

# Our Management Approach to Supply Chain

## A. Purpose

This document sets out our approach to managing our procurement and supply chain activities. It should be read in conjunction with our **Supply Chain Deep Dive** (available on our [website](#)), where we report on progress against supply chain priorities on an annual basis. Together, our management approach documents, deep dive reports and our data packs comprise our sustainability reporting suite, which is prepared in adherence to the International Integrated Reporting Framework principles of materiality, stakeholder responsiveness, reliability and completeness; in accordance with the GRI Standards<sup>1</sup>(Comprehensive); and is **third party assured**.

Every year, we partner with hundreds of suppliers that include construction contractors, operational consultants, and suppliers of office products. We work to build strong partnerships with our suppliers so that they are motivated to operate in a manner that is consistent with our values and standards by considering social, environmental and human rights-related factors in procurement decisions.

We are committed to responsible procurement and sustainable supply chain management. We recognise that having a sustainable supply chain is fundamental to having a sustainable business.



For more information our approach to managing our procurement and supply chain activities see our **Supply Chain Deep Dive**.

### Stockland's Sustainability Strategy

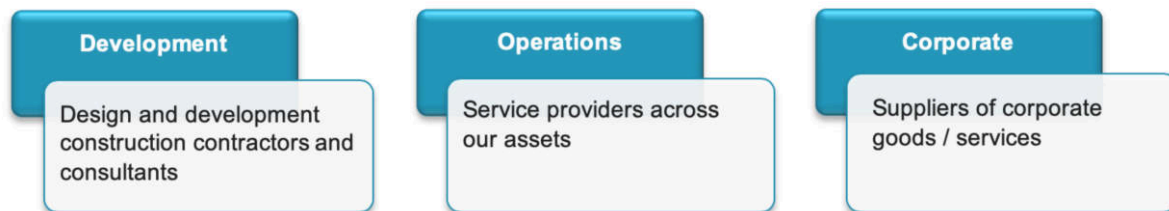


<sup>1</sup> The GRI Standards are global standards for sustainability reporting published by the Global Reporting Initiative (<https://www.globalreporting.org/standards/>)

## B. Management approach

### B1. Overview

We adopt a Group-wide strategic approach to managing our procurement and supply chain activities across our three key focus areas, which represent different aspects of our business, as outlined below. Direct procurement spend associated with the development of our assets accounts for approximately 75 per cent of our annual spend, with operational and corporate procurement representing approximately 15 per cent of annual procured spend combined, and the remaining 10 per cent for non-procurement activities like tax.



### Supply chain framework

We work with a wide and varied range of suppliers and endeavour to build partnerships with suppliers that operate in a manner that is consistent with our values and standards. Our expectation is that our suppliers and their supply chain comply with Australian federal, state and local laws and regulations including but not limited to labour laws, environmental regulations and workplace health and safety standards. Where a supplier's operations occur outside Australia, our expectation is that our suppliers comply with legislation in the country(ies) of operation as well as the ten principles of the United Nations Global Compact.

Our supply chain framework outlines six key focus areas for our supply chain to help us deliver sustainable outcomes. This is supported by our policy **What Stockland Expects from its Suppliers**, which is available via our website.

### Stockland supply chain framework

Governance & Management	Environmental Impact	Health, Safety & Quality
Stockland seeks to work with suppliers who are transparent and accountable in how they do business. This includes complying with all legislation and standards as well as acting ethically in all their dealings with us and in the marketplace.	Stockland believes every organisation has a responsibility to understand and manage their environmental impacts. As such, we seek to work with suppliers who have sustainable procurement practices and prioritise the use of sustainable materials.	Stockland provides a safe and healthy work environment. We implement high standards in health, safety and quality across our operations and expect the same standards from our suppliers.
Social Value	Human Rights	Innovation, Capability & Capacity
Stockland believes business can play a positive role in society. We encourage our suppliers to identify ways to positively contribute to the communities in which we operate.	Stockland respects and promotes safe, fair, diverse and inclusive workplaces. We seek to work with suppliers who have appropriate labour practices and consistent values.  Reviews regarding modern slavery are discussed in Our <b>Management Approach to Human Rights</b> .	Stockland works collaboratively with industry partners and suppliers to achieve innovative and sustainable outcomes. We seek to work with suppliers who have proven capability and capacity to work collaboratively to achieve better outcomes.

We use the supply chain framework to hold suppliers accountable for demonstrating our values and we respond to any environmental, social, and labour practice risks or impacts identified. An example of our approach to upholding supplier performance can be found in the 'Contractor safety and performance' section of **Our Management Approach to Health, Safety and Security**.

