

Our strategy and reporting approach

Our sustainability strategy: A better way to deliver shared value

As a real estate owner, manager and developer, we recognise that we have a unique opportunity to create shared social, environmental and economic value for our communities, customers and investors now, and in the future.

Stockland's group strategy has three strategic pillars to support our growth and maximise returns through community creation: grow asset returns, capital management and operational excellence.

Our strategic pillars are strengthened by our focus on sustainability to ensure that we have a long-term view of our business and consider all our stakeholders' needs. We are a committed leader in sustainability and believe this approach is fundamental to the way we do business.

Stockland's sustainability strategy focuses on the opportunity to deliver shared value across a range of stakeholders. Our three sustainability focus areas are integrated with our business strategy:

- **Shape thriving communities** – Our focus is on creating robust communities with strong connections and opportunities. This supports our growth as a business, delivering better social, environmental and economic outcomes for all our stakeholders.
- **Optimise and innovate** – Innovation is at the core of everything we do, as we continue to find more efficient ways to do business, investing in technologies that support our priorities, while minimising the impact we have on the environment.
- **Enrich our value chain** – By creating stable and deep-rooted relationships, we can protect our supply chain, manage risk, and ensure sustainable and transparent practices.

Stockland's Sustainability Strategy



Sustainability leadership

We measure and report on our performance against a range of global sustainability assessments, frameworks and standards so that we continuously align with best practice sustainability management and disclosure. This enables us to stay abreast of emerging issues and international best practice sustainability governance, and to review and evaluate our performance against industry and broader global benchmarks.

LEADERSHIP CREDENTIALS

DJSI	GRESB	CDP
Ranked 2nd on the Dow Jones Sustainability Index, listed in the top five for 10 consecutive years	Global Real Estate Sustainability Benchmark - Global Sector Leader for Listed, Diversified - Office/Retail, and sixth globally out of 100 Diversified - Retail/Office, listed and non-listed companies and funds.	Only Australian property company included in the Climate A-List for carbon disclosure and performance for four consecutive years.

FRAMEWORKS

Integrated Reporting Framework	Sustainable Development Goals	TCFD
We have adopted the principles of the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework to communicate our financial and non-financial achievements in our Annual Integrated Report, independently assured by Ernst and Young (EY).	We contribute to ten of the United Nations Sustainable Development Goals. These are the areas where we have the greatest opportunity to influence change and positive outcomes.	Climate-related disclosures are reported in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
GRI Standards	LBG	UN Global Compact
We report our sustainability progress in accordance with the Global Reporting Initiative (GRI) Comprehensive Sustainability Reporting Standards. See our GRI Index.	We report and verify our community investment data in line with London Benchmarking Group (LBG), as managed by Corporate Citizenship.	We are a signatory to the United Nations Global Compact (UNGC) and support the 10 principles of the Global Compact on human rights, labour, environment and anti-corruption.

Our FY20 Sustainability Reporting Suite

Our sustainability reporting focuses on the matters of greatest relevance to our business during the reporting period.

In our reporting we highlight two sets of sustainability matters:

- our **enduring themes** – these matters align with and help us to deliver on our three sustainability priorities of shape thriving communities, optimise and innovate, and enrich our value chain. Our management approach to each of these matters is well developed and embedded in our day-to-day operations.

- our **material matters** – these matters have been identified as the emerging issues that impact the landscape in which we operate and represent future risks and opportunities for our business and our stakeholders.

Our annual sustainability reporting suite comprises our Management Approach documents, Deep Dive series and Data Packs, as outlined in the table below. Sustainability reporting is also included in our Annual Report. The reporting is prepared in adherence to the International Integrated Reporting Framework principles of materiality, stakeholder responsiveness, reliability and completeness; in accordance with the GRI Standards¹(Comprehensive); and is **third party assured**. Our full suite of sustainability reporting documents is available on our [website](#).

Document	Description	Content
FY20 Annual Report	Integrated report focused on our strategy, governance, financial, social and environmental performance and our response to material matters. Report aligned with the International Integrated Reporting Framework.	<ul style="list-style-type: none"> • Operating and Financial Review, including our sustainability performance and response to the Task Force on Climate-related Risk Disclosures (TCFD) recommendations • Governance and Remuneration Reports • Financial Report
FY20 Management Approaches	Management approach disclosures as required by the GRI Standards providing information on how we manage, analyse and respond to our enduring themes and material matters.	<ul style="list-style-type: none"> • Overview of our management approach, including governance, procedures, policies, processes and systems • Review and evaluation process • Key roles and responsibilities
FY20 Deep Dive Series	Annual performance reports addressing enduring themes and material matters	<ul style="list-style-type: none"> • ‘Why is this important to Stockland’ • Key financial year achievements • Targets, progress and future priorities • Financial year performance commentary • Case studies
FY20 Sustainability Data Packs	Comprehensive annual data sets on environmental, community and people metrics	<ul style="list-style-type: none"> • Data tables on key metrics • Detailed data required by GRI and the ESG investor surveys we chose to undertake that are in line with our strategy e.g. DJSI, GRESB

