

Our priorities and progress

FY16

At Stockland, our sustainability reporting focuses on the issues of greatest relevance to our business during the reporting period. Our enduring themes are those sustainability issues that align with and help us to deliver on our three sustainability priorities. How we manage each of these themes is well developed and embedded in our day to day operations.

For each of our enduring themes, we have discrete priorities that shape our actions during the year and against which we measure our progress. This document sets out these discrete priorities and provides an update on our progress in the year ended 30 June 2016 (FY16).

More information on each enduring theme can be found by exploring online at www.stocklandsustainability.com.au, or by downloading our Disclosure on Management Approach (DMA) series at www.stockland.com.au/corporate-reporting/downloads.

THEME: Community

PRIORITY: SHAPE THRIVING COMMUNITIES

Our goal is to create and shape communities that thrive now and into the future by focusing on three core areas: health and wellbeing; community connection; and education. We believe we have the ability to make a positive contribution in these areas because they align with our skills and experience, and our proprietary customer and industry research tells us these are the areas that matter most when our customers are deciding where to live, work and shop. Our contribution is coordinated through a combination of community investment and development and Stockland CARE Foundation initiatives. Following are our key community priorities and the progress made in FY16:

Community Investment

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Collate responses and insights from community partnership review survey data and assess remaining community partners against the Centre for Social Impact (CSI) framework.	Achieved	We surveyed our retail marketing managers on their experiences and opinions on our existing community partners and programs. These results were used in combination with our community partner review process to structure our community partnerships in FY16.
Incorporate community investment review findings into FY16 community partnership agreements and initiatives.	Achieved	We have incorporated the community investment review findings into the agreements that were renewed in FY16. We will continue to incorporate these findings into agreements in FY17. We updated our community partners' portfolio to include two new partnerships and restructured two existing partnerships. We have completed a standard donation agreement template for CARE Foundation agreements.
Develop an organisation wide volunteering strategy and progress towards a volunteering rate of 65% by FY17.	In Progress	We completed a volunteering strategy review and launched a new volunteering toolkit. We achieved a volunteering rate of 48%, up 27% from FY15. In FY16, we introduced two new charity partners who conducted new volunteering activities.
Roll out and stabilise new workplace giving platform with active employees registered as Good2Give users.	Achieved	We updated our workplace giving collateral, promotions and processes to engage our employees with our new workplace giving system, Good2Give.
Achieve workplace giving rate of 25% by FY17.	Achieved	We achieved a workplace giving participation rate of 26% in FY16.

Community Development

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Participants of health and wellbeing programs to have a wellbeing score above the National Wellbeing Index (NWI) average of 72-76 (FY17). In FY16, we will expand coverage of health and wellbeing national partnerships surveyed against the NWI to include the	Not Achieved	We have previously reported on this for the parkrun program. Opportunities to expand coverage of health and wellbeing to include other programs have either not eventuated or data cannot be provided so we have not been able to meet this target in FY16. The parkrun survey was delayed and was not conducted in FY16. We remain positive that new opportunities will arise to expand coverage and as a minimum, we will continue to work with parkrun and resurvey this program against the NWI in FY17.



FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Heart Foundation and Live Life Get Active (and resurvey the parkrun program).

Implement the Accessibility Action Plan for Commercial Property and undertake a desktop audit of existing amenities across the Retail portfolio.

In Progress

Our Accessibility Action Plan was implemented during FY16 and commenced with a resurvey of existing amenities in our Retail portfolio via an online questionnaire. The resulting inventory of the accessible amenities allowed us to identify opportunities for future projects that can be implemented in FY17. Two initiatives already implemented include the revision of parent room designs to include a quiet space for children with autism and the development of guidelines for the design of inclusive playspaces in our shopping centres.

Residential

FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Achieve a Green Building Council of Australia (GBCA) Green Star – Communities rating for at least one project in each state where our Residential business operates.

Achieved

In July 2016, six of our residential communities were rated under the Green Star – Communities tool. This includes Calleya (WA), Cloverton and The Grove (Vic) Altrove and Willowdale (NSW) and Newport (QLD). The submissions were finalised in FY16, with the ratings received shortly after the reporting period.

Achieve Stockland's first GBCA Green Star rated school.

In Progress

We continue to work towards our FY17 target of achieving a GBCA Green Star rated school, by engaging with respective state education departments, and evaluating opportunities for application.

Seek to achieve the following levels of satisfaction with education as measured through the Liveability Index:

- 80% resident satisfaction with access to education (FY17); and
- 80% resident satisfaction with quality of education (FY17).

In Progress

During FY16 we evolved our Liveability Index approach to measuring satisfaction with education across our residential communities. A national satisfaction score encompassing questions related to satisfaction with quality of, and access to education is now measured, with a target to achieve 80% satisfaction nationally (FY17). In 2016, our performance using this new approach was:

- 75% resident satisfaction with education.

All projects with a school in the project boundary to offer an annual education partnership/program.

Achieved

In FY16, we established a partnership with the National Theatre for Children, to offer education programs to all schools within a Stockland residential project boundary (current projects). The program has been offered to all schools within a Stockland project, and schools in the immediate area (total 29).

Maintain the following levels of satisfaction as measured through the Liveability Index:¹

- Average resident wellbeing scores above NWI average of 72-76 (FY17); and
- Above 80% resident satisfaction in community design elements (FY17).

