

Independent Limited Assurance Statement to the Management and Directors of Stockland Corporation Limited

Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by Stockland Corporation Limited ('Stockland') to undertake 'limited assurance' as defined by Australian Auditing Standards, here after referred to as a 'review', over selected sustainability disclosures for the year ended 30 June 2020. Based on our review, nothing came to our attention that caused us to believe that the selected performance information has not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

What our review covered

We reviewed Stockland's alignment to the International Integrated Reporting <IR> Framework principles of Stakeholder Relationships, Materiality, and Reliability and Completeness.

In addition, we reviewed Stockland's sustainability performance data and disclosures ('selected performance information') as presented within Stockland's consolidated Corporate Reporting (including the Annual Report) (the 'Report') and Detailed sustainability reporting online (<https://www.stockland.com.au/sustainability/downloads>) for the year ending 30 June 2020. Our review was limited to the selected performance information shown in the tables below:

Table 1: Sustainability performance data	
Greenhouse gas emissions, energy, water and waste data	<ol style="list-style-type: none"> Total greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent (tCO₂-e) Total Scope 1 GHG emissions (tCO₂-e) Total Scope 2 GHG emissions (tCO₂-e) Total Scope 3 GHG emissions (tCO₂-e) Total GHG emissions: market-based (tCO₂-e) Purchased electricity intensity (kilowatt hours per square metre (kWh/m²)) and intensity reductions (%) for Commercial Property Financial savings associated with electricity intensity reductions for Commercial Property Renewables generation (kWh) Water consumption in kilolitres (KL) for Commercial Property Operational waste in tonnes (t) for Commercial Property
Community contribution data	11. Total Community Contribution including Community Development and Community Investment spend in Australian dollars (\$)
People (diversity and employee engagement) data	<ol style="list-style-type: none"> Workforce by gender (%) Women in Management by Business (%) Selected 'Our Voice' survey results Absent Days per FTE Turnover – employee initiated, employee initiated for employees with Strong performance or above, Stockland initiated and total Training days per FTE
Health and safety data	<ol style="list-style-type: none"> Total number of Lost Time Injuries (LTIs) Lost Time Injury Frequency Rate (LTIFR) Development Contractor Lost Time Injury Frequency Rate (CLTIFR)
Customer data	<ol style="list-style-type: none"> Liveability survey results Retail Tenant Satisfaction results

Table 2: Sustainability disclosures	
Management Approaches and Deep Dives	<ul style="list-style-type: none"> Asset Rating and Certification * Biodiversity Carbon and Energy Climate Resilience Community Customer Engagement and Experience Employee Engagement, Development, Diversity and Inclusion Governance and Risk * Health, Safety and Security Human Rights Reporting Approach * Stakeholder Engagement * Supply Chain Waste and Materials Water Management
Data Packs	<ul style="list-style-type: none"> Community Data Pack Environmental Data Pack People Data Pack
Annual Report	Sustainability performance information disclosed on pages 30 – 47

*Management Approach only, no associated Deep Dive

Criteria applied by Stockland

In preparing the selected performance data, Stockland applied the following Criteria:

- ▶ International Integrated Reporting <IR> Framework, and specifically the principles of Stakeholder Relationships, Materiality, and Reliability and Completeness
- ▶ National Greenhouse and Energy Reporting ('NGER') Act 2007, NGER Regulations 2008, and NGER (Measurement) Determination 2018
- ▶ Stockland's own publicly disclosed Criteria

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a conclusion on the selected performance data based on our review. We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants* including independence, and have the required competencies and experience to conduct this assurance engagement.

Stockland's responsibility

Stockland's management ("management") was responsible for selecting the Criteria, and preparing and fairly presenting the selected performance data in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), *Assurance Engagements on Greenhouse Gas Statements* ('ASAE3410') and the terms of reference for this engagement, as agreed with Stockland on 6 May 2020.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the selected performance data and related disclosures, and applying analytical and other review procedures.