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

Enduring themes

We have a long history of addressing sustainability matters that respond to our stakeholders, such as our resource efficiency and the diversity of our workforce. Our responses to these matters are embedded in our day-to-day operations, and we continue to enhance our

management of these themes given their importance to our stakeholders and to our business.

Each year we report on these enduring themes in our series of Management Approaches, Deep Dives and supporting Data Packs, as outlined in the table below. All three of these documents are updated annually.

	Sustainability Matter	FY20 Management Approach	FY20 Deep Dives	FY20 Data Pack
Sustainability Focus Areas	<i>Enduring themes and material matters relevant to our business and our stakeholders</i>	<i>Disclosures on how we manage, analyse and respond to sustainability matters</i>	<i>Performance reports including targets, progress and future priorities</i>	<i>Comprehensive data sets on environmental, community and people metrics</i>
Shape thriving communities	Community	x	x	x
	Customer Engagement and Experience	x	x	x
Optimise and innovate	Asset Rating and Certification ¹	x		x
	Biodiversity	x	x	x
	Carbon and Energy	x	x	x
	Climate Resilience	x	x	x
	Waste and Materials	x	x	x
	Water Management and Quality	x	x	x
Enrich our value chain	Employee Engagement and Development ²	x	x	x
	Employee Diversity and Inclusion ³	x	x	x
	Governance and Risk ⁴	x		x
	Health, Safety and Security	x	x	x
	Human Rights	x	x	
	Stakeholder Engagement ⁵	x		
	Supply Chain	x	x	

1 There is only an Asset Rating and Certification Management Approach, no associated Deep Dive. Annual updates on asset certifications are included in the Carbon and Energy Deep Dive and the Environmental Data Pack

2 Our Management Approach to Employee Engagement and Experience is combined with Our Management Approach to Employee Diversity and Inclusion to create the Employee Engagement, Experience, Diversity and Inclusion Deep Dive.

3 Our Management Approach to Employee Engagement and Experience is combined with Our Management Approach to Employee Diversity and Inclusion to create the Employee Engagement, Experience, Diversity and Inclusion Deep Dive.

4 There is only a Governance and Risk Management Approach, no associated Deep Dive. Annual governance and risk reporting is captured in the Annual Report, as well as in the Climate Resilience Deep Dive and the Health, Safety and Security Deep Dive.

5 There is only a Stakeholder Engagement Management Approach, no associated Deep Dive. Annual stakeholder initiatives are reported in a number of other Deep Dives, including Customer Engagement and Experience, Community, and Employee Engagement, Development, Diversity and Inclusion.

Material matters

In addition to our enduring themes, we have identified the trends and significant issues that impact the landscape in which we operate. They represent both current and future risks and opportunities for our business and our stakeholders over the short, medium and long term.

Our material matters also align with the core priorities of our sustainability strategy. We anticipate that these matters will evolve over time and we will continue to work with relevant stakeholders to shape these issues going forward. We have responded to our material matters in our Annual Report and where relevant provided further detail in our Deep Dive Series.

Materiality process

Stockland has adopted the materiality definition from the International Integrated Reporting Framework (**Integrated Reporting**) to disclose information about matters that may substantively affect the organisation's ability to create value over the short, medium, and long term. Our Executive Committee and Board regularly review these key risks and disclose them on a biannual basis.

We identify material matters using the following process:

1. Identify

Each year we conduct an operational and strategic risk assessment and identify draft material matters by capturing internal and external perspectives, in line with the principles of Integrated Reporting and the Global Reporting Initiative (**GRI**) Standards.

Stakeholder perspectives include:

- Investor research and engagement
- Customer feedback and insights
- Employee, executive and Board surveys
- Political and regulatory developments
- Industry engagement and advocacy
- Social and mainstream media.

2. Evaluate and prioritise

Members of our leadership team and senior management participated in interviews and reviews to evaluate the material matters, rank them in terms of greatest significance, and prioritise them based on their ability to affect and impact on value creation over the short, medium and long term.

3. Review and disclose

The following risks and opportunities are considered the most relevant current material matters, which are developed and mapped. These have been reviewed and approved by Stockland's Executive Committee and Board. The materiality process and outcomes have also been assured by Ernst & Young (**EY**).

