# Reporting Approach

## 1. Sustainability Reporting at Stockland

Our FY14 sustainability reporting is an assured account of our sustainability performance. It includes detailed discussion of our material sustainability issues, as well as in-depth data sets and case studies.

This is the ninth year that we have publicly reported our sustainability performance. The content covers our performance over the financial year 1 July 2013 to 30 June 2014 (FY14). It follows our FY13 sustainability reporting which was published online in September 2013.

Sustainability reporting forms part of a larger suite of FY14 reports, including:

- **Annual Review** - focusing on strategy, corporate governance, and our financial, social and environmental performance. (Read more about Integrated Reporting)
- **Shareholder Review** - a concise version of the Annual Review sent to securityholders
- **Financial Report** - a detailed account of our financial performance and governance, in compliance with statutory reporting requirements.
- **Property Portfolio** - details on the assets within our portfolio.

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### Integrated Reporting

In FY14 we continued our involvement in the Business Pilot Program for integrated reporting, led by the International Integrated Reporting Committee (IIRC). The Annual Review 2014 is our third report that seeks to integrate reporting on the management of our financial, social and environmental performance.

For Stockland integrated reporting is a journey toward more meaningful corporate reporting and will be a process of continuous improvement, one that will provide great benefit to both the organisation and our stakeholders.

Our Annual Review 2013 received the award for Best Integrated Report at the Australasian Reporting Awards. We look forward to further developing our approach and the quality of our integrated report disclosure over the coming years.

## 2. Changes in FY14

We have revised our approach to Sustainability Reporting this year. To support our online sustainability report, which will focus specifically on those issues of greatest relevance to our business during the reporting period, we are releasing our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines.

The DMA series is designed to complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. The series will be reviewed annually with performance updates and progress against targets disclosed each year, as part of our sustainability reporting process.

The purpose of this revised reporting approach is threefold:

1. To enhance the transparency and accountability of our corporate reporting by providing a detailed and assured account of our approach to managing the non-financial risks and issues of significant importance to our business and to our stakeholders.
2. To provide a source of reference for our employees, business partners and other key stakeholders with regard to our non-financial performance management systems, standards and processes.
3. To streamline our annual reporting process and enable us to focus more specifically on the risks and opportunities of greatest significance within that reporting period, whilst continuing to provide assurance to our stakeholders that non-financial risks and opportunities are being effectively managed.

The topics addressed in the DMA series are:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Reporting Approach

## 3. Materiality Process

We undertake a materiality process each year to identify and prioritise those sustainability issues of greatest significance to our stakeholders and our business, and to inform the content and focus of our annual reporting. A five part materiality test is completed in accordance with the AA1000 Assurance Standard and our process is independently assured each year to ensure we are reporting the most important information required by our stakeholders to make informed judgments, decisions and actions. The process for FY14 is outlined here below.

| Identify ➜ | Prioritise ➜ | Disclose |
|---|---|---|
| *Research and engagement* | *Workshop* | *Disclosure* |
| Desktop research and extensive stakeholder engagement was undertaken to ascertain relevant issues and concerns as identified by:<br>• our peers<br>• our stakeholders<br>• company reports<br>• political and regulatory developments<br>• social and traditional media<br>The resultant list of issues informed our DMA series and served as a prompt and guidance for our Materiality Workshop. | A Stakeholder Proxy Materiality Workshop was held with representatives from across the business to:<br>• identify any additional relevant issues of interest to our stakeholders,<br>• rank the issues of greatest significance in FY14, and<br>• prioritise the issues based on their impact both on our performance and on our stakeholders' perceptions of our performance. | Following the Materiality Workshop, a final list of material issues was generated to inform the content of our FY14 sustainability report.<br>We aligned with GRI G4 guidelines to ensure structure and content of the online report prioritised disclosure of material sustainability issues, and supported our disclosure with the preparation and release of our DMA series which provides information on all our key non-financial issues, as per GRI specifications. |

### FY14 Material Issues

| Material issues identified | Report section |
|---|---|
| **Demonstrating and Maintaining Industry Leadership**<br>*Ensuring we are able to continuously drive sustainability performance improvements* | |
| **Risk and Opportunity Management**<br>*Actively focusing on sustainability opportunities and risks to maximise shared value* | **Governance** |
| **Strong Stakeholder Relationships**<br>*Maintaining strong relationships with our stakeholders to identify and deliver shared value* | |
| **Supplier Capacity and Resilience**<br>*Ensuring our suppliers have the capacity and capability to meet our requirements* | **Supply Chain** |
| **Supplier Compliance**<br>*Ensuring our suppliers are performing in accordance with our standards and objectives.* | |
| **Climate Resilience**<br>*Adapting our portfolio to enhance performance and resilience in changing climatic conditions* | **Environment** |
| **Biodiversity Impact**<br>*Working to enhance net biodiversity value across our developments* | |
| **Diversity and Inclusion**<br>*Promoting a flexible, diverse and inclusive workplace* | **People** |
| **Attraction and Retention**<br>*Attracting and retaining the right people to deliver on our strategic objectives* | |
| **Accessibility and connectivity**<br>*Providing physical and social infrastructure to promote the connectivity of our communities* | **Communities** |
| **Customer Responsiveness**<br>*Understanding and responding to our customers' changing needs* | **Customers** |
| **Customer Perceptions of Safety and Security**<br>*Delivering communities where residents and visitors feel safe at all times* | |

## 4. Global Reporting Initiative

This year, the Global Reporting Initiative released a new standard for sustainability reporting - the GRI G4 Guidelines. As we transition to report in accordance with these new guidelines, there are some instances in this report where the information we disclose may vary slightly from previous years. The most notable difference is the application of materiality and identifying material aspects.

