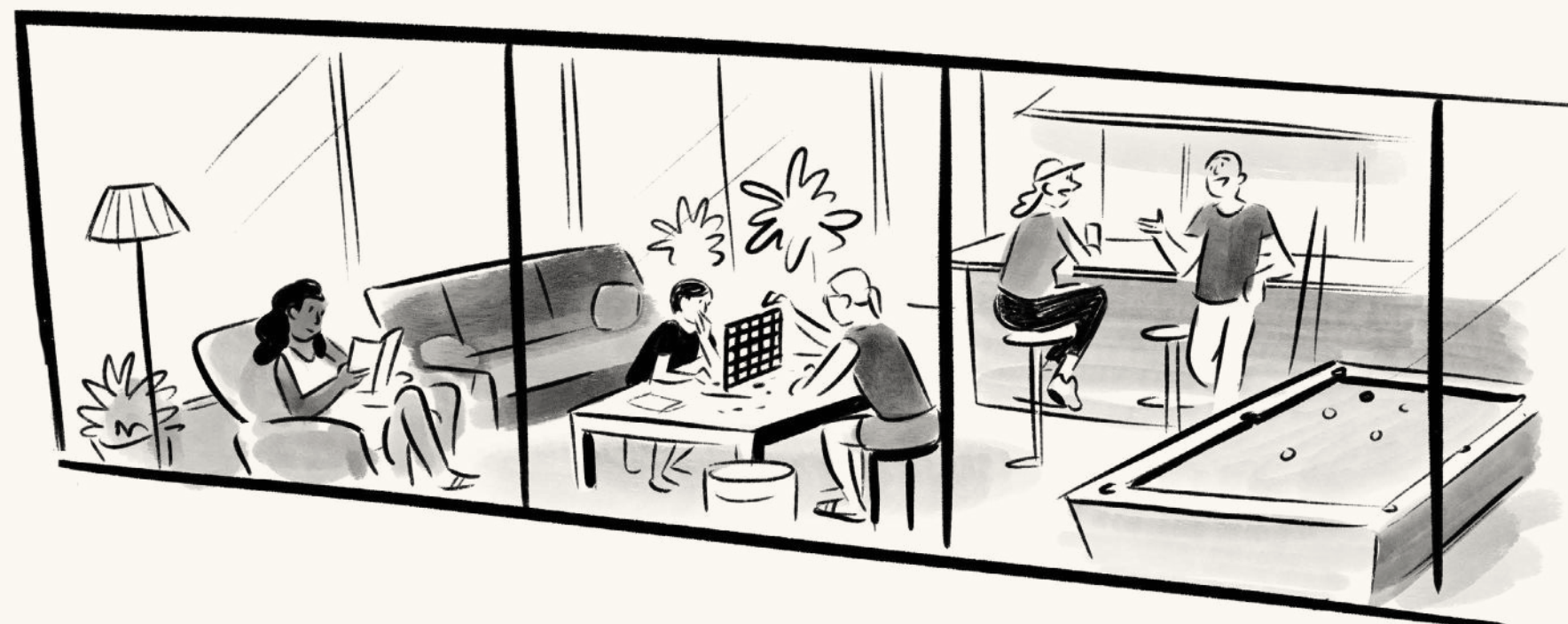


## Action

### RESIDENTS FIRST

We believe that a strong sense of **belonging**, and **community** is fundamental to everyone’s **wellbeing**. Our building designs aim to nurture **connections** within our residential and broader local communities, establishing an environment where people can not only reside, but truly **flourish**.

We’re committed to constructing buildings that offer a **healthier** and more **comfortable** living environment for our residents. We optimise the **liveability** of our homes too, enhancing the health, wellbeing, connectivity, safety, and sense of belonging for each and every Local resident.



## 2023 Result

- Local design and operational standards implemented
- Impact measurement strategy endorsed
- Liveability strategy developed
- Resident health and wellbeing strategy developed

## What’s Next?

- Implement impact measurement strategy
- Implement liveability strategy
- Implement resident health and wellbeing strategy

# Thriving Communities



## Action

### OUR COMMUNITIES

Community is at the **heart** of what we've set out to achieve with Local.

We proactively engage with our communities, authorities, and stakeholders to maintain **positive, reciprocal relationships**. We enhance the benefits experienced by our local communities by minimising the negative impacts associated with our developments where possible.



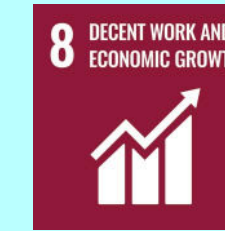
## 2023 Result

- Community engagement plan implemented for Kensington and South Melbourne projects
- Stakeholder engagement survey completed
- Stakeholder engagement plan developed
- Community donations distribution strategy developed
- Placemaking strategy developed

## What's Next?

- Develop community engagement plan for new Local projects
- Complete stakeholder engagement survey
- Implement stakeholder engagement plan
- Implement community donations distribution strategy
- Implement placemaking strategy
- Develop a community impact assessment and monitoring plan

# Safety & Fairness



## Action

### SAFETY FIRST

Our unwavering commitment is to create a workplace that **enhances** the **health and wellbeing** of our team members, with safety as our top priority. We consistently enhance our systems and protocols to guarantee that everyone, whether they work at or visit a Local worksite or office, can **safely** return home **unharmed** at the end of the day.