Due to the complex nature of these risks and the impact of COVID-19 many of the risks and opportunities detailed below have the potential to impact our business and stakeholders over the short, medium and long term.

Risks and opportunities – our material matters

Our full materiality disclosure is made in the Risk Management section of our **Annual Report**. Material matters include:

- Ongoing impact of the COVID-19 pandemic on our business
- Our ability to deliver on strategic priorities in challenging market conditions
- Our ability to provide environments that support the health, safety, and wellbeing of our employees, tenants, residents, customers and suppliers.
- Climate change may have adverse effects on our business
- Our ability to dispose of non-core assets
- Change within the retail sector impacts rental growth
- Information and technology system continuity and cyber security breaches impact our business
- Regulatory and policy changes impact our business and customers
- Our ability to adapt to new ways of working and maintain a strong corporate culture
- Our ability to anticipate changing customer and community expectations to meet future demand
- Differences between community and customer expectations or beliefs and our current or planned actions could harm our reputation and business.
- Capital market volatility impacts our ability to transact and access suitable capital.
- Housing affordability continues to impact the dynamics of the Australian housing market
- Retirement living residents have high expectations about value and fairness.

United Nations Sustainable Development Goals

We are a signatory to the United Nations Global Compact (UNGC) and support the 10 principles of the Global Compact on human rights, labour, environment and anti-corruption. Our FY20 sustainability reporting also serves as our UNGC Communication on Progress.

Listed in the table below are the United Nations Sustainable Development Goals which are the most relevant to our business and our stakeholders. They are the 10 areas where we have the greatest opportunity to influence change and positive outcomes.

How we seek to impact the SDGs

Icon	Goal	How we do it
	Goal 3 – Good health and wellbeing	Through our focus on employee wellbeing (Employee Engagement, Development, Diversity and Inclusion Deep Dive), community wellbeing (Community Deep Dive), and health and safety (Health, Safety and Security Deep Dive).
	Goal 4 – Quality education	Through our community development activities and partnerships focused on education (Community Deep Dive).
	Goal 5 – Gender equality	Through our commitment to gender pay equity and targets for women in management (Employee Engagement, Development, Diversity and Inclusion Deep Dive).
	Goal 7 – Affordable and clean energy	Through our focus on energy efficiency and renewable energy (Carbon and Energy Deep Dive).
	Goal 8 – Decent work and economic growth	Through our focus on our employees (Employee Engagement, Development, Diversity and Inclusion Deep Dive) and our focus on local economic outcomes where we operate (Supply Chain Deep Dive).
	Goal 9 – Industry, innovation and infrastructure	Through our appointment of a Chief Innovation, Marketing and Technology Officer, our Employee Innovation Groups (Employee Engagement, Development, Diversity and Inclusion Deep Dive) and our focus on innovation in our supply chain (Supply Chain Deep Dive).
	Goal 11 – Sustainable cities and communities	Through our focus on resource efficiency (Carbon and Energy Deep Dive, Water Management and Quality Deep Dive, Waste and Materials Deep Dive), climate risk management (Climate Resilience Deep Dive), and thriving communities (Community Deep Dive).
	Goal 13 – Climate Action	Through our focus on energy efficiency and renewable energy (Carbon and Energy Deep Dive), as well as our focus on climate resilient assets (Climate Resilience Deep Dive).
	Goal 15 – Life on land	Through our commitment to have a net positive impact on biodiversity across our residential developments (Biodiversity Deep Dive).
	Goal 17 – Partnerships for the Goals	Through our strong engagement with our stakeholders (Our Stakeholder Engagement Management Approach), our focus on our customers (Customer Engagement and Experience Deep Dive), and our expectations of our suppliers (Supply Chain Deep Dive).

Reporting scope

Stockland's 2020 sustainability reporting is an account of our sustainability performance for the financial year from 1 July 2019 to 30 June 2020 (FY20). It is independently assured by Ernst & Young (EY). It follows our FY19 sustainability reporting, which was published online in August 2019.

We have publicly reported our sustainability performance on an annual basis since 2005. It includes detailed discussion of our enduring themes and material sustainability matters, as well as in-depth data sets and case studies. Our sustainability reporting for FY20 was published in August 2020 and is publicly available at stockland.com.au/sustainability.

Sustainability reporting forms part of our corporate reporting suite, which includes the following documents:

- Annual Integrated Report – an integrated report outlining how the company creates value for stakeholders focused on our strategy, governance, financial, social and environmental performance in compliance with statutory reporting requirements and the recommendations of the Task Force on Climate-related Financial Disclosures;
- Property Portfolio – details on the assets within our portfolio; and
- Investor presentation and annexures relating to our financial results, operating performance and strategy.