We have endeavoured to keep our data as consistent and comparable as possible, however in some cases changes were inevitable and these have been clearly marked in the body of the report.

The table below outlines the GRI Aspects that we identified as material given their alignment with the material issues identified through both our Sustainability Materiality Process and our Integrated Reporting Materiality Process. Where relevant, reference is also made to the external stakeholders* who affect, are affected by, or have a particular interest in, each aspect.

| Economic | Environmental | Labour | Human Rights | Society | Product Responsibility |
|---|---|---|---|---|---|
| Economic Performance (G,I, S, M, C, Com) | Materials  (S,C) | Employment | Non-discrimination (M) | Local communities (M, Com, G, M) | Customer health and safety (S, G, C, M, Com) |
| Indirect Economic Impacts (G, Com) | Energy (S,C,G) | Labor/ management relations | Freedom of association and collective bargaining (S, M) | Anti-corruption (S,G,I,M) | Product and service labelling  (S, G, C, Com) |
| Procurement Practices (S, Com) | Water (S, C, G, Com) | Occupational Health and Safety (S,G) | Security Practices (S, C, M) | Public policy (G, I) | Marketing communications (S,C,M) |
| | Biodiversity (S, G, C, M) | Training and Education | Indigenous rights (S, M, Com) | Anti-competitive behavior (All) | Customer privacy (C, G, M) |
| | Emissions (S,G,I,M) | Diversity and equal opportunity  (M) | | Compliance (G, I) | Compliance (G) |
| | Effluents and waste (S,G, M, Com) | Equal remuneration for women and men (M) | | Supplier Assessment for Impacts on Society (S, Com) | |
| | Land Degradation, Contamination and Remediation (CRESS) (S,G,C,M) | Supplier Assessment for Labour Practices (S) | | Grievance Mechanisms for Impacts on Society (All) | |
| | Products and Services (S,C) | Labour Practices Grievance Mechanisms | | | |
| | Compliance (S,G,I,M) | | | | |
| | Overall (G,I) | | | | |
| | Supplier Environmental Assessment (S) | | | | |
| | Environmental Grievance Mechanisms (All) | | | | |

* S – Suppliers; G – Government; C – Customers; M – Media; Com – Communities; I - Investors

## 5. Report Scope

The content in this report relates exclusively to our Australian operations, except where indicated.

In FY14 we continued to wind down our UK business. There are 2 assets remaining in this portfolio, representing less than one per cent of our assets, and it has been deemed immaterial for this reporting period.

Given the diverse nature of our portfolio, in certain sections of the report (Customers, Environment) data and content is broken down and presented by business unit in order to adequately capture and reflect the unique challenges and achievements specific to each business.

In other sections of the report (People, Communities, and Supply Chain) we have reported data and content more holistically as the challenges, achievements and management approaches are inherently similar across all businesses. However, as we established a strategic partnership with Opal Aged Care on 26 June 2014, which included settlement for the sale of our Aged Care business in FY15, we have maintained the distinction between Aged Care and Stockland employees in our People Data.

With regard to external boundaries, unless otherwise stated we do not include data for entities outside the organisation. Within our Supply Chain section we discuss management of our consultants, contractors and sub-contractors, but only provide data relevant to areas within their operational control if and when we have visibility and access to this information.

## 6. External Assurance

Content on this sustainability website has been externally assured against the AA1000 Assurance Standard (2008) which includes assurance over the AA1000 principles of inclusivity, materiality and responsiveness as well as associated performance information as noted in Net Balance's *independent assurance statement*. We have also reported in accordance (Comprehensive) with the Global Reporting Initiative (GRI), the most widely used international standard for sustainability reporting, and the GRI Construction and Real Estate Sector Supplement (CRESS).

Please refer to the *GRI index* for more detailed information on our performance indicators, including where they are disclosed and whether or not they have been externally assured.

## 7. Feedback

We welcome your questions and value your feedback about our new reporting approach. Please contact us at sustainability@stockland.com.au

# Sustainability Strategy

## 1. Sustainability at Stockland

Sustainability at Stockland is about ensuring we leave the communities and environment where we operate, in good shape for future generations. In line with our purpose, we are committed to creating shared value for all our stakeholders and to delivering 'a better way to live'.

As a property developer, owner and manager we have a unique opportunity to create the right balance of social, environmental and economic conditions for our communities and customers to thrive. Sustainability is a clear priority for the business and as such we need to ensure our approach is efficient, effective, and driving long-term value.