## 2023 Result

- Workplace Health & Safety System implemented
- All employees inducted into the Local Workplace Health and Safety System
- Quarterly safety report submitted to Board Health, Safety, Environmental and Sustainability committee including Lost Time Injuries (LTI), Missed Time Injuries (MTI) and Near Miss statistics for Local head office and each Local project
- Monthly independent third-party assessments carried out on construction contractors' health and safety and environmental standards

## What's Next?

- Induct all new employees into Workplace Health and Safety system
- Issue quarterly safety report to Board Health, Safety, Environmental and Sustainability committee
- Complete monthly independent third party health, safety and environmental assessments on construction contractors

# Safety & Fairness



## Action

### HUMAN RIGHTS

At Local, we firmly believe that the principles of **human rights** and **fundamental freedoms** should be universally accessible to every individual, regardless of their location. We are steadfast supporters of the **Universal Declaration of Human Rights** and the core conventions of the **International Labour Organisation**.

We acknowledge the **dual responsibility** in upholding human rights, where governments must safeguard these rights, and businesses have a duty to respect them.

At Local, we are **committed** to **identifying** and **addressing** potential and actual **human rights impacts** stemming from our business activities and the relationships we forge within our operations.

## 2023 Result

- United Nations Declaration of Human Rights included in supplier agreements and principles accepted as code of conduct by all suppliers during onboarding process
- Modern Slavery Statement for CY2022 issued
- Significant supplier and contractual counter party vetting completed by expert third party consultant
- Supply chain engagement program developed

## What's Next?

- Issue Modern Slavery Statement for CY2023
- Significant supplier vetting to continue being completed by third party consultant
- Implement supply chain engagement program



# Safety & Fairness

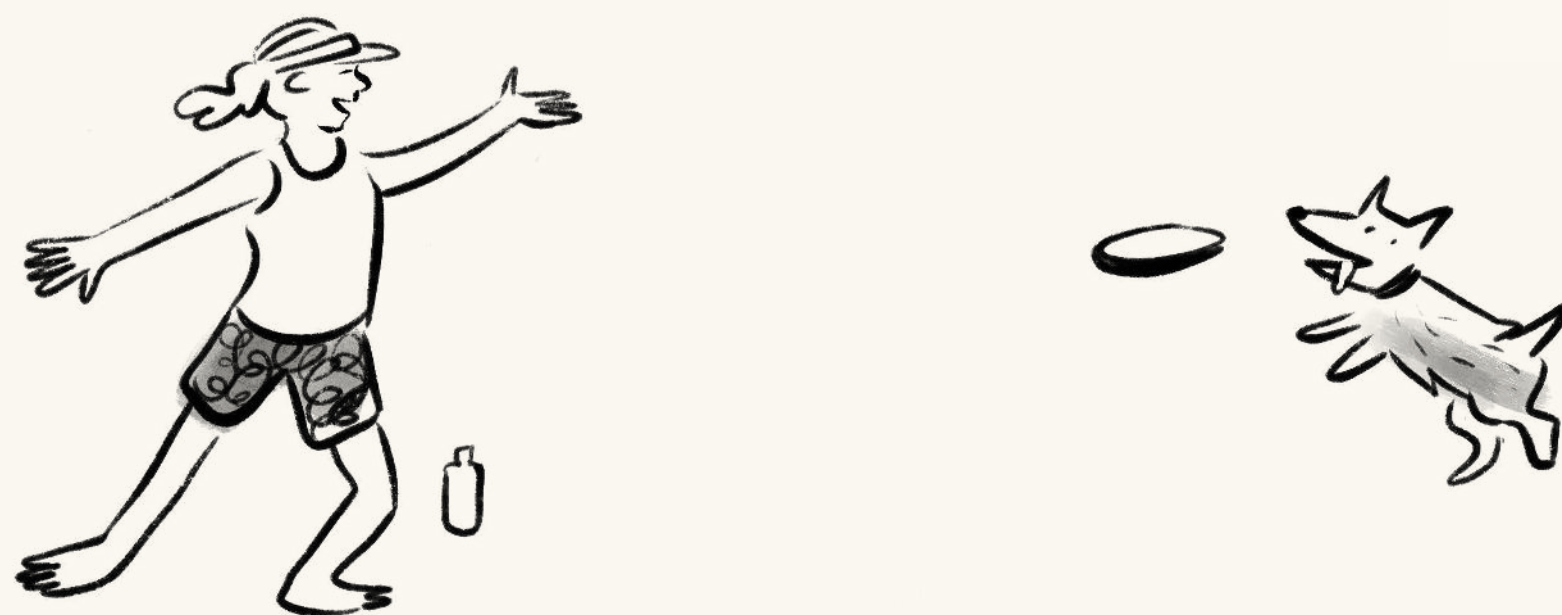


## Action

### DIVERSITY, EQUITY & INCLUSION

We understand that a genuinely **diverse** and **inclusive** community fosters innovation and sparks creativity. We aim to build a workforce that is a **true representation of our society**, and we support our team members at every stage of their lives.