Achieved

We achieved the following results through our Liveability Index for FY16:

- 80% NWI score; and
- 82% satisfaction in community design elements.

Retirement Living

FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Maintain wellbeing of residents above Australian national average NWI of 72-76 (FY17).

Achieved

The mean score for our residents' NWI in FY16 was 82.3%.

In FY16, we will set a benchmark for participation in learning, mentoring and training opportunities with a view to increasing participation in these activities.

In Progress

Our partnership agreement with Bowls Australia has established a framework to benchmark residents' participation that will be supported through FY17.

¹ Stockland's FY15 Sustainability Report also included a target of above 80% resident satisfaction in community design elements influencing health and wellbeing. This was included in error and was covered by the target above 80% resident satisfaction in community design elements (FY17).



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Maintain FY15 satisfaction score of 87% for sense of community in the Residents' Voice survey.	Achieved	The proportion of residents satisfied with the sense of community in FY16 was 88%.
Complete first community grants program across our Retirement Living business unit.	Achieved	Two successful community grant programs were held (Sept 15 and Jan 16). In total, we received 109 applications and awarded 87 grants totalling \$87,000.

Stockland CARE Foundation

FY16 PRIORITIES	FY16 PRIORITIES	FY16 PERFORMANCE
Finalise and endorse CARE Foundation employee network membership for FY16.	Achieved	In FY16, we formally announced the National CARE Foundation employee volunteer committees in New South Wales, Victoria, Queensland and Western Australia.
Embed CARE Foundation priorities at the corporate and asset level through the communication and delivery of a giving and volunteering toolkit and CARE Foundation toolkit across each Stockland head office location and asset.	In Progress	In FY16, we ran our first Foundation Fortnight across our state offices and assets to raise awareness and funds for the Stockland CARE Foundation and its beneficiaries, Redkite and TBO. All Stockland retail centres, retirement living villages and residential communities promoted the CARE Foundation throughout the fortnight and all Stockland state offices held events and raised funds. Three residential communities, 12 retirement living villages and 12 retail centres held events throughout the year. We completed a CARE Foundation toolkit for our retail assets.

THEME: Customer engagement

PRIORITY: SHAPE THRIVING COMMUNITIES

Understanding and responding to our customers' changing needs and maximising customer satisfaction is critical to the sustainability of our business and the ongoing relevance and reputation of our brand, products and services. Our commitment to customer engagement is consistent across our diverse customer base, which includes the people who live in our residential and retirement living communities, shoppers and retailers in our shopping centres, and our office, logistics and business park tenants. Following are our key customer engagement priorities and the progress made in FY16:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Maintain retailer satisfaction target at 77% and retain leadership on satisfaction in FY16.	Not Achieved	Retailer satisfaction was 76%. Stockland maintained leadership amongst head office based retailers, as measured by Monash University's TenSAT survey; however, we ranked second amongst all retailers.
Shopper experience benchmarks will be set in FY16 once our research with shoppers has been consolidated and has broader reach.	In Progress	We continue to collect shopper experience metrics and investigate how we can best ensure our sample is comparable across centres and different timeframes. Once this is finalised, we intend to set shopper experience benchmarks to monitor and improve the shopper experience.
Set KPIs for tenant satisfaction amongst Logistics and Business Parks tenants.	Achieved	We set a KPI for tenant satisfaction of 80% for FY16 and achieved 87%.
Prospective resident satisfaction target of 77% for our Residential business.	Not Achieved	Prospective resident satisfaction nationally was 70%. This was due in part to the high volume of leads generated in the NSW market where demand sometimes outstripped supply, leading to customer frustration and a lower than anticipated customer satisfaction score. We have a number of initiatives underway to improve the customer experience including more personalised communications to our lead customers and a greater investment in sales training.
Achieve National Liveability Index target score of 80% across our residential communities by FY17. ²	In Progress	The National Liveability Index score for FY16 was 84% and we remain focused on maintaining this performance at or above 80% by the end of FY17.
Maintain a national mean score of 8.25/10 for average resident satisfaction for our retirement living residents.	Achieved	8.5/10 average resident satisfaction achieved for our retirement living communities. Resident satisfaction is measured as 'overall happiness with the village'.

² Note that the target was misquoted in last year's Customer Engagement DMA as 85% and should be 80%.



FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Set KPIs for the sales experience amongst our retirement living prospective customers.

Not Achieved

We continued to monitor prospective resident satisfaction in FY16 and intend to set KPIs in FY18 when we will have two years' worth of data from which to reliably set meaningful targets.

THEME: Asset rating and certification

PRIORITY: OPTIMISE AND INNOVATE

Asset ratings and certifications are a key means of assuring and demonstrating the quality of our projects and assets. These ratings serve as validation that key social and environmental aspects have been considered in our project and asset designs, developments and operations. Rating and certification schemes also enable us to demonstrate compliance with state and national regulations, benchmark our sustainability performance against our peers, and regularly track and improve our performance across our various asset classes. Following are our key asset rating and certification priorities and the progress made in FY16 across our three business units:

Commercial Property

FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Achieve a Green Star – Performance rating on a portfolio of 22 retail assets.

Achieved

Achieved a portfolio average rating of 3 Stars, which is considered 'Good Practice' in the context of sustainable building performance in the Australian marketplace.

Develop approach and test application of new Green Star – Design & As Built rating tool.