As a recognised sustainability leader, we are committed to setting and raising the standard of leading practice sustainability management and disclosure in the property industry. This commitment begins at the highest level of the organisation, with our  Sustainability Board Committee endorsing our sustainability strategy and regularly monitoring our sustainability performance. This is supported by a cross-functional senior level Sustainability Steering Committee which oversees the integration of sustainability across the business. (See Governance and Risk DMA for more information about our Governance Bodies and Sustainability Management Systems)

Stockland has a track record of delivering real and tangible sustainability innovation and outcomes across a diversified portfolio of residential, commercial, retirement living and mixed use developments and we are proud of our achievements in integrating sustainability across the business from acquisition, to development, management and operations.

## 2. Sustainability Strategy Review

Over the past two years we have been transitioning our approach to sustainability from one focused on 'doing the right thing' to a 'creating shared value' approach. This transition has been guided by our Sustainability Strategy and facilitated by the integrated approach to sustainability management within the organisation.

FY14 was a significant milestone for sustainability at Stockland as it represented the culmination of our five year targets and the development of new strategic objectives for the next 3-5 year period.

It was also  the perfect time to conduct a strategic review of our approach given the development of a new business strategy. This review explored how best to maximise integration of sustainability elements not only across the business, but also into our strategic business priorities and objectives. It also provided the opportunity to re-evaluate future direction and to bring the business together to define how we will demonstrate and maintain sustainability leadership as we move into our new target period.

# Sustainability Strategy

## 3. Alignment with Strategic Objectives

| Strategic Objective | | Sustainability Objective |
|---|---|---|
| **CAPITAL STRENGTH** | Actively managing the Group's balance sheet | Demonstrating effective governance, risk and opportunity management to identify diverse investment and funding opportunities for sustainability related initiatives.<br><br>(See Governance and Risk DMA) |
| **"A better way to deliver stakeholder value"** | | Managing our operating costs, capitalizing on savings achieved through operational efficiencies (energy, water, waste management etc.) which deliver both financial and environmental benefits, and through effective supply chain management.<br><br>(See Energy and Emissions DMA, Materials DMA, Waste DMA, Supply Chain DMA) |
| **OPERATIONAL EXCELLENCE** | Improving the way we operate across the Group to drive efficiencies and effectiveness | |
| **"A better way to work"** | | Ensuring our People are provided with the necessary opportunities, skills and work conditions to work productively and develop professionally.<br><br>Leveraging synergies in skills, systems and assets across our diversified portfolio<br><br>(See Human Capital Development DMA, Diversity and Inclusion DMA, Employee Engagement DMA, and Health and Safety DMA) |
| **GROW ASSETS & CUSTOMERS** | Driving returns in core businesses by implementing business unit strategies to grow our assets and customer base | Maintaining our credentials as a sustainability leader, demonstrating good governance & transparency<br><br>Creation of desirable, resilient and sustainable places and products that protect and enhance our reputation<br><br>(See Community Development DMA, Community Investment DMA, Community Connectivity DMA, Climate Resilience DMA, Water Management and Quality, Human Rights DMA) |
| **"A better way to create communities"** | | Ability to anticipate and respond to changes in government policy, particularly with regard to environmental impacts of development, infrastructure and planning, and regulation relating to privacy, access to capital and other customer related issues.<br><br>(See Stakeholder Engagement DMA, Biodiversity DMA, Customer Health and Safety DMA) |
| | | Understanding consumer sentiment and anticipating and leveraging retail trends & technology driven changes in the industry<br><br>(See Customer Engagement DMA) |

# Governance and Risk

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Governance and Risk

Sustainability governance at Stockland serves to support and guide sustainability leadership and provide responsibility and accountability across all our business activities. We acknowledge that sustainability leadership at board and senior executive level is critical to ensuring that sustainability management and performance is integrated into the company's culture, processes and business relationships. We also recognise the importance of effective management and remuneration methods which promote and incentivise proactive approaches to sustainability both at corporate and asset level.

We adopt a rigorous approach to understanding and proactively managing the risks we face in our business. We recognise that making business decisions which involve calculated risks, and managing these risks within sensible tolerances is fundamental to creating long-term value for all our stakeholders. As an investor of capital, Stockland conducts risk assessments at critical decision points during the investment process to monitor risks to meeting target returns. The Board has determined that Stockland will maintain a balanced risk profile to ensure we remain a sustainable business and an attractive investment proposition, in both the short and long term. We will take commercial risks where we have the capability to manage those risks.

## 3. Management Approach

### SUSTAINABILITY GOVERNANCE

### The Board

The Board takes its governance responsibilities seriously and believes it has the necessary mix of experience and skills to oversee the high standards of corporate governance, integrity and accountability required of a professional and ethical organisation. Further information about our corporate governance policies and practices, and about our Directors and their competencies, is available on our website.
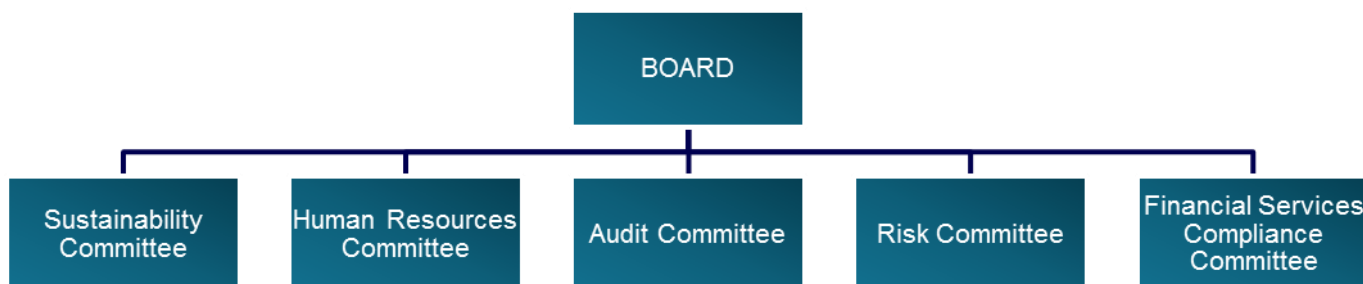


