

Our Management Approach to Water Management and Quality

A. Purpose

This document sets out our approach to managing water in the development and operation of our assets. It should be read in conjunction with our **Water Management and Quality Deep Dive** (available on our [website](#)), where we report on progress against water efficiency and quality 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 Standards¹(Comprehensive); and is **third party assured**.

Water plays an important role in making our communities and assets attractive, healthy and efficient places in which our customers want to live, work, shop, and play. Water is also critical for broader environmental health and social wellbeing, and its availability is influenced by Australia’s variable climate that can fluctuate between periods of water scarcity (often resulting in water restrictions) and severe flooding.

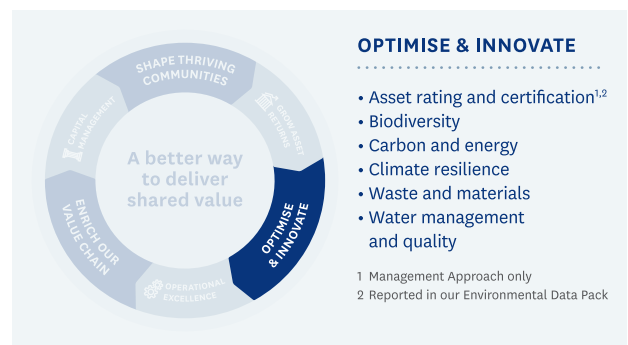
As a responsible real estate developer, we maintain a strong focus on water management and quality in the development and operation of our assets, including improving the quality of rainwater run-off leaving our project sites and downstream impacts on receiving water bodies, access to alternate water infrastructure, and practical innovation to support more efficient water use.

Our focus on water management acknowledges the financial costs associated with water consumption and the impacts of excessive consumption on water reserves, particularly in times of water stress. Effective water management delivers significant benefits to the natural environment, to broader society, and to our business by enabling performance and cost efficiencies.



For more information on our approach to managing water in the development and operation of our assets see our **Water Management and Quality Deep Dive**.

Stockland's Sustainability Strategy



¹ 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

Overarching objectives for our management approach to water efficiency quality are to:

- focus on water efficiency and sustainable sourcing
- deliver projects that minimise water use and positively contribute to local water catchments.

These objectives are integrated into our sustainability policies for each business unit. Our water management approach varies across business units because of the different opportunities that exist for us to influence these aspects during development and operation of assets within each asset class.

The table below summarises our water management approach for each business unit.

Individual project teams consider and plan water management initiatives through the development of an environment plan (for development projects), through the asset or capital expenditure planning process (for operating assets), or as part of an asset certification process (e.g. Green Star).

Business Unit	Focus	Why?	How?
Commercial Property (Retail Town Centres, Workplace and Logistics)	<p>Manage water consumption and enable operational efficiency across our Commercial Property assets.</p> <p>Inclusion of water efficiency objectives into developments.</p>	<p>Promotes more efficient operations, delivering cost savings to the business. Maintains the ongoing viability of our assets given the cyclical nature of water stress.</p> <p>Reduces waste water and improves availability of water supply.</p>	<p>We use Green Star – Performance and NABERS to benchmark water consumption and performance across our Retail Town Centre, Workplace and, where relevant Logistics assets.</p> <p>Our focus for Workplace and Retail Town Centres has been primarily leak identification and consumption management.</p> <p>We integrate water-efficient design in our developments and major amenity upgrades using specified products and minimum standards to achieve Green Star ratings</p>
Communities (Residential and Retirement Living)	<p>Construct and deliver high quality potable and non-potable water supply, while minimising water use in construction and operation through design, management and enabling operational efficiency.</p> <p>Contribute positively to the health of nearby catchments by designing and managing stormwater run-off and maintaining the the quality of water that is released to the environment.</p>	<p>Stakeholders such as local authorities and the general public expect water use and quality to be managed appropriately during development. Effectively integrating these aspects into the design and development of our communities facilitates project approvals and contributes to the protection and preservation of ecological values.</p> <p>Initiatives focused on water supply to our communities contribute to their resilience of these communities in times of water stress.</p> <p>Promotes more efficient retirement living operations, delivering cost savings to the business.</p> <p>Reduce the footprint of potable water supply and reduce costs to residents.</p>	<p>We monitor water use during both construction and delivery of our projects. We have established water efficiency targets for our built form product using the CCAP Precinct tool¹. Modelling is used to test options for reducing consumption through ongoing monitoring and data collection, and target review.</p> <p>We seek to mitigate the impact of our developments on natural ecosystems and water supplies through water sensitive urban design (WSUD). We require WSUD on all new Communities developments.</p> <p>At all new retirement living community developments and approved residential communities, we use Green Star to benchmark and test options for reducing consumption in the completed project.</p> <p>We promote and facilitate efficient water use practices and investigate the viability of the provision of lower cost recycled/alternative water supply options..</p>

