

Our Management Approach to Employee Engagement and Development

A. Purpose

This document sets out our approach to employee engagement and professional development. It should be read in conjunction with our Employee Engagement, Development, Diversity and Inclusion Deep Dive (available on our [website](#)), where we report on progress against employee engagement and professional development on an annual basis. Together, our management approach documents and deep dive reports comprise our sustainability reporting suite, which is prepared in accordance with the GRI Standards¹ and is third-party assured.

The ability to engage and retain our employees is critical to our overall business performance. Employees who are engaged are more productive, more passionate and more inspired to innovate and deliver above and beyond standard performance.

Developing our employees' capabilities enables them to enhance performance, drive continuous improvement, and deliver on our business strategy and purpose. Effectively monitoring and evaluating performance also enables us to maintain alignment between our people's actions and our broader business objectives.



B. Management approach

B.1 Targets and priorities

A comprehensive set of targets and priorities guides our approach to employee engagement and development. These commitments are published in our annual [Employee Engagement, Development, Diversity and Inclusion Deep Dive](#).

B.2 Employee engagement

We have a multi-faceted approach to enhancing employee engagement, including career development and reward and recognition programs, health and wellbeing initiatives (refer to [Our Management Approach to Health and Safety](#)), giving and volunteering activities (refer to [Our Management Approach to Community Investment and Development](#)), and inclusive workplace and flexible work arrangements (refer to [Our Management Approach to Diversity and Inclusion](#)).

Our Voice

We measure employee engagement annually through the Our Voice survey, independently administered by survey provider Willis Towers Watson. The survey measures our level of employee engagement and provides us with valuable information about our people's perceptions and experiences of our workplace.

The survey generates scores for employee engagement and several other key evaluation metrics such as wellbeing, corporate responsibility and sustainability, diversity and inclusion, and leadership communication which helps us understand what is working well, where we can improve, and how our performance compares to that of our peers and leading international companies. The insights provided by employees through their contributions to Our Voice help guide our people strategy and subsequent activities aimed at improving the engagement of our people.

The survey also provides valuable insight into key issues affecting our employees, with employee responses to the following statements helping us to ascertain the effectiveness of our employee engagement: "the organisational structure facilitates

¹ The GRI Standards are global standards for sustainability reporting published by the Global Reporting Initiative (<https://www.globalreporting.org/standards/>). The relevant standard for this management approach document is contained within [GRI 103: Management Approach](#).



efficient operations”; “the organisational structure provides clear accountabilities”; “I believe values are clear”; “leadership decisions are consistent with the values”.

Our Voice survey results are communicated to all employees via business-wide communication channels and cascaded through team debriefs and action planning sessions. A requirement of the Our Voice process is that employees have the opportunity to attend a results debrief and action planning session. Team debriefs are either facilitated by a member of the Human Resources (HR) team or a manager and provide an opportunity to validate the survey findings and obtain qualitative data with a view to capturing key issues and opportunities. At each level of the organisation, teams identify key themes emerging from the survey results and determine specific initiatives to address these focus areas in the financial year.

Developing leaders who are authentic, accessible, performance focused and a beacon for talent is a core component in maintaining and building employee engagement. We have an extensive leadership and development framework to enhance manager skills. We use Our Voice, exit surveys and anecdotal feedback to identify areas of focus and look to build on learning development programs to coach and develop our people managers.

In addition to the Our Voice survey, the Leadership team undertakes an alignment survey, with feedback provided by team members, to assess alignment in clarity, understanding and communication of expectations as they relate to strategic priorities and direction. The survey results are debriefed at a team and Group Leadership team level with subsequent actions identified.