In Progress

All current commercial property projects are registered under the Green Star – Design & As Built v1.0 rating tool. No new developments are registered as yet, however, all new projects will use the new Design & As Built rating tool in the future. Our development and project management teams have completed training to familiarise themselves with the new rating tool in FY16.

Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.

In Progress

All utility billing and metering issues that are preventing National Australian Built Environment Rating System (NABERS) ratings are being worked through progressively. Some issues remain which have prevented ratings at three locations again in FY16; however, we expect these will be resolved to enable ratings to be undertaken in FY17.

Residential

FY16 PRIORITIES

STATUS

FY16 PERFORMANCE

Continue to pilot Green Star – Communities rating tool in 4 nominated new residential projects.

Achieved

Registered seven new projects under the Green Star – Communities tool in FY16 including our residential communities at Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We subsequently received a combination of 5 and 6 Star Green Star – Communities ratings for six of these communities in August 2016, with the rating for Stamford Park expected to be received later in FY17.

Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including:

In Progress

- All sustainability hubs rated to meet LHA Silver standard minimum Design and As Built certified and registered by FY19.
- Two new display homes in all new communities to display LHA Silver standard by FY17.
- All new communities to have LHA design options offered by at least two builders by FY17.
- 20% of medium density and completed homes to meet LHA Silver standard minimum Design and As Built certified and registered by FY19.

- LHA Silver level design review complete at the Willowdale Sustainability Hub. As Built certification is a contractual requirement at completion.
- We currently have two homes certified Design and As Built in our display village at Willowdale and a further two homes Design certified and yet to be constructed in our display village at The Grove.
- We currently have one new project with builders offering LHA options for their homes (Willowdale) and a further ten projects across the country with builders either currently offering or committed to offering Silver level LHA design options.
- Delivery against this target is underway with 20% of Ivanhoe, Willowdale and Elara designed to LHA Silver standard. We will continue to aim for 20% delivery through to FY19.



Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
<p>Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including:</p> <ul style="list-style-type: none"> Achieving Gold standard LHA design, registration and certification on all new developments. 	In Progress	All independent living unit type designs at Willowdale Retirement Village certified to LHA Gold standard.

THEME: Biodiversity

PRIORITY: OPTIMISE AND INNOVATE

At Stockland, we develop new land for housing, including infrastructure and social amenities, to create sustainable, thriving communities. Developments on greenfield sites can impact local bushland habitat, ecological communities and protected or significant species. As part of our strategy to deliver shared value, we aim to minimise and mitigate these impacts to protect the biodiversity of our surrounding environments. Following is our key biodiversity priority and the progress made in FY16:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
For new masterplanned residential communities being planned from FY15, make an aggregated net positive contribution to the biodiversity value by FY17 as determined by the Biodiversity Calculator.	In Progress	100% of new projects (6) achieved a positive Biodiversity score for FY16.

THEME: Carbon and energy

PRIORITY: OPTIMISE AND INNOVATE

We recognise we have a role to play to influence the energy efficiency of our assets and reduce emissions, and have taken a proactive approach to developing policies and implementing action plans over a number of years. The increasing cost of energy, particularly electricity, poses a challenge for the property industry and for all Australians. Improving the energy efficiency of our assets and communities will not only ensure improved environmental outcomes, but will also improve cost of living and deliver tangible benefits for our business. Following are our key carbon and energy priorities and the progress made in FY16 across our three business units:

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
10% improvement in retail FY14 energy intensity by the end of FY17.	In Progress	The Retail portfolio has reduced its energy intensity by 5% from FY14. This is a good outcome considering the large developments that have taken place in FY16. We will continue to report on our 10% improvement target through to the end of FY17.
Undertake feasibility assessments on solar PV across five retail, office and business park assets.	Achieved	We completed feasibility assessments on 15 shopping centres and two business parks in FY16 and are currently reviewing the business case for each to assist decision making on whether to proceed to construction in FY17.
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	Not Achieved	Utility billing and metering issues are being progressively addressed. We have been unable to receive a NABERS (National Australian Built Environment Rating System) Energy rating at one site in FY16 due to ongoing issues. We expect these issues will be resolved to enable a rating to be undertaken in FY17.
3% renewable energy target in retail by the end of FY17 (base building retail energy).	Achieved	<p>Our 3% target was calculated as a percentage of our FY13 retail electricity consumption, which equates to 1,906 MWh or the equivalent output of 1.27 MW of installed capacity. We have already installed in excess of this capacity across four assets, including our largest installation at Stockland Shellharbour in NSW (1.22 MW). The actual output of the installed systems in FY16 was 1,940 MWh.</p> <p>We have committed to installing a 900 kW solar PV system at Stockland Wetherill Park in Sydney in FY17, which will take our installed capacity to 2.27 MW or 5.37% of FY13 retail electricity consumption. This will exceed our target by 70%.</p>
NABERS Retail energy portfolio average target of 4.3 stars by FY17.	In Progress	Ratings completed on 22 out of 23 eligible assets, up from 19 ratings in FY15.