Local remains dedicated to adapting to the changing requirements of our clients, community, shareholders, and employees. We **nurture** a culture where our team members are not only **respected for their individuality** but also **celebrated for their valuable contributions**, all while being empowered to realise their fullest potential.



## 2023 Result

- Diversity, equity, and inclusion policy endorsed and implemented
- Diversity, equity, and inclusion action plan developed
- Annual diversity report issued to Local Board of Directors
- Agreed commitment to target a 40:40:20 gender balance in our Senior Leadership Team by June 2024
- Reflect Reconciliation Action Plan implemented
- Parental leave policy developed, endorsed, and implemented

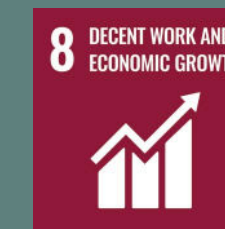
## What's Next?

- Develop 'Innovate' Reconciliation Action Plan
- Implement diversity, equity and inclusion action plan
- Issue annual diversity report to Local Board of Directors
- Complete annual review of parental leave policy
- Develop social procurement strategy
- 40:40:20 gender balance in Senior Leadership Team to be achieved



Since 2006, Reconciliation Action Plans (RAPs) have enabled organisations to sustainably and strategically take meaningful action to advance reconciliation. Based around the core pillars of **relationships, respect** and **opportunities**, RAPs provide tangible and substantive benefits for Aboriginal and Torres Strait Islander peoples, increasing economic equity and supporting First Nations self-determination.

# Culture & Capability



## Action

### EMPLOYEE ENGAGEMENT & WELLBEING

At Local, our culture thrives on **boundless curiosity**, and we empower our team members to express their ideas confidently. In doing so, we've cultivated an environment where **innovation can flourish**, challenging age old conventions with fresh perspectives.

We have ambitious goals and to achieve them, we need an ambitious team – one that's as passionate about our values as we are.

We're committed to attracting, engaging and retaining the best people by providing a working environment that is supportive, fun and flexible.

### LEARNING & DEVELOPMENT

We believe in providing our team the opportunity to flourish in their role by actively supporting and encouraging opportunities for professional development and career advancement.

## 2023 Result

- \$12k per year pledged to employee social club and committee members appointed
- Great Place to Work employee engagement survey completed in September 2022 with 100% of employees stating that 'all things considered [Local] is a Great Place to Work'
- Employee engagement plan developed
- All employees to be provided with an annual paid wellness day to focus on their physical or mental health and wellbeing

- Green Star Foundations training completed by all development and operations team members
- Local learning fund to be established providing all employees with personal growth and professional development opportunities
- Team learning and development to be included as a KPI for all people leaders linked to remuneration increases and bonuses

## What's Next?

- Annual employee engagement survey to be completed
- Implement employee engagement plan
- Conduct a needs assessment to further develop employee health and wellbeing initiatives
- Develop an outcomes monitoring framework for employee health and wellbeing



# Strong Governance

## Action

Our governance framework ensures we live by the standards we've set. Local seeks to establish a culture where ESG performance is part of our everyday operations and conversations.

ESG leadership is demonstrated by our board, senior executives and more broadly across our organisation.



## 2023 Result

- Board of directors appointed and responsible for ensuring that Local has an appropriate framework in place to effectively manage ESG related risks and opportunities
- Board Risk and Health, Safety, Environmental and Sustainability Committee established to facilitate the management of ESG related risks and opportunities
- Senior management team appointed and responsible for the implementation of the Local ESG policy and management systems
- Policies, procedures and code of conduct developed, approved and implemented
- Risk management framework developed, approved and implemented
- Compliance training completed by 100% of Local team members
- Global Real Estate Sustainability Benchmark (GRESB) Real Estate benchmarking assessment complete
- Science Based Targets initiative (SBTi) guidance adopted to inform Local greenhouse gas emissions targets
- B Corporation certification achieved

## What's Next?

- Governance policy review to be completed and policies updated in line with industry best practice
- Compliance training to be completed by 100% of Local team members
- Global Real Estate Sustainability Benchmark (GRESB) benchmarking assessment to be completed



B Corp certifications recognise businesses that meet rigorous standards of **social** and **environmental performance**, and **transparency**. B Corps are held to a high standard and they must continually improve their performance, giving us a rigorous and independent playbook to enhance our policies, systems and targets over time.





**LOCAL:** Thank you

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Start

localresidential.com.au