¹ We use the CCAP Precinct tool to help manage the environmental impact of our projects. It is a mathematical planning tool that enables a project to model and test different design and technology options and identifies the most cost-effective options to improve water management.

B2. Design and Development

We use the Green Building Council of Australia (GBCA) Green Star rating tools to support the design and delivery of water initiatives and to set a platform for optimal performance. All new Retail Town Centre, Workplace and Retirement Living developments, and Retail Town Centre and Workplace redevelopments in excess of 8,000 square metres, are required to achieve a minimum 4 star Green Star rating with a review of opportunities to stretch to 5 stars. Green Star sets minimum standards for water management and certification assists our assets to meet our water management targets.

At our Communities built form projects we set a target of improving water efficiency by a minimum of 5 per cent when compared to the National Construction Code (NCC) and state-based regulatory requirements. We collect data for each home we build to assess our performance against our targets, with the intent of target review every three years.

Incorporation of water efficiency into the design of our residential developments varies according to the opportunities presented by regulatory schemes governed by state and local authorities. All of our residential communities projects in New South Wales are BASIX compliant, and water tanks are typically provided at homes to supply a combination of irrigation, toilets and laundry. In some projects in Queensland, we have mandated water tanks through a covenant placed on lots (e.g. Bells Reach). Other Queensland residential developments are also connected to recycled water grids (e.g. Ormeau Ridge). In Victoria, many of our projects (including Cloverton, Highlands and Selandra Rise) are supplied with reticulated recycled water to supply irrigation requirements at a minimum. In Western Australia, most of our water used on-site is supplied via a bore and managed through a water extraction license. Efficient landscaping approaches are typically employed to reduce irrigation demand.

Australian regulatory processes require permission from government authorities to extract water from water bodies. These authorities determine level of significance based on each development application. Developments are unlikely to gain approval if a water source is deemed to be significantly affected. Equally, regulatory processes do not allow water discharge into significant areas of biodiversity unless it is demonstrated that there will be no significant impact (and thus we do not report on bulk discharge separately). This is determined, monitored and enforced by the regulatory authority. As a minimum requirement for environmental approval on all projects, we reduce the pollutant load of any stormwater run-off before discharging water to receiving water bodies, and comply with applicable regulations regarding water discharge into waterways and significant biodiversity areas.

Water Sensitive Urban Design (WSUD) is also considered in all our developments. WSUD achieves sustainable management of water in urban areas through integration with the urban design, and considers all of the elements of the urban water cycle including potable water, wastewater, rainwater, stormwater and groundwater. We have a mandatory requirement to meet minimum standards for WSUD across all our projects regardless of local requirements. Residential projects are required to demonstrate what targets will be achieved and actions will be taken as part of their specific environmental plan.

During construction, water is usually captured and reused on-site, however as this is managed by a civil works contractor, we do not control the percentage or total volume reused. Whilst our contractors preferentially use recycled water, this is often 'topped up' with other water and metrics on these levels are not available. Therefore, we do not report the amount of water recycled within residential and retirement living. This is an opportunity for our operating properties, and we are investigating metering to capture this in future.