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
		Current portfolio average of 4.19 stars.
Maintain a 4.5 star NABERS average in Office and Business Parks by FY17.	Achieved	Current combined Office and Business Parks portfolio average of 4.76 stars. Current Office portfolio average 4.59 stars. Current Business Parks portfolio average 4.92 stars.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
40% reduction in energy usage per residential lot incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct. ³	Not Achieved	In FY16, six projects were modelled using CCAP Precinct. The results varied between projects, with two projects achieving a 40% reduction in energy compared to the regional baseline, and four projects achieving reductions of between 35% and 37%. Opportunities to include energy efficiency initiatives will continue to be reviewed on each project.
Complete a residential renewables study to verify greatest opportunities for impact.	Achieved	A renewables study was completed during FY16 which identified that the greatest opportunity to shift supply to a renewable source is to partner with a utilities provider to undertake feasibility on broad scale provision of alternative energy.
Prepare a sustainability policy and minimum standards for medium density and completed homes in FY16.	In Progress	A sustainability policy has been drafted for medium density and completed homes for which will be seeking endorsement in FY17.
Develop a standard methodology for measuring renewable energy on our masterplanned communities by FY17.	Not Achieved	An effective and efficient method for measuring renewables within a defined precinct has proved difficult to identify. Instead, we completed a renewables study during FY16 which identified that the greatest opportunity to shift supply to a renewable source is to partner with a utilities provider to undertake feasibility on broad scale provision of alternative energy.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Measure baseline energy and emission performance and set energy efficiency targets to reduce emissions levels on operating assets in FY17.	In Progress	We have implemented an energy submetering and monitoring program pilot at selected villages to baseline energy and emission performance, identify opportunities to reduce consumption, improve efficiency and promote operational savings. We will continue the pilot through FY17 and will develop targets once we have a complete 12 month dataset.
40% reduction in energy usage per retirement home incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct.	In Progress	We are on track to achieve this by FY17 with the following: <ul style="list-style-type: none"> Willowdale Retirement Village (NSW) – 59% reduction; Oceanside Retirement Village (Qld) – 45% reduction; Calleya Retirement Village (WA) – 37% reduction; Selandra Rise Retirement Village (Vic) – 30% reduction; Affinity Village (WA) – 53% reduction; and Mernda Retirement Village (Vic) – 55% reduction.

THEME: Climate and community resilience

PRIORITY: OPTIMISE AND INNOVATE

For the benefit of our stakeholders, and society more broadly, we are committed to creating climate resilient assets and communities that can endure severe weather impacts and operate without disruption. Understanding where events are likely to occur and how well our assets and communities are able to respond enables us to improve the resilience of our assets and reduce risks to business continuity. It also potentially reduces the risk to human life and community safety. Following are our key climate and community resilience priorities and the progress made in FY16 across our three business units:

³ New projects are defined as those with over 500 dwellings and new precincts over 750 dwellings.



Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Undertake climate resilience assessments in three new locations and implement initiatives from action plans on all sites assessed.	Achieved	Completed climate resilience assessments on two shopping centres in Bundaberg, Queensland and Nowra, NSW. Completed two cyclonic wind vulnerability assessments (in conjunction with James Cook University) at our shopping centres in Bundaberg and Hervey Bay, Queensland. The purpose of these assessments was to investigate the vulnerability of roof cladding and the building envelope in terms of potential for wind/rain entry and subsequent damage.
Improve the regional average resilience score for North Queensland shopping centres from 5.9 to 5.5 by FY17 (as more resilient assets receive a lower score).	In Progress	Climate resilience action plans are being implemented for the 19 sites that have been assessed. The target score will be recalculated and reported in FY17.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
All active residential projects in high risk locations (climate risk) to complete a climate resilience assessment by the end of FY17.	In Progress	Climate and community resilience assessments were undertaken on six new residential projects. Adaptation and resilience plans have been prepared for each project. We will focus our assessments on projects in high risk locations in FY17.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Retirement living villages in development (that have received approval to start construction for the reporting period) to complete a climate and community resilience assessment.	In Progress	A climate and community resilience assessment was conducted for our Willowdale Retirement Village, NSW, as part of our Green Star – Communities review.
All development villages in potential high risk locations (climate risk) to complete a climate and community resilience assessment by the end of FY17.	In Progress	Six climate and community resilience assessments were completed at villages in high climate risk locations. These include The Cove, Maybrook, Patterson Lakes, Salford Waters, Hillsview and Walnut Grove.
Undertake climate resilience assessments at Cardinal Freeman and Willowdale retirement living villages.	In Progress	A climate and community resilience assessment was undertaken at Willowdale as part of our Green Star – Communities review. The assessment will be completed at Cardinal Freeman during FY17 once development is complete.
Embed the climate resilience and vulnerability criteria into the operational risk procedures.	Not Achieved	The priority in FY16 has been to complete six climate and community resilience assessments in high climate risk locations. In FY17, we will look to embed the key findings from those assessments into operational risk procedures.

THEME: Waste and materials

PRIORITY: OPTIMISE AND INNOVATE

The development of properties and communities and their ongoing operation account for large quantities of waste and material usage which have an impact on the environment. We seek to reduce, reuse and recycle our waste whenever feasible and minimise our contribution to landfill. We also specify the use of ecologically and health preferable materials and recycled materials in our developments. Following are our key waste and materials priorities and the progress made in FY16 across our three business units:

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
90% construction waste diverted from landfill by FY17.	In Progress	Construction waste diverted from landfill is currently 83% for the current portfolio of projects, which is a reduction from 92% in FY15. Recycling rates can vary from project to project depending on the project demolition stage and the types of materials recovered during demolition or used during construction. Whilst we can sometimes exceed 90%, we believe that a long term target of 80% is more achievable for retail