## Supply chain procurement

We procure goods and services from a diverse range of suppliers, with the main categories shown in the diagram below. In addition, we recognise that directly engaged suppliers often depend on products and services supplied by others, who in turn may depend on another level of suppliers, and so on. This means we engage a number of producers and service providers in addition to our immediate suppliers.

### How we categorise suppliers

Building contractors (civil and built form)	Marketing and Advertising	Travel and accommodation
Design consultants (architects, engineers)	Utility providers	Legal
General consultants	Insurance	Real estate
Service providers (cleaning, security, waste)	Information technology	Human resources

We actively monitor and manage our suppliers by categorising suppliers by services provided as well as tiers based on annual spend. Our Tier 1 suppliers are classified as those that have a direct spend greater than \$5 million, with these suppliers predominantly being those involved in the development and construction of our assets. This process provides a means of identifying strategic business opportunities to influence sustainability within our supply chain, further mitigating risk and enhancing the quality of business and sustainability outcomes.

Our development spend is predominantly procured with Australian suppliers. Given the geographic spread of our projects across Australia, we encourage our suppliers to procure from local communities. On some of our larger projects, we have worked with the principal contractor to collect data on local procurement. While we do not have systems to report local procurement spend across all of our projects, we are committed to sourcing labour, goods, and services from local communities in which we operate.

### Supplier management systems

We seek to work with suppliers who have demonstrated sustainability capability and have certified management systems, facilitating optimal sustainability outcomes in the delivery of our projects. All new critical suppliers are screened using labour practices criteria such as employment practices, health and safety practices, and history of incidents. See [Our Management Approach to Health, Safety and Security](#) for more information on contractor health and safety priorities and achievements.

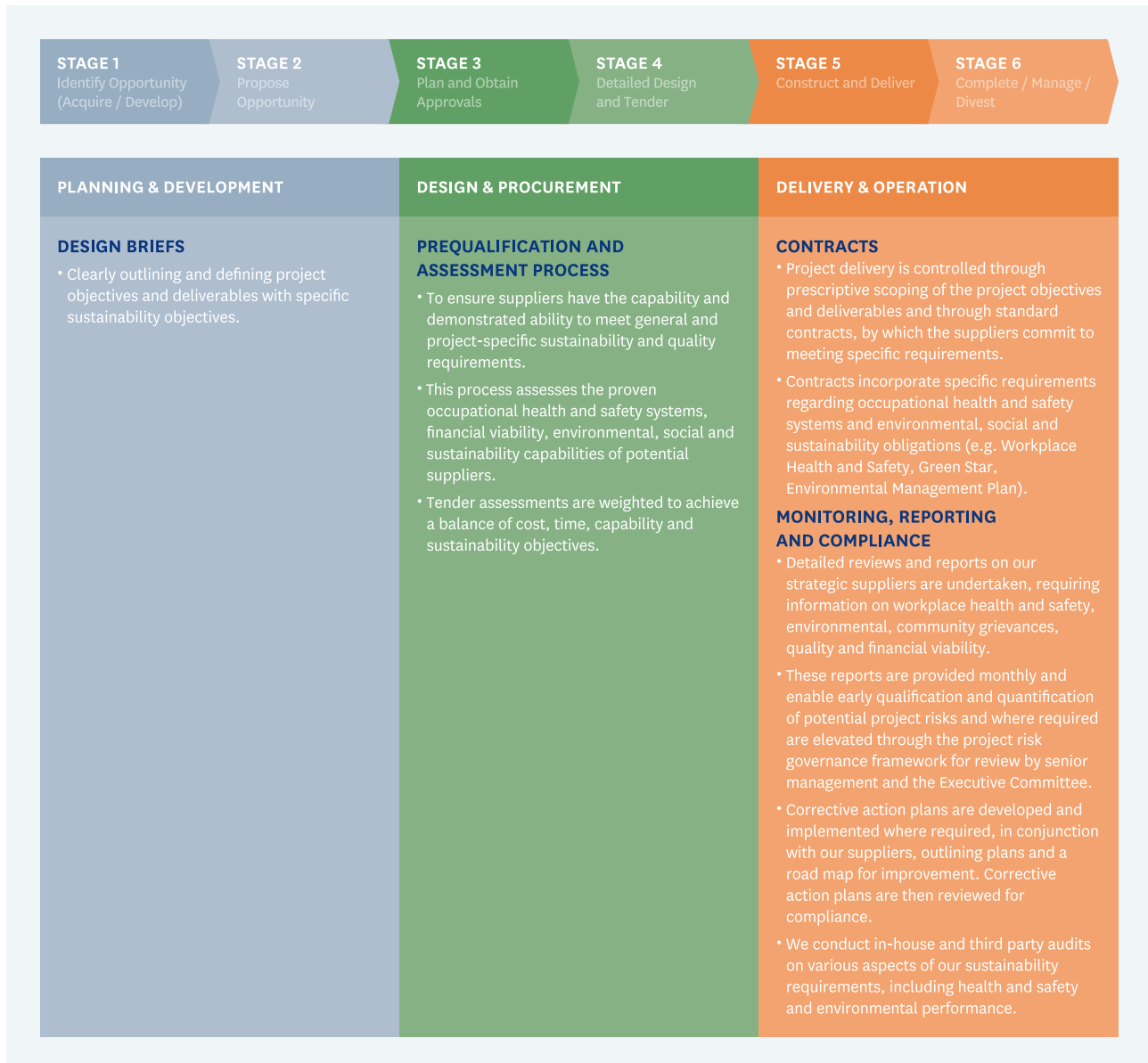
All of our contractors on projects seeking a Green Star rating with contracts over \$5 million (for Green Star Communities) or \$10 million (for Green Star Design & As Built) are required to have a valid ISO14001 Environmental Management System accreditation prior to and throughout the duration of the project contract.