From 1 July 2012, all Directors of the Board became members of the Sustainability Committee, reflecting the integral role that sustainability plays in Stockland's business operations and brand value. This enables all Directors to be well informed about and engaged in policies and decisions relating to our economic, social, and environmental performance.  The Sustainability Committee met three times in FY14, after the November, February and June Board meetings.  The Board Sustainability Committee's Charter is available here.

External guests are often invited to inform and educate the Sustainability Committee on new and evolving areas of interest, and a sustainability update is submitted to the Executive Committee and to the Board each month, along with a Stakeholder Relations update which outlines all significant stakeholder issues.

# Governance and Risk

## Executive Committee

Every member of our Executive Committee (ExCo) has specific responsibilities relating to our sustainability performance, with strategic KPIs linked to Stockland's achievement of internal and external targets and objectives.

Ultimate responsibility for Sustainability at group level sits with our Chief Operating Officer (COO) who reports directly to our Managing Director. The Chief Executive Officers (CEOs) of Stockland's three business units (Commercial Property, Retirement Living, and Residential) are responsible for ensuring that sustainability targets and commitments are met within their respective businesses, while the Group Executive of Strategy and Stakeholder Relations and the Chief Financial Officer ensure that we engage with our stakeholders, define and deliver our strategic objectives and manage our financial operations in a way that is ethical, responsible, and sustainable.
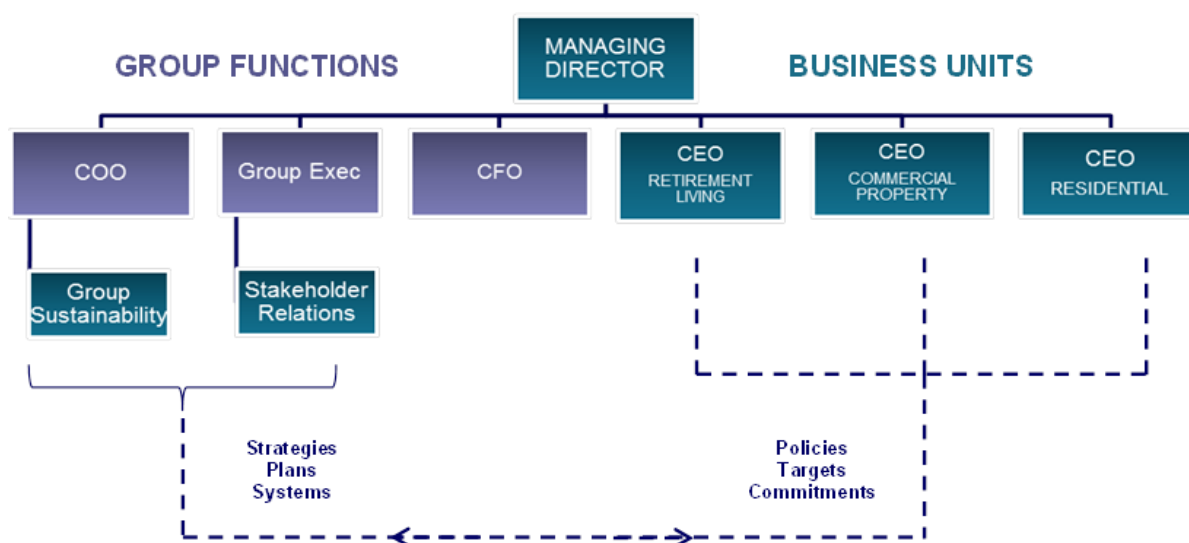


In July 2015, Stockland elevated two roles to the executive team: Group Counsel and Company Secretary, and Chief Investment Officer.

## Sustainability Steering Committee

A Sustainability Steering Committee was formed to shape, guide and monitor Stockland's Sustainability approach and strategy.

The Committee is composed of senior management from the various organisational departments including Strategy, Stakeholder Relations, Project Management, Supply Chain, Operational Risk, Business and Process Improvement, Human Resources, Operations, Development and Sustainability.

The Steering Committee meets on a quarterly basis, or more frequently as circumstances dictate, with other Stockland employees and external parties invited by the group to attend meetings if/as required.

The Committee's key responsibilities include:

- Informing Stockland's Sustainability Strategy;
- Sharing knowledge and reporting on the ESG risks and opportunities across Stockland's current and planned operations;
- Supporting delivery of Stockland's sustainability targets;
- Guiding business/functional compliance with Stockland's environmental and social policies, guidelines and agreed initiatives;
- Providing input to external reporting on major sustainability targets, policies, principles and initiatives, including Stockland's annual Sustainability and Integrated Reporting;
- Acting as a first point of reference for significant ESG risks, opportunities and/or initiatives for Stockland and/or our various stakeholder groups.