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
		construction. We will focus on achieving the 80% diversion target by the end of FY17 and will track key projects such as Stockland Green Hills in the NSW Hunter Valley to support this.
36% of retail waste diverted from landfill by the end of FY17.	Achieved	Waste diverted from landfill in FY16 is 39%. While we have achieved our target ahead of schedule we will continue to monitor and improve on this in FY17.
Maintain 70% of office and business parks waste diverted from landfill by the end of FY17.	In Progress	FY16 waste diversion in our Office and Business Parks portfolio was 42% which is a 4% improvement against FY15. This diversion rate is lower than anticipated due to the closure of an offsite sorting facility. Further, the Better Business Partnership (BBP) has identified that there is no industry standard for waste reporting and has introduced the BBP Operational Waste Reporting Guidelines. Stockland will adopt the bronze standard for FY17 and reset our target to 45% of waste diverted from landfill.
Work with consultants to provide education to both tenants and cleaners that will help improve diversion rates by the end of FY17.	In Progress	Tenant education sessions were completed with four NSW assets in FY16 and will continue where appropriate in FY17.
Conduct a minimum of one Life Cycle Assessment (LCA) on a retail development project.	In Progress	An LCA is included in the scope for the Stockland Green Hills retail redevelopment in the NSW Hunter Valley. Due to a delay in project commencement, the LCA was not completed in FY16, however the assessment is currently underway and will be completed in FY17.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Achieve a minimum 60% waste diversion from landfill for all new residential construction contracts by FY17.	Achieved	We achieved 96% waste diversion from landfill in FY16.
Develop and embed sustainable timber and concrete specifications into new civil/landscape contracts.	In Progress	Timber and concrete specifications and contract clauses have been drafted. We will consult with contractors early in FY17 before embedding the schedule in all new contracts.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Identify opportunities for waste initiatives to divert further waste from landfill in operational and development sites.	In Progress	We have surveyed all retirement villages to understand current practices and activities undertaken by village waste management contractors. This information provided a baseline from which we can identify waste improvement opportunities.
Trial an LCA on a retirement living development, review applicability and identify opportunities for further use.	Achieved	An LCA Pilot was completed for the clubhouse at the Lightsview retirement living village, which resulted in a 38% improvement in life cycle impacts over the life of the building.

THEME: Water management and quality

PRIORITY: OPTIMISE AND INNOVATE

We maintain a strong focus on water management and quality in the development and operation of our assets, including improving the quality of rainwater runoff leaving our project sites, access to alternate water infrastructure and practical innovation to support more efficient water use. Following are our key water management priorities and the progress made in FY16 across our three business units:

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	In Progress	We did not achieve NABERS water ratings at three retail assets because we are still unable to obtain consistently accurate billing and sub meter data. We expect to rectify these issues and obtain ratings in



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
		FY17. Further information on our sustainability ratings can be found in the Asset Rating and Certification DMA .
Conduct NABERS water ratings on all eligible retail assets by FY17.	In Progress	Completed water ratings on 20 out of 23 eligible assets. As above, we did not achieve NABERS water ratings at three retail assets because we are still having issues with billing and sub meter data. Further information on our sustainability ratings can be found in the Asset Rating and Certification DMA .
Conduct water audits at ten large water consuming retail assets in FY16.	Achieved	We conducted water audits at 10 retail centres and several recommendations were made, amounting to an estimated annual water saving of 188,000kL across the 10 sites. These are currently under review for implementation in FY17.
5% improvement in retail FY14 water intensity by FY17.	In Progress	In FY16 our Retail portfolio maintained its FY14 intensity. This target has proved challenging due to increases in food tenancies (which are water intensive) and longer hours of operations. We will continue to monitor and implement water savings initiatives in FY17.
Retail NABERS Water portfolio average target of 3.0 stars by the end of FY17.	In Progress	Current portfolio average 2.85 stars (up from 2.6 in FY15).
Maintain FY14 water intensity levels for Office and Business Parks by FY17.	In Progress	Office and Business Parks saw a 12% increase in intensity against FY15 and a 3% increase against FY14. The main drivers for the increase were increased irrigation and various water leaks through taps and toilets.
Achieve 4.0 star NABERS Water portfolio average for Office and Business Parks by the end of FY17.	In Progress	Current combined Office and Business Parks portfolio average is 3.66 stars (down from 3.8 stars in FY15). This is due to the sale of Waterfront Place which had a 4 star rating and a large Net Lettable Area which, on an area weighted basis, has a major impact on the portfolio average and may impact our ability to meet our target commitments in FY17. The current Office portfolio average is 3.71 stars and the current Business Parks portfolio average is 2.85 stars.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
All new residential masterplanned projects to achieve a 40% modelled reduction in total potable water use on a per lot basis using CCAP Precinct (new projects are defined as those with over 500 dwellings and new precincts over 750 dwellings) by FY17.	In Progress	3 out of 6 projects achieved a 40% reduction in potable water use. We continue to support this target, however acknowledge it may take the business longer than anticipated to achieve this on all projects. All projects will continue to review options for potable water demand reduction.
All new residential masterplanned projects over 500 dwellings or new precincts over 750 dwellings to deliver the following water quality targets when discharging water from our site and/or into natural water systems by FY17. <ul style="list-style-type: none"> 45% reduction in nitrogen 65% reduction in phosphorus 85% reduction in suspended solids 	Achieved	5 out of 5 projects achieved water quality targets.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Measure baseline performance for water consumption and set water efficiency targets across the Retirement Living portfolio.	In Progress	We implemented a water sub metering and monitoring pilot at selected villages to baseline water performance, identify opportunities to reduce consumption, improve efficiency and promote operational savings. We will continue the pilot through FY17 and will develop targets once we have a complete 12 month dataset.