Internal communications

One of the most fundamental components of our employee engagement approach is internal communications, which is managed by our Stakeholder Relations team. Our internal communications strategy clearly outlines why and how we engage with our employees and sets out five elements that define our ideal future state and how we aim to achieve it:

IDEAL FUTURE STATE	HOW WE AIM TO ACHIEVE IT
Employees understand and feel connected to the business strategy	Use communications to provide an overview of the strategy and an update on how we are tracking against it. Provide links between employee activities and outcomes. Demonstrate how cross-business collaboration helps achieve business objectives.
The Executive Committee members are seen as capable and inspiring leaders with open and regular communication	Build support for the Executive Committee by demonstrating their passion, commitment and knowledge. Build trust through open and honest two-way communication.
General managers and senior managers are effective communicators	Improve leadership and senior manager team communications so that employees feel supported and well informed about their business.
Employees are advocates for the brand and values	Increase understanding of the Stockland brand and values to support employees to advocate for the brand.
Employees feel good about coming to work and have the information and support they need to do their jobs well	Provide access to the information employees need, when they need it and via the right channels.

The Internal Communications team supports the achievement of business objectives by partnering with business units and departments to provide strategic communications advice.

The main channels used to communicate with our employees are digital media (including intranet, blogs, emails, newsletters, award e-cards, polls/surveys, Yammer), face-to-face activities and events such as employee roadshows, employee town hall meetings, open invite lunches, team meetings, leaders’ forums and networking events.

Communication of significant operational changes

Consultation requirements regarding notice periods for significant operational changes are set by modern Awards that apply to certain staff. With regard to collective bargaining agreements, a minimum notice timeframe is not specified, however they do state that notice of change must be given as early as practicable. We apply a standard approach to consultation, regardless of whether employees are covered by a modern award or a collective bargaining agreement.

In the case of significant operational changes, we must discuss with impacted employees (and their representatives if any) the introduction of the changes, and measures to avert or mitigate the adverse effects of such changes on employees. We must also give prompt consideration to matters raised by employees and/or their representatives in relation to the changes. The discussions must commence as early as practicable after a definite decision has been made by the employer to make the changes.



All collective agreements in which our employees are included contain the right to cease work in case of imminent risk of safety. Other health and safety topics covered in these agreements include entitlements with regard to personal protective equipment, statutory obligations with regard to workplace, health and safety legislation, and employee obligations to safety as specified in the role classifications.

Graduate program

Every year we recruit a cohort of graduates in a variety of disciplines from Australian universities. Our graduate program aims to build a pipeline of future talent, to introduce diversity of thought, and to provide a high quality early career experience. The graduate program is two years, and all graduates undertake a comprehensive training development program to supplement their on-the-job experience. As part of the program, graduates participate in graduate-focused development days, are allocated a senior leader from the business as their sponsor, participate in volunteer days and complete discipline-specific professional qualifications. Graduates also gain exposure to the Executive Committee and senior leaders via both one-on-one and group events. In addition, graduates complete our Career Foundations program, Real Conversation and Business Writing program in their second year.

Supporting the graduate program are a number of feeder pools, including:

- the Ervin Graf scholarship and work experience throughout the year aimed at training and developing high-performing property students
- the Stepping Into program, which supports undergraduate students with a disability
- the Lucy program, which supports female undergraduate students from disadvantaged backgrounds
- UNSW Internship for Business Students, which provides students with the opportunity to gain work experience
- UTS Bachelor of Accounting Sponsorship, which provides work training to accounting students completing their undergraduate degree (students complete two six-month internships with sponsor organisations)
- internships provided to UTS Law students over the winter break, which serve as additional sourcing channels to the graduate program and support our broader diversity strategy.

Diversity and inclusion

Building a diverse and inclusive workplace is an important component of employee engagement, and we provide further detail on our diversity and inclusion approach at [Our Approach to Diversity and Inclusion](#).

B.3 Employee development

Learning and development

Our learning and development program is structured to help employees as they join the organisation, to grow within their roles once they are on board, and lead their teams in an inclusive way:

- **Join** – focuses on helping new employees understand our organisation, strategy, values and purpose through orientation programs and compliance training.
- **Grow** – covers technical training specific to our job families, industry programs and general professional development such as presentation skills, how to have difficult conversations and how to increase their presence and technology training. We have a number of programs, initiatives and services to support the development of our key job families such as sales, centre management, development management, project management and village management. The purpose is to provide employees with the knowledge and skills necessary to perform and grow in their roles.
- **Lead** – focuses on developing our people's leadership skills to deliver our strategy, develop their teams and achieve results. Recognising that most adult learning (approximately 70 per cent) happens by doing, we focus on providing our managers with the skills they need to coach and develop their teams and give them the tools to focus their career. We have a core leadership curriculum in place to support this, complemented by online training solutions, coaching, 360° leadership reviews and other assessments.