B3. Operations

In Commercial Property operations we undertake Green Star Performance ratings and NABERS Water ratings on our Retail Town Centre, Workplace and Business Parks portfolio to benchmark the performance of our assets against industry standards and to measure the effectiveness of the initiatives and actions we implement.

We continue to install water sub-metering systems to monitor water consumption in our Retail Town Centre and Workplace assets. These systems have improved clarity on where water is being consumed and assisted our asset management teams to rectify wastage more efficiently.

In our Residential communities portfolio we seek to promote water efficient landscaping to enhance water efficiency in the day-to-day lives of our communities. Water efficient landscaping can include the use of rain sensors that can be controlled remotely to operate a drip irrigation system, as well as specifying drought resistant species for roadsides and parks. Other water efficient landscaping initiatives include drought-resistant species in residents' sales covenants, low or no-irrigation landscaping, and water tanks or basins to service irrigation needs.

We generally transfer operational control (i.e. maintenance of public spaces) to local councils following project completion or as stages of our projects are completed. We sometimes collect water for reuse in watering and maintaining parks and public spaces, however we do not record the total volume captured before handing over control to public authorities.

In our Retirement Living portfolio, upgrades to operational village clubhouses and common areas include water saving measures such as water-efficient tap fittings and toilets and utilising rainwater tanks for water collection and irrigation where possible. When renovating independent living units for resale, they are refitted with water efficient appliances and fittings to improve their saleability and reduce water demand for the new resident. Our Retirement Living design guidelines encourage reductions in water use and improved water efficiency. Our standard design requires water efficient appliances and fittings, rainwater harvesting where possible, and drought tolerant landscaping and efficient irrigation.

C. Review and evaluation of the management approach

We review and report on our progress against our water management commitments and targets as part of our annual **Water Management and Quality Deep Dive**. In this reporting, we include:

- a status update and progress against our short, medium and long term targets;
- detailed commentary on the priority actions that contribute to the achievement of key 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.

Our use of rating tools (e.g. Green Star, NABERS) enables us to evaluate our developments and operations against a benchmark for best practice, with our performance against this benchmark reviewed at re-certification (e.g. annually for NABERS).

On a day-to-day basis, our sub-metering, monitoring, and data capture and management systems enable us to identify areas of divergence that may require attention outside of the annual reporting cycle. We use internal reporting of our progress to senior leadership teams and to our Board as a means of continuously reviewing our performance and enabling adjustments to our management approach as required. These adjustments are then incorporated in appropriate documentation that is reviewed annually.

We engage with industry bodies such as Green Building Council of Australia, Property Council of Australia and other external stakeholders to stay informed of current trends, material issues and industry benchmarks. Water management and quality is also the subject of investor surveys (e.g. Global Real Estate Sustainability Benchmark and SAM Corporate Sustainability Assessment) that provide an indication of our performance compared with our peers.

D. Responsibilities

The table below describes key roles and responsibilities associated with our approach to water management and quality.

Role	Responsibilities
Board Sustainability Committee	Oversight of water management and quality approach, targets and performance tracking
Chief Financial Officer (CFO)	Responsibility for water management and quality performance at a Group level Reports directly to Managing Director and CEO
Executive Committee	Supports the delivery of our approach to water management and quality
National Manager – Group Sustainability	Effective implementation and evaluation of our approach to water management and quality Reports directly to CFO
National Sustainability Managers	Guidance of asset teams in effective delivery of our sustainability policy and supporting toolkits
Development Managers and Asset Managers	Effective delivery of water management and quality objectives at a project level
Managing Director and CEO, COO, business unit CEOs, General Managers, Project and Asset Managers, functional staff	Achievement of key performance indicators relating to water management and quality

E. Version control

Revision	Date	Owner(s)	Changes
1	September 2018	General Manager – Sustainability and Corporate Procurement	
2	August 2019	National Manager – Group Sustainability	
3	April 2020	National Manager – Group Sustainability	