All new Stockland developed retirement villages to achieve a modelled (using CCAP Precinct) 20% reduction in potable water use on a per unit basis.

Achieved

We achieved over 20% at all new retirement village developments as follows:

- Willowdale in NSW - 61% reduction
- Oceanside in Queensland - 29% reduction
- Selandra Rise in Victoria - 38% reduction
- Affinity in WA - 62% reduction
- Calleya in WA - 63% reduction
- Mernda in Victoria - 27% reduction

Update CCAP Precinct modelling for all developments that were new for FY15 to demonstrate progress against the target through the development process.

Achieved

CCAP was used to model Willowdale Retirement Village in Sydney which achieved a 41% reduction against its baseline 20% target.

THEME: Diversity and inclusion

PRIORITY: ENRICH OUR VALUE CHAIN

Stockland values diversity and aims to create an inclusive workforce which is reflective of the communities in which it operates. We aim to leverage the maximum potential of our people, irrespective of individual differences, such as gender, ethnicity, age, physical abilities, sexual identity, family status, beliefs and perspectives. Diversity and inclusion, including flexible working arrangements, continues to be a key driver of engagement and wellbeing for our employees. Following are our key diversity and inclusion priorities and the progress made in FY16 across our Group:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Increase the percentage of women in management roles towards target of 50% by 2020.	In Progress	<p>We continue to evolve our processes, programs and leadership behaviours to work towards equal gender representation. In FY16 we have:</p> <ul style="list-style-type: none"> • 44.6% of women in management roles, declining slightly from 44.7% in FY15; and • 36% of senior management are women, which is above our target of 34.6%.
Increase employee awareness of our diversity and inclusion commitments and FY16 priorities through a targeted communication strategy.	Achieved	<p>We ran a company-wide diversity and inclusion communication campaign in September 2015, with a particular focus on flexibility.</p> <p>We continue to focus on increasing awareness via communication of achievements (such as WGEA Employer of Choice for Gender Equality recognition).</p> <p>Our Managing Director and CEO is a founding member of the Male Property Champions of Change and we continue to share and applying learnings from this group.</p> <p>We have established an employee led governance structure for diversity and inclusion through our EAGs, which support the communication of diversity and inclusion initiatives across the business.</p>
Refresh our focus on flexibility through enhanced support for managers and a campaign encouraging mainstreaming of flexibility.	Achieved	<p>Flexibility@Stockland was launched in FY16 as a company-wide initiative to encourage mainstream flexibility. The program centres around managers working with each individual to identify 'One Simple Thing' that would support greater flexibility. Reporting is also embedded in the performance process.</p> <p>Through the campaign we have seen 36% of employees introduce a new informal flexible work arrangement, on top of the 25% of employees with existing flexible working arrangements.</p> <p>Additional resources and guides provide ongoing support for managers.</p>
Implement an Indigenous hiring strategy.	In Progress	<p>The strategy has been drafted and will be approved and implemented in FY17. A recruitment pilot was run in our Townsville shopping centre in partnership with the National Rugby League (NRL) North Queensland Cowboys football team. We will expand the pilot to other assets and validate other recruitment sources to finalise our preferred strategic direction.</p>



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Hire two employees with disabilities per annum from FY16 to FY18.	In Progress	We have recruited and on-boarded one employee with a disability into an operations role in FY16. We continue to partner with the National Disability Recruitment Coordinator to source candidates with a disability for existing roles.
Recruit one graduate per graduate intake through the Stepping Into program run by the Australian Network on Disability.	Achieved	A previous intern was offered and accepted a permanent graduate position in FY16.
Ensure gender pay equity ratio of 97-103%.	Achieved	As at 30 June 2016, our gender pay equity ratio is 97.4%.

THEME: Employee engagement and development

PRIORITY: ENRICH OUR VALUE CHAIN

We recognise that our people are a key to our sustainable competitive advantage, and appropriately developing, recognising and rewarding performance is critical to maintaining an engaged and high-performing workforce. Employees who are engaged are more productive, more passionate and more inspired to innovate and deliver above and beyond standard performance. Following are our key employee engagement and development priorities and the progress made in FY16 across our Group:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Improve Stockland's Wellbeing Index above our FY15 score of 78, as measured by the FY16 Our Voice survey.	Not Achieved	In 2016, the Wellbeing Index score declined two points to 75%, yet it remained 8 points above the Australian National Norm. Employees' frustrations with work systems and processes was the major driver of the decline in this score.
Continue to roll out and embed technical curriculum to Development Managers, Project Managers and Sales teams.	Achieved	Delivered 10 training modules (online and face-to-face) covering 378 unique learners across the targeted job families. An additional five modules are in design or development phase for delivery in FY17.
Maintain an employee engagement score of 80% or above, which is 5% higher than the Australian high performing norm of 75%.	Achieved	In 2016, Stockland achieved an employee engagement score of 83%. This result was 8 points above the Australian National Norm.
Maintain employee turnover (<1 year tenure) at 20% or lower.	Not Achieved	Employee turnover (<1 year tenure) was 22.6% in FY16, which is an increase on FY15 of 18.8%.
Reduce employee initiated turnover for employees with good performance or above to 12% or lower.	Achieved	Employee initiated turnover for employees with good performance or above was 11.8% in FY16.
Develop and conduct training as outlined in the training curriculum for Sales, Development and Project Management.	Achieved	Delivered 10 training modules (online and face-to-face) reaching 378 unique learners across the targeted job families. An additional five modules are in design or development phase for delivery in FY17.
Plan, recruit and implement a cross-business graduate program for at least 11 graduates.	Achieved	Program officially launched in March 2016, with 12 graduates recruited across Development, Finance, HR, Marketing and Research. In addition to on-the-job experience, graduates undertake a series of development days, innovation workshops, professional training, volunteering and mentoring.
Review and enhance our Leadership Development programs to meet the business needs and requirements of leadership for the future.	Achieved	Conducted a review and update of Leading@Stockland to ensure content is relevant and delivery is effective. Overall satisfaction (favourable rating) continues to trend at 90% and above.
Develop and pilot a senior manager program – Stockland Leadership Experience.	In Progress	The course outline has been developed and a provider selected. The training will be run October 2016.
Target an average of 3-4 training days per employee.	Achieved	Our average training days for FY16 was 3.1. This represents an increase of approximately 24% on FY15.