Senior Leadership Experience program

We know (from research conducted in 2015 where we partnered with the Diversity Council of Australia on a research study titled; **Building Inclusion: An evidence based model of inclusive leadership**) that inclusive leaders drive performance, productivity and innovation, through their ability to relate to a diversity of people and perspectives, be open and flexible, and focus on personal, team, and organisational growth. Inclusion is a significant component of the Senior Leadership Experience program, which is a senior leader development opportunity centred on our purpose, "creating a better way to live" for the communities in which we operate. Leaders are immersed in a community for a week, and are set a challenge to solve; they are supported by a faculty of experts in the fields of innovation, inclusion, and mindfulness.



Performance and development

Every year, all employees are required to set clear and measurable development objectives to deliver the objectives of their business and the broader Group. These are collected and tracked via our performance management system.

Our performance and development process is described below.

STOCKLAND PERFORMANCE MANAGEMENT PROCESS



Performance review process

Our performance review process measures the employee’s overall performance, including progress against the objectives set at the start of each financial year or at the commencement of a new role. Employee performance is an ongoing focus, reflected in the nature and rigour of our performance review process, outlined below:

- objectives setting – managers and employees agree objectives and measures of success for the performance year
- ongoing feedback – managers and employees have regular meetings throughout the year to discuss ongoing performance and progress against employee’s objectives
- mid-year review – a more formal opportunity to review employee progress against agreed objectives
- annual review – a formal annual review process is conducted at the end of each financial year and is a summary of the regular discussions that have been held with employees throughout the year, including the mid-year review. Following the annual review, a performance rating is assigned, which reflects the employee’s overall performance including performance against their objectives and the Stockland values throughout the year.

Career development process

We encourage career development through the establishment and ongoing review of personalised development plans, agreed between an employee and manager. This occurs at the start of each financial year or at the commencement of a new role. The development plan is completed at the same time as setting performance objectives with the view to identifying actions to build their capability to deliver on their objectives and grow their careers. Progress against this development plan is reviewed in conjunction with the key objectives as part of the performance review process outlined above.

To complement this review process, employees have at least one formal One Up discussion each year with their manager’s manager, which provides them the opportunity to share their career aspirations, explore broader career development options and build a stronger relationship with upper management. Employees are encouraged to drive their own career development, and we provide our employees and their managers with the tools to do so.

We have implemented a number of programs and initiatives that drive career development:

- 3-in-3 Program – a structured professional learning program that involves shadowing an experienced employee in another part of the business. The program is designed to facilitate cross-divisional learning, provide a more comprehensive understanding of the key functions of different areas and to broaden and develop employee skillsets and awareness of potential career opportunities.
- Leadership – we have several programs to provide leaders with the knowledge and skills to facilitate career conversations. This includes Leading@Stockland, Coaching For Success, Real Conversations, Career Foundations, Career Resiliency and our Senior Resiliency program.
- On-the-job – we continue to expand the number of opportunities for our employees to get involved in cross-business projects and initiatives including the Core Systems Program and Employee Advocacy Groups (EAGs), which support our broader diversity and inclusion strategy.



- Further education – employees are encouraged to undertake further education at accredited industry or tertiary institutions. We have a Further Education Assistance Policy that outlines the three levels of support we offer for employees undertaking further study, depending on the relevance to their current or next role.
- Professional development – We encourage participation in external training to assist employees with their general professional and career development. We have provided a list of our preferred courses and vendors on our intranet.

In addition to the standard performance and development processes and initiatives, we also maintain a strong focus on continued employability. We seek to minimise the impact on those affected by organisational restructures and retrenchments by supporting them in the search for alternative employment, in the first instance within our business or externally. Outplacement services are offered to employees whose roles have become redundant, with the type and level of support offered varying in accordance with the individual's career stage.

Our outplacement providers are available to employees and provide services such as career goal setting, job search strategy development, access to office support and comprehensive research facilities, group workshop and seminar programs, small business advisory services and expert advice on money matters.