We operate exclusively in Australia and own, manage and develop a growing portfolio of retail town centres, logistics centres, business parks, workplace assets, residential communities and retirement living communities. Throughout our sustainability reporting, our data and content are broken down and presented by our business units (Commercial Property and Communities) to capture and reflect the unique challenges and achievements specific to each business unit.

In some instances, however, we have reported data and content more holistically where the challenges, achievements and management approaches are inherently similar across all businesses.

With regard to external boundaries, unless otherwise stated we do not include data for entities outside the organisation. For our supply chain, we discuss management of our consultants, contractors and sub-contractors, but only provide data relating to these external entities if and when they fall within our 'operational control' boundary, as defined by the *National Greenhouse and Energy Reporting Act 2007 (NGER Act)*.

KEY CHANGES TO OUR REPORTING IN FY20

Impact of COVID-19 pandemic on our reporting process. This year marks the end of our three-year sustainability target cycle. We are proud to have achieved many of these targets and had previously committed to setting new longer-term targets for FY21 and onward. Due to the business challenges associated with the COVID-19 pandemic, we have delayed the launch of our new 2030 Sustainability Strategy and its associated long-term targets to late FY21. Where feasible, we have rolled over our FY20 three-year targets for an additional year to maintain our focus on sustainable outcomes for our stakeholders.

Our community development spend is lower for FY20 than in previous years largely due to a change in our reporting coverage. The COVID-19 pandemic has impacted our business in several ways. During this time, Stockland's focus has been on supporting our people, customers, residents and tenants. One of the ways we wanted to support our people (working at our assets) was to reduce the reporting burden and provide them with the time and resources needed to focus on managing our COVID-19 response. As a result, this year we have not collected community development spend data by our assets and communities and have only reported on the community investment spend driven by Stockland's head office. This has included initiatives led through the CARE Foundation, our spend with national community partners, our community investment spend and our response to the COVID-19 pandemic. Additionally, many of our community activations from March onwards were unable to be held due to COVID-19. In some cases they were conducted virtually. Examples include the pivoting of our face-to-face community programs with both Jamie's Ministry of Food and Live Life Get Active to online classes for our residents and customers. Looking forward, we are exploring alternative ways to deliver community development programs and collate investment and impact data in light of the new and evolving context.

Assurance update. To ensure we continue to produce best practice reporting, we have updated our assurance to focus on Integrated Reporting principles of materiality, stakeholder responsiveness, reliability and completeness. These principles are closely aligned to the AA1000 principles we have applied in the past.

Streamlined reporting. We have removed the following Deep Dives from our series: Governance and Risk, Stakeholder Engagement, and Asset Ratings and Certification. We continue to report our Management Approach for each of these enduring themes, however to reduce duplication we have removed the annual updates on these topics. Asset certifications can be found in the Environmental Data Pack and updates on security (including information on cyber security) have been integrated into our Health, Safety and Security Deep Dive. Additional Governance and Risk reporting is captured in the Annual Report, as well as in the Climate Resilience and Health, Safety and Security Deep Dives. Annual Stakeholder Engagement initiatives are reported in a number of other Deep Dives, including Customer Engagement and Experience, Community and Employee Engagement, Development, Diversity and Inclusion.

External assurance

We have reported in adherence to the International Integrated Reporting Framework Principles of materiality, stakeholder responsiveness, reliability and completeness, and in accordance (Comprehensive) with the Global Reporting Initiative Sustainability Reporting Standards. Please refer to the **GRI Index** for more detailed information on where relevant indicators are disclosed in our reporting suite.

The sustainability reporting content has been externally assured in accordance with the Australian Standard for Assurance Engagements (ASAE3000): Assurance Engagements other than Audits and Reviews of Historical Financial Information and (ASAE 3410): Assurance Engagement on Greenhouse Gas Statements by Ernst & Young (EY).

EY provides **limited assurance** over:

- material non-financial performance information including data on greenhouse gas and energy, community contribution, retail customer engagement, employee engagement, health and safety, gender diversity, water consumption, and waste production
- selected qualitative disclosure relating to performance data, and selected qualitative disclosures pertaining to our material issues as outlined within our reporting
- our adherence to the Integrated Reporting Principles of materiality, stakeholder responsiveness, reliability and completeness

A copy of EY's **assurance statement** is available on our **website**.

Feedback

We welcome your questions and value your feedback about our reporting approach.

Please contact us at sustainability@stockland.com.au