THEME: Health and safety

PRIORITY: ENRICH OUR VALUE CHAIN

At Stockland, we are committed to providing a safe environment for everyone who works with us or attends our workplaces. We are also committed to delivering communities and assets where our residents, visitors, tenants and shoppers feel safe at all times. Following are our key health and safety priorities and the progress made in FY16 across our Group:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Implement health and wellbeing strategy.	Achieved	Our health and wellbeing strategy was developed based on three pillars: personal wellbeing, mental wellbeing and physical wellbeing. We launched pilot programs under the mental wellbeing pillar (Mates in Construction and eMindfulness training) and the physical pillar (City Run program). Refer to the Human Rights DMA for further information.
Continue to embed the WHS (Workplace Health & Safety) Management System through the Operational Risk Assurance Program (i.e. full systems audit), targeted training and internal/external communication strategies.	Achieved	The Operational Risk Assurance Program is progressing well with audits undertaken across all business units in FY16. Compliance scores have progressively improved since the inception of this assurance model in FY14. Our FY16 national compliance scores are: <ul style="list-style-type: none"> • Residential – 96%; • Retirement Living – 92%; and • Retail – 96%. Targeted training programs continue to be delivered across all business units in line with our training needs analysis.
Develop the operational risk training needs analysis and deliver targeted training using face-to-face and online mediums.	Achieved	The operational risk training needs analysis is complete and has informed the development of a Group-wide training calendar. The training calendar provides a structured and targeted training program across key risk areas using both face-to-face and online mediums. This has been supported by role specific training and development workshops across key roles including Village Management, Logistics and Business Parks, Project and Development Managers, and Retail operations teams.
Develop and implement security and loss prevention management strategy including CCTV review.	In Progress	The security think tank and working group is in the process of developing a Group-wide security and loss prevention strategy, which will include a national CCTV strategy. This will be delivered in FY17.
Create a public safety and security framework for implementation across all asset classes.	In Progress	The security think tank and working group continues to build a Group-wide public safety and security framework, which will be deployed across all asset classes in FY17.
Review safety in design processes and further embed risk management protocols into design standards.	In Progress	Safety in design continues to be a priority area with security minimum standards and guidelines to be incorporated into Stockland safety in design protocols in FY17.
Implement a security management framework to ensure robust preventative strategies are consistently applied across our asset portfolio.	In Progress	Security minimum standards have been established across all asset classes. The second phase of this program is currently underway and involves developing guidelines and specifications across all other security elements.

THEME: Human rights

PRIORITY: ENRICH OUR VALUE CHAIN

In accordance with the United Nations Guiding Principles on Business and Human Rights, Stockland is committed to respecting and promoting human rights consistent with the International Bill of Rights (including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and with the eight fundamental Conventions of the International Labour Organisation. Our commitment to both respect and promote human rights underpins our business activities and stakeholder relationships, and this is appropriately reflected in our human rights policies and procedures. Following are our key human rights priorities and the progress made in FY16 across our Group:



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Continue to focus on the delivery of our Reconciliation Action Plan. This includes increasing our cultural awareness training, cultural recognition at retail assets and Indigenous supply chain programs.	Achieved	Stockland completed 18 activities from our first Reconciliation Action Plan 2014-16, with four longer-term activities well underway. We have also drafted our second Reconciliation Action Plan 2016-18.
Further enhance our understanding of human rights by completing at least two workshops with the UN Global Compact (UNGC).	Achieved	The UNGC participated in our sustainability strategy workshop in February 2016. We subsequently completed an external review of our activities against the UNGC's framework, in conjunction with the UNGC.
Further enhance our understanding of the human rights risks and impacts along our value chain by implementing our new What Stockland Expects from Our Suppliers guideline.	Achieved	Our What Stockland Expects of our Suppliers guideline was issued to all suppliers outlining our expectation that suppliers operate in a manner consistent with our corporate, social and environmental values.