The Steering Committee is chaired by the Chief Operating Officer.

# Governance
# and Risk

## Sustainability Management

Sustainability is integrated and embedded into processes and systems across our business operations and project development lifecycle. This is supported by sustainability policies and a balanced employee scorecard that includes sustainability objectives and key performance indicators (KPIs).

### Development

Stockland's approach to development is focused on prevention rather than cure. We incorporate social and environmental considerations into our design and development processes to ensure our assets are resilient and capable of delivering value over the long-term.

Our project development lifecycle is known as D-Life. It is the process executives follow to help manage development opportunities from concept stage, through to planning and delivery. This process is common to the Commercial Property, Residential and Retirement Living businesses and assists teams to add value to Stockland assets.

Each stage of the D-Life process requires the delivery of specific sustainability objectives in order to pass the defined approval gates. These objectives and associated initiatives are outlined in our business-specific sustainability policies which are used as reference throughout the D-Life Process. These policies are aligned with our sustainability strategy and focus areas, tailored to the particular characteristics of each of our businesses, and aim to ensure consistency in our sustainability approach across all our developments. (See figure 1)

*Figure 1: Development process: D-Life Value Chain*
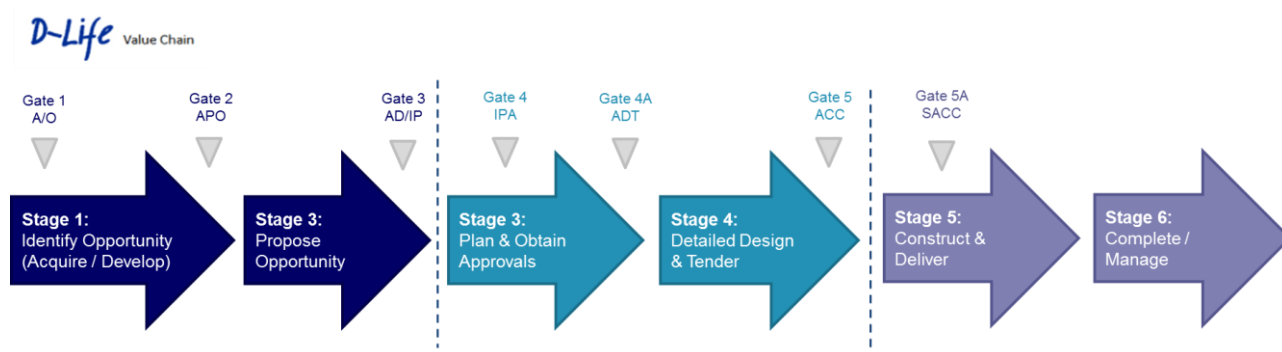


### Operations

We have an annual approach for the planning and management of our operating assets. We do this by establishing Asset Plans for assets in Retirement Living and Commercial Property which are aligned with our sustainability strategy. They set the planning, budget and forecasting, are updated annually and incorporate strategic sustainability initiatives and objectives. (See figure 2)

*Figure 2: Operations process*
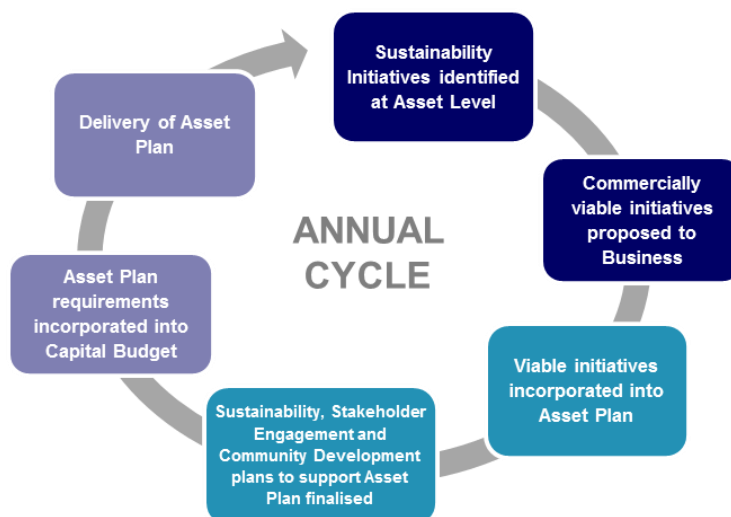
**Sustainability policies**

We have a proactive framework in place to ensure implementation of our sustainability strategy across our communities, villages and assets. This framework has been in place for a number of years and includes: business-specific sustainability policies, which set minimum standards and requirements; sustainability plans and toolkits, which help guide site-specific actions and initiatives; project or asset specific action plans, which determine operating and capital expenditure; and KPIs and individual performance objectives, which drive commitment and performance of all employees to ensure delivery of action plans at asset and project level.(See figure 3)

*Figure 3: Sustainability policy*
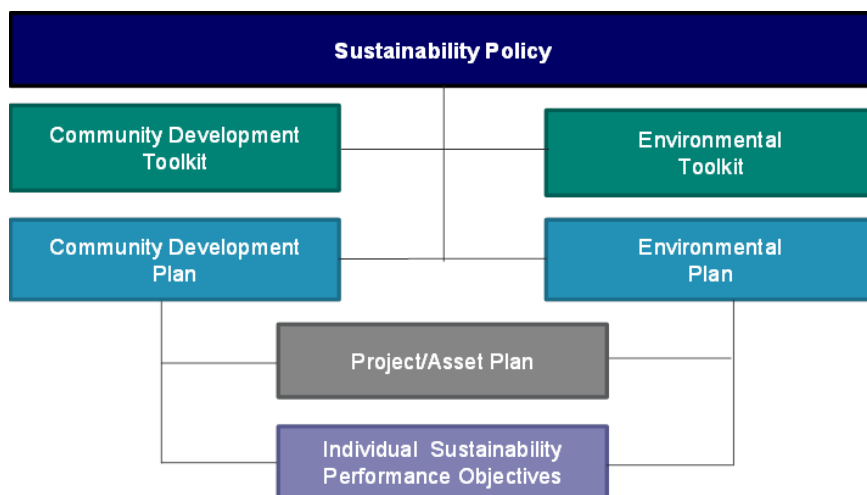


**Balanced Scorecards**

Commitment to sustainability is maintained and promoted across the entire business through strategic performance objectives and KPIs. We have a Balanced Scorecard approach for reviewing performance which comprises four key elements:

- Business Performance
- Customer, Stakeholder and Sustainability Performance
- People Management
- Operational Excellence and Operational Risk/Workplace Health and Safety

All employees, including our Executive Committee, have at least one objective relating to each element of the Scorecard, supported by specific actions, targets and measures.

**Ethics and Conduct**

At Stockland, we believe it's very important to do business in an ethical way and act in a professional manner. We set very high standards and we are committed to meeting them. Our Code of Conduct and Ethical Behaviour outlines what these standards are and what expectations they place on members of the Stockland team. We ask all our employees to sign a copy of this Code to demonstrate their commitment to our ethical standards.

We have a zero tolerance policy for breaches of our Code of Conduct and have programs, processes and systems in place to promote and monitor compliance. These include:

- Harmonisation of business processes with regulatory requirements
- Routine monitoring and reporting to the Executive Committee and the Board on Stockland's compliance. At a minimum, reporting to the Board takes place each quarter
- Equal employment opportunity training in discrimination, grievance and harassment
- Individual employee key performance indicators (KPIs) linked to Stockland values
- Safetrac training on issues of privacy and competition and consumer law
- Seminars on the prevention of workplace harassment
- Whistle-blowing policy to encourage reporting of improper conduct
- Ongoing dialogue with external stakeholders
- Confidential assistance program for employees to discuss any concerns, including those relating to improper conduct.

# Governance and Risk

## RISK MANAGEMENT

Stockland's approach to managing risk is guided by ISO 31000:2009, the Australian Stock Exchange Corporate Governance Principles and other applicable regulatory standards. In particular, it encapsulates:

- Oversight of the adequacy and effectiveness of our Risk Management Framework by the Risk Committee, as set out in the Risk Committee Charter;
- Our Risk Appetite Statement, which set outs the level of risk Stockland is willing to accept.
- The Risk Management Policy, which sets out responsibilities for managing risk, and the principles which guide our risk management approach;
- The development of awareness among managers and their employees of their responsibilities around identifying, monitoring, and managing risks.

Sustainability risks and opportunities are considered as part of this rigorous risk management approach. Our Operational Risk Management Standard includes supporting guidelines, procedures and tools to ensure operational risk is managed consistently across the business. The inclusion of defined opportunity measures within the risk assessment process changes the traditional view that risk events only have a negative impact. Instead, a broader view requires our people to anticipate and prioritise potential value creating opportunities for the organisation.

We recognise the importance of building and fostering a risk aware culture, such that every individual takes responsibility for risks and controls in their area of authority. Stockland risk management is assured according to the 'Three Lines of Defence" which along with a strong and sustained commitment at all levels of the organisation will enable us to build a resilient, risk aware culture.

### "First Line Of Defence"

All functions (Business Units and Group, including the Executive Committee (ExCo)) are responsible for managing risk through identification, assessment, and treatment of risks. This includes developing, implementing, and following appropriate processes, procedures, checklists and other controls, and monitoring those controls to ensure they are, and remain, effective.

ExCo and the Board are provided with monthly updates on progress, challenges, risks and opportunities relating to business-specific sustainability policies and initiatives. Each business unit has its own specific sustainability policy which outlines strategic initiatives, minimum standards and requirements relating to environmental and social performance to be considered in the design, construction and operation of projects and assets. Assets also undertake Project Performance Reviews that are reported to Business Unit Leadership teams at least three times per year and these include a project risk evaluation which assesses stakeholder and environmental risks and opportunities.

The Sustainability team provides ExCo with monthly updates on progress towards sustainability targets across the portfolio and any identified environmental or social risks and opportunities identified at asset and/or group level.

### "Second Line Of Defence"

Our Group Risk functions assist the First Line of Defence, and are responsible for the design and implementation of the Risk Management Framework, and for adapting it to changes in the business and the external environment in which Stockland operates (including physical and regulatory changes which might impact our social and environmental performance). They are jointly responsible for building risk management capabilities throughout the business through actively engaging with employees in risk management processes and supporting training initiatives. The Group Risk functions and their responsibilities include:

- **Strategy**: which provides advice to management and the Board on strategic risks. This includes leading Group-wide strategic risk reviews and conducting independent risk assessments on capital investments. Environmental and social risks and opportunities (particularly those associated with regulatory changes, physical impacts on operating environments, and changing consumer behaviours), and their potential impact on corporate strategy in the short, medium and long term are considered within the strategic review process
- **Operational Risk**: which focuses on the active management of all classes of operational risk, including the development, implementation and monitoring of management systems and processes for risks relating to the environment, workplace health & safety (WHS), business continuity, public and physical asset safety, general insurances and workers compensation. The Operational Risk function provides oversight and assurance through i) the establishment of common practices, standards and accreditations across the business, ii) the systematic identification of risks, and iii) the integration of operational risk systems, frameworks and reporting
- **Group Compliance**: which oversees the operation and suitability of the compliance framework, and its review and continuous improvement. This includes advising on adequacy of proposed controls, developing and implementing policies and associated procedures, training, and periodic monitoring and reporting, to assist the First Line of Defence in compliance with their obligations under law, regulation, policies, and governance expectations. Group Compliance actively supports the identification and management of risks and opportunities associated with social and environmental regulatory changes.

The Group Risk functions report regularly to the Executive Committee and to the relevant Risk Committee, Audit Committee and Financial Services Compliance Committee.

**"Third Line Of Defence"**

Our third line of defence involves independent oversight and verification by:

- **Board and Board Committees**: including the Risk Committee, Audit Committee, Financial Services Compliance Committee, Sustainability Committee, and Human Resources Committee, in respect of the matters set out in their respective charters.
- **Internal Audit:** regularly and independently assesses the effectiveness and efficiency of the Risk Management Framework, and periodic reporting. This includes supporting and advising on implementing appropriate risk management processes and controls, and undertaking projects to provide independent assessment of internal controls. This function helps to verify the effectiveness of internal procedures for managing social and environmental risks both at asset and corporate level.
- **External Audit and Assurance:** which regularly and independently assesses the effectiveness of controls and processes in connection with the preparation of the Group's financial statements, governance disclosures, and environmental and social performance reporting, and provides an opinion on the accuracy, validity and reliability of disclosed data and information.

**Investment Review Procedure**

As an investor of capital, Stockland conducts risk assessments at critical decision points during the investment process to monitor risks to meeting target returns. Making sound investment decisions is fundamental to our success and to creating long term value for our stakeholders.

Investment decisions impact our capital allocation, cash flow, financing arrangements, and also create a range of other risks and opportunities which we need to identify and manage carefully as we proceed. As such, these decisions cannot be made in isolation.

Our Investment and Divestment Review procedure ensures we efficiently obtain input from group functions to highlight potential challenges that need to be considered and managed  before effectuating financial commitments and divestments.

The Investment Review Group (IRG), comprising representatives from our group functions, reviews investment and divestment proposals and highlight issues for consideration, which may not yet have been covered in the submission, including environmental, social, governance concerns as well as operational and financial considerations.

## 4. Review and Evaluation

Our participation in investor surveys and voluntary reporting initiatives enables us to stay abreast of international best practice sustainability governance and to review and evaluate our performance against industry and broader global benchmarks. We undertake a gap analysis each year against key criteria presented in key investor surveys and reporting frameworks, and review our approach accordingly. We also undertake periodic reviews of trends and best practice with regard to sustainability management and performance, and endeavour to remain at the forefront of sustainability leadership in Australia.

The Board is responsible for ensuring that there is a sound system in place for the management and internal control of material business risks. A comprehensive report on the effectiveness of Stockland's management of its material business risks is reviewed by the Board at least once a year. This report incorporates material risks to the forecast and budget and highlights those issues that may either require immediate attention or have the potential to cause material negative impacts. When deemed material, social and environmental risks are presented via this channel for review and consideration. Internal Audit regularly and independently assesses the effectiveness and efficiency of the Risk Management Framework, and periodic reporting.

## 5. FY14 Update

**SUSTAINABILITY GOVERNANCE**

In FY14 the Board, Executive and Senior Management reaffirmed support for sustainability, and placed the focus for FY14 on alignment and integration with the new Group Strategy and the outcomes of the FY13 strategic review.

As part of this alignment, the sustainability team transitioned from a project delivery to business partner model. This transition reduced direct cost to the business, in line with our corporate strategy, and facilitated greater integration of sustainability into core business decisions and activities. As part of this change, key development and operational positions have taken on greater responsibility for sustainability, inspiring greater ownership and accountability for sustainability performance across our assets.

Additional changes included increased support and integration in sustainability from our Strategy and Stakeholder Relations function and the appointment of focused specialists for specific technical and business areas.

To promote this strategic group approach to sustainability and to drive performance across the business, a Sustainability Steering Committee was also established, and a review of our Sustainability Strategy was undertaken with a view to consolidating the alignment of our overarching sustainability framework with the strategic business priorities and objectives emanating from our FY13 strategic review.