Our procedures included:

- ▶ Interviewing Stockland personnel, including members of the Board, executive and senior management teams, as well as selected external stakeholders, to understand key sustainability issues relating to the subject matter and effectiveness of Stockland's response to the issues that matter to them
- ▶ Undertaking a gap analysis against Stockland's own materiality assessment to independently identify material matters in order to test for completeness
- ▶ Conducting interviews with key personnel to understand the process for collecting, collating and reporting the selected performance information during the reporting period
- ▶ Checking that the calculation criteria had been correctly applied in accordance with the methodologies outlined in the Criteria, and testing assumptions supporting calculations
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Reviewing the Report and testing a sample of assertions and claims made throughout the Report including checking claims to evidence provided

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

EY observations in respect to adherence with the <IR> Principles

Stockland integrates sustainability considerations within many aspects of its business. The group's approach reflects a long-term commitment to sustainability which is led from the top and aligns with the <IR> principles of Stakeholder relationships, Materiality and Reliability and completeness. We provide the following observations in relation to Stockland's adherence to these <IR> Principles, noting that these observations did not impact our ability to form an unqualified assurance conclusion.

Stakeholder relationships

Throughout the Report, Stockland has detailed its approach to engaging with key groups of stakeholders, including employees, government, investors, customers, suppliers, partners, media and the community. In undertaking our work, we noted that engagement occurs regularly, and within the ordinary course of Stockland's business. We found Stockland's approach to be consistent with the requirements of the <IR> principles. For example, Stockland had used feedback received from stakeholders to inform its materiality assessment and new Sustainability Strategy. Additionally, Stockland had disclosed the outcomes of selected engagement activities (e.g. customer surveys) and outlined how the business was responding to this feedback. During the year, we noted that Stockland had continued to engage proactively with stakeholders despite the impacts of COVID-19 and had adapted its engagement format, especially with its people.

Materiality

Stockland has in place a materiality determination process involving three key stages: identify, evaluate and prioritise, and review and disclose, as recommended by the <IR> Materiality principle. The process considers both risks, as well as opportunities, and is aligned to Stockland's broader risk assessment, meaning that financial and operational elements are considered, not only traditional sustainability issues.

The outcomes of this process included the determination of material matters reflecting the emerging trends and significant issues that impact the landscape in which Stockland operates – including both current and future risks and opportunities. Stockland's process for determining relevant matters included consideration of the potential impact over the short, medium, and long term. Moving forward, we recommend Stockland consider how the outcomes of its materiality determination process align with, or reshape, the group's 'enduring themes'. Articulating the connectivity between Stockland's 'enduring themes' and 'material matters', as well as how they both inform the sustainability strategy, is a key component of Stockland's value creation story.

Reliability and completeness

In accordance with the principle of Reliability and completeness, Stockland's Report included disclosures of both positive and negative performance. For example, on an annual basis Stockland tracks and discloses its sustainability performance against multi-year targets, clearly outlining if targets are not achieved. Additionally, Stockland had internal processes in place to validate key performance information, that included the separation of responsibilities for preparing and reviewing information. Any estimates, assumptions and restatements were also clearly marked in the Report.

Other observations on particular aspects of our engagement

Stockland has requested that we provide selected observations and areas for improvement, as identified throughout the assurance procedures, for the purpose of identifying improvement opportunities and areas of sustainability leadership. These observations did not impact our ability to form an unqualified assurance conclusion.

- ▶ There have been several significant environmental and social impacts on business over the past year, notably the bushfires in early 2020 and COVID-19. Like other organisations, Stockland has responded to these events in a number of ways, and accordingly the group's sustainability performance has been impacted. In particular, Stockland decided not to collate data from its asset-based teams on community development initiatives undertaken across the year. The associated significant decline in overall community contributions disclosed highlights the need for more regular and automated data collection processes in order to limit the time and effort needed for team members (especially asset-based teams) to manage data input. We encourage Stockland to continue exploring alternative options for delivering its community development programs, and collating investment and impact data, in light of COVID-19 and the evolving operating context.
- ▶ As disclosed in the Report, Stockland has delayed the release of its new Sustainability Strategy in order to allow the business to focus on responding to COVID-19 impacts. In finalising its new strategy, we recommend Stockland consider how it can best articulate a long-term ambition across the group, such as within overarching targets, whilst also outlining short-term actionable targets that reflect the diversity of its business. For example, by outlining how the group intends to expand on its current Net Zero commitment (net zero carbon emissions by 2030 across logistics centres, retirement living operations, and corporate head offices) to all core components of its portfolio and then how each business will implement this target. Additionally, integrating a mechanism that enables the business to be agile to emerging issues and respond as these are identified, will be increasingly important.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Stockland, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Meg Fricke
Partner
25 August 2020



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Melbourne, Australia