THEME: Governance and risk

PRIORITY: ENRICH OUR VALUE CHAIN

Sustainability governance at Stockland serves to guide sustainability leadership, responsibility and accountability across all our business activities. We acknowledge that sustainability leadership at Board and executive level is critical to ensuring sustainability management and performance is integrated into our culture, processes and business relationships. We adopt a rigorous approach to understanding and proactively managing the risks we face in our business. The Board has determined that Stockland will maintain a balanced risk profile so that we remain a sustainable business and an attractive investment proposition, in both the short and long term. Following are our key governance and risk priorities and the progress made in FY16 across our Group:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Delivery of a risk master class platform to enhance broader risk awareness and capability among our employees.	Achieved	Risk management was the lead theme of a national employee roadshow delivered across the business in FY16. This roadshow provided an opportunity to engage with all employees on key risk management processes and expectations, contributing to improved risk awareness and capability. This roadshow was supported by a series of information sessions, discussions and presentations to various stakeholder groups throughout FY16.
Complete phase 2 of the Stockland Crisis Management Capability test in FY16 to assess broader crisis management provisions.	Achieved	We conducted two crisis management desktop scenarios to test the effectiveness of our response processes and educate key stakeholders in the processes to be adopted in the event of a crisis situation. We continue to refine our crisis management processes and will conduct further scenario exercises in FY17.
Undertake a complete review of the insurance management and renewal processes to establish a framework and enhance processes, awareness and understanding across the business.	Achieved	The insurance renewal process was mapped to identify improvement opportunities which have been embedded into the FY17 renewal process. A series of information sessions have been conducted across the business to raise awareness of the insurance program of our assets, coverage obtainable and cost structures. We will continue to review and refine our insurance program and associated processes to ensure they remain appropriate.
Embed the Operational Risk Management System through a national training program.	In Progress	We have developed a training needs analysis to guide the risk management training and development requirements of key roles across the business. This has been supported by role specific training and development workshops across key roles including Village Management, Logistics and Business Parks, Project and Development Managers and Retail operations teams. Additional role specific and key risk training will be delivered in FY17.

THEME: Stakeholder engagement

PRIORITY: ENRICH OUR VALUE CHAIN

We have a commitment to developing and maintaining strong relationships with a broad range of stakeholders across our diverse business and understanding and responding to their unique perceptions, needs and concerns. We practice open, honest, two-way communication and recognise the mutual benefits that result from genuine engagement for both our business and our stakeholders, including securityholders and the investment community, customers and community partners, employees, the media, and governments and agencies at all levels. Following are our key stakeholder engagement priorities and the progress made in FY16 across our Group:



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Deliver stakeholder engagement workshops for employees in Victoria and Queensland with external government stakeholders.	In Progress	Preparation and planning for workshops in Victoria and Queensland is complete and dates are scheduled for later in 2016. This is a rolling priority, with training workshops planned and run annually around Australia.
Deliver approximately four tailored education sessions on stakeholder engagement for Stockland's operational and asset managers.	In Progress	Preparation and planning for these sessions is underway. Scheduling has been put on hold while we refresh our stakeholder engagement framework and supplement it with a policy tailored for operational and asset managers that complements existing development processes. These education sessions will be delivered in FY17.
Embed the stakeholder engagement training module within technical learning and development training.	Achieved	The stakeholder engagement training module has been incorporated into the Stockland learning and development program.
All active development projects to have stakeholder engagement plans in place.	Achieved	This priority has been achieved but is always ongoing, reflecting the way in which projects frequently become active or inactive. As projects become active work begins on relevant stakeholder engagement plans. So while all active projects will eventually have detailed stakeholder plans, they may still be in progress for projects that have recently become active.
Implement rigour testing and roll out the new stakeholder engagement template across the Commercial Property and Retirement Living business units.	In Progress	A new stakeholder engagement template has been completed and provided to teams for their use on active projects requiring stakeholder engagement. Rigour testing has been put on hold while we consider a more holistic way to measure the qualitative outcomes of stakeholder engagement plans.

THEME: Supply chain management

PRIORITY: ENRICH OUR VALUE CHAIN

Effective management of our supply chain enhances our long term business performance as it enables us to identify and address key environmental, social and governance risks and opportunities associated with our developments that are beyond our operational control. Stockland continues to develop and encourage sustainable procurement practices across our supply chain. Following are our key supply chain management priorities and the progress made in FY16 across our Group:

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Implement our supply chain framework and communicate Stockland's supply chain requirements.	Achieved	We have implemented our supply chain framework and actively engaged with our suppliers regarding our supply chain requirements.
Develop our Sustainable Supply Chain Charter to provide guidance on setting and delivering specific supply chain initiatives.	Achieved	We have developed our guideline 'Sustainability in our Development Supply Chain - What Stockland Expects' which we plan to launch in FY17. This complements our existing supplier policy, known as 'What Stockland Expects from its Suppliers'.
Undertake a materials supply chain mapping program to inform the materials sourcing and specification process for new developments.	In Progress	This is underway. We are actively engaging stakeholders, including materials suppliers, to develop minimum material quality and sustainability requirements in the development of our assets.
Undertake a survey of our critical suppliers to gain a greater understanding of our suppliers and seek feedback to inform improved ways to work together.	Achieved	<p>We conducted a survey of critical suppliers in FY16, with the following results:</p> <ul style="list-style-type: none"> 80% of respondents reported that they are satisfied with their relationship with Stockland; More than 78% of critical suppliers have been working with Stockland for more than 5 years. <p>The key supplier feedback was that Stockland is a skilled organisation and one which is professional and approachable. Noted areas for increased focus were open communication and partnering to deliver sustainable outcomes.</p>
Undertake annual compliance assurance of service contractors.	Achieved	We undertook annual compliance assurance of our critical service contractors with no non-conformances identified.