This review considered internal policies, strategies and objectives from across the business, industry best practice with regard to sustainability performance, strategies and approaches of global sustainability leaders, and the material issues identified in our FY13 materiality process

The Sustainability framework is being refined and will be released in FY15 pending internal consultation and review.

## RISK MANAGEMENT

The FY14-15 Operational Risk strategic plan is based on three core strategic elements: Engaging and Empowering Risk Capability; Building Risk Resilience; and Embedding Risk Management Systems.

### 'Engaging & Empowering Risk Capability'

We delivered the following initiatives in FY14 to engage and empower risk capability across the organisation:

**Risk Leadership Program:** We collaborated with our people directly to formulate risk leadership standards and expectations based upon their experiences, beliefs and the organisational values. The delivery of these risk leadership standards will lead to enhanced risk awareness, knowledge and capability resulting in improved business outcomes and better alignment to ISO 31000.

**Operational Risk Key Performance Indicators (KPI's):** Operational Risk objectives for all employees were reviewed across the organisation as part of our annual objective setting process. The development of consistent individual KPI's ensured clear responsibilities, accountability and management of operational risks across our assets and functions.

**WHS Officer Briefings:** WHS Officer legal briefings were delivered nationally in FY14 to ensure identified Stockland Officers understand their WHS obligations and to provide them with the tools and practical steps necessary to discharge these obligations.

**Retirement Living Training:** The national Operational Risk training program continued to be delivered to all Retirement Living employees to assist them effectively manage risk. To date, six rounds of workshops have been completed nationally. The workshops commenced in 2012 and are now being completed every six months covering WHS Management System topics in a risk prioritised order.

**Contractor Management Training:** Refresher training in Contractor Management procedures was conducted for all front line managers across the business. A number of contractor management tools and guidelines have also been developed to further assist the business in managing this key risk area including a Contractor Non-Conformance Procedure, and checklists aligned to our Contractor Management procedures.

**Operational Risk Systems Training:** Operational Risk have been working to improve the infrastructure that supports the way we manage risk at Stockland. A number of key systems have now been upgraded, providing more efficient, transparent and automated risk management functionality. Systems training is being delivered nationally and key topics include Insurance, IRIS (online Incident Reporting System), Cm3 (online Contractor Pre-qualification System), e3Learning (online contractor induction system) and the Operational Risk Integrated Management System.

### 'Building Risk Resilience'

We are focused on continually improving our management of critical risks. This was supported by numerous initiatives in FY14 including:

**Operational Risk Management Standard**

We defined and documented our framework for managing risk throughout the organisation. An Operational Risk Management Standard was created which details the arrangements for defining, implementing and managing operational risk across the business. This standard document is aligned to the principles and practices of ISO 31000, which acknowledges that risk is the effect of uncertainty on objectives and can be either positive and/or negative.

Recognising that risk events can also have positive outcomes, we engaged in consultation with business stakeholders to identify and define where potential shared value creation opportunities exist, and to determine how these can be assessed. Topics considered include climate vulnerability and resilience, community development, stakeholders and reputation, health safety and environment, and efficiency and engagement.

# Governance and Risk

We are planning to integrate risk and opportunity into IRIS (Incident Reporting & Investigation System) which will improve the way risk is managed and communicated throughout all levels of the organisation. In addition to systems improvement, there will be education and training on how the risk management framework addresses opportunity management and how it could be applied in their role. We believe that by following a systematic and disciplined approach to risk and opportunity management, our people will have the capacity and tools to unlock better insight into activities that will benefit our staff, customers, residents and the communities we serve.

## Risk Identification Workshops

Annual risk profile review workshops were held across the business to review existing risk profiles and identify and assess new and emerging risks. Consolidated risk profiles have been compiled for all business units and key corporate functions. These risk profiles and associated treatment strategies are monitored and tracked by the Operational Risk team and reported to the Risk Committee on a quarterly basis.

## Emergency Response Planning and Business Continuity

We conducted a gap analysis of our emergency response and business continuity processes across all businesses and asset types, including a full asset and procedural review. Improvements and the ongoing provision of robust and dynamic emergency response and business continuity processes allows for the protection of people, assets and business operations. Business Continuity Plans (BCPs) were developed for all operational assets and key management functions.

As part of the Business Continuity Management framework, a Crisis Management Plan was developed which provides an overarching crisis management structure including role-specific response and recovery checklists. Training was delivered to the crisis management teams in late 2013. An on-line training module targeting BCP owners and key management personnel has also been delivered to provide general awareness of the business continuity processes and activation procedures. A testing and review process has commenced with the completion of an online self-assessment to review the effectiveness and currency of our Business Continuity Plans and to improve resilience capabilities.

## 'Embedding Risk Management Systems'

The following initiatives were undertaken in FY14 to further embed risk management systems and processes into the business:

## Operational Risk Integrated Management System

We launched our Operational Risk Integrated Management System (ORIMS), a national system applicable to all our staff and business units. The information within this system defines our approach to managing Operational Risk at Stockland and ensures we meet our many regulatory requirements in these important areas. It consists of 4 key sub-systems:

- Operational Risk Management system aligned to the principles and practices of ISO 31000
- WHS&E Management System aligned with all relevant WHS and Environmental legislation and