### Development projects D-Life process

Due to the inherently complex nature of property development, the large number of suppliers involved, and the diverse services, materials and equipment required to deliver large-scale developments, we apply our project life cycle process for development projects (D-Life), which covers the development life cycle from concept to completion.

D-Life identifies specific gates with critical control points, requiring approval before proceeding to the next phase of the project life cycle, enabling compliance and reducing risk. In addition, we set minimum sustainability, environmental and social requirements of our suppliers during the tender and project delivery processes, as outlined in the figure below.

## D-LIFE VALUE CHAIN: Critical Control Points within the Project Life Cycle



## C. Review and evaluation of the management approach

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We review and report on our progress against annual procurement and supply chain priorities in our annual **Supply Chain Deep Dive**. In this reporting, we include:

- a status update and progress against our short, medium and long term targets;
- the identification of future priorities;
- highlights of initiatives implemented over the reporting period; and
- case studies that explore key achievements, usually at particular locations.

To further evaluate the effectiveness of our management approach, we engage with industry bodies and incorporate best practice process and procedures across our business. We also consult external stakeholders to stay informed about current trends and material issues and regularly benchmark against our peers.

Through regular reporting of our progress to senior leadership teams and to our Board, we continually review our performance so that our approach remains relevant and effective.

We regularly identify opportunities to reduce capital and operational expenditure. The spend analysis also serves to inform our procurement strategy and enable the setting of tactical and strategic initiatives for the new financial year. Additional mechanisms for evaluating the effectiveness of our approach include our internal strategic review and the internal audit process within our broader risk management approach (see **Our Management Approach to Governance and Risk**).

## D. Responsibilities

The table below describes roles and responsibilities associated with our approach to supply chain management.

Role	Responsibilities
<b>Business unit CEOs, and Managing Director and CEO</b>	Responsibility for procurement and supply chain management practices within their teams, business units and activities
<b>Executive Committee</b>	Supports the delivery of our approach to supply chain management
<b>General Manager – Group Project Management and Direct Procurement</b>	Owner of procurement processes and procedures on our development projects. Accountable for the execution of these policies within Project Management. Reports directly to Chief Investment Officer and indirectly to business unit CEOs
<b>General Managers of Property Management (Retail Town Centre and Workplace), Logistics and Business Parks, and Operations (Retirement Living) supported by Procurement Manager, Asset Management &amp; Operations</b>	Oversight of supply chain and procurement activities related to operations of Commercial Property and Retirement Living assets Report directly to respective business unit CEOs
<b>National Manager – Group Sustainability</b>	Procurement activities in our indirect supply chain and procurement administration across the business Reports directly to Chief Financial Officer

## E. Version control

Revision	Published	Owner(s)	Changes
1	September 2018	General Manager – Project Management and Direct Procurement General Manager – Sustainability and Corporate Procurement	
2	August 2019	General Manager – Group Project Management and Direct Procurement National Manager – Group Sustainability	
3	April 2020	General Manager – Group Project Management and Direct Procurement National Manager – Group Sustainability	Updated with modern slavery content