Talent and Succession

Every year we assess our leader population (Executive Committee, General Managers, Senior Managers and Managers) to identify our high potential employees and map successors for leadership team roles (Executive Committee and General Managers). The talent review process allows us to target investment in our high-potential employees and provide them with development, visibility and support to further their career at Stockland. The succession process involves identifying successors for leadership team roles to support employee engagement, development and retention and business continuity in the event of leadership team turnover.

The resulting talent and succession report, including associated analysis and insights, is shared with the Executive and HR Committees for their review and input.

C. Review and evaluation of the management approach

We report on progress against our employee engagement and employee development priorities and targets as part of our annual [Employee Engagement, Development, Diversity and Inclusion Deep Dive](#). In this reporting, we include:

- a status update and description of progress against our targets
- an explanation of progress on priority actions that contribute to the achievement of key targets
- the identification of future priorities
- highlights of initiatives implemented over the reporting period
- case studies that explore key achievements, usually at particular locations.

Our Voice

We use the results from our annual Our Voice survey as an important source of information in evaluating the effectiveness of our engagement activities and the initiatives executed as part of our people strategy.

The annual Our Voice survey measures key scores for employee engagement and several other key evaluation metrics such as wellbeing, sustainable engagement, diversity and inclusion, and leadership communication. The survey questions are reviewed annually with support from our independent provider Willis Towers Watson so that the information gathered is consistent for key scores and also take current priorities around employee engagement into account.

Talent attraction and retention

We recognise that employee engagement has a direct relationship with both productivity levels and talent attraction and retention. As such, we use key retention metrics to determine the success of our employee engagement activities, including employee initiated turnover, turnover in the first year and key talent retention. Employee turnover is monitored and reported monthly on a rolling 12-month average. We also track turnover for employees with Strong performance or above. We set annual targets for turnover and report on these regularly to our Executive Committee and Board. Senior managers receive monthly updates on their respective turnover progress.

Exit surveys also provide valuable information on key drivers of retention and reasons for leaving. These are analysed every six months.



Internal communications

We measure the reach and impact of our internal communications in a number of ways, such as through the Our Voice survey, page hits on the intranet, open rates of emails, engagement on Yammer and surveys following employee events such as the employee roadshow.

Employee development

We utilise a range of metrics as proxies for determining the return on investment in employee development, including employee costs, turnover, and leave rates. These metrics are monitored and reported monthly to our Executive Committee and Board to track overall HR effectiveness and are readily available to senior leaders across the organisation through the HR Dashboard on the intranet.

Our annual Our Voice employee engagement survey has a professional development and performance review category, which allows us to see how our people perceive their skill development and performance feedback over the year. We also evaluate each of our learning programs that aim to capture learning transfer and adoption.

Our leadership competencies are built into our 360° leadership assessment that our senior leaders undertake every 18 months to two years. This data is aggregated annually to provide an overall picture of leadership capability, with the findings guiding development planning and included in the annual culture review.

D. Responsibilities

Roles and responsibilities associated with delivery of our approach to employee engagement, development, diversity and inclusion are described in the table below.

ROLE	RESPONSIBILITIES
Managing Director and CEO	Responsibility for employee engagement, employee development, diversity and inclusion at a Group level
Executive Committee members	Accountability for driving initiatives and actions that deliver improved employee engagement outcomes
All managers, senior managers, general managers and executive employees	Meet employee engagement performance measures, in addition to other key focus areas measured through the Our Voice survey
Leaders and managers	Align with defined leadership accountabilities and competencies outlining what is required to coach, develop and build high performing teams
All employees	Effective engaging and responsive internal communications that contribute to the achievement of optimal business outcomes
Corporate Human Resources team	Supporting the development and growth of our people through learning and development initiatives Coordination of Group-wide programs such as talent reviews, succession planning and performance reviews
Business Human Resources teams	Partnering with business units to support and coach line managers to secure the right people, manage performance, build capability, grow talent and create the climate to deliver business outcomes

E. Version control

REVISION	DATE	OWNER	CHANGES
1	September 2018	General Manager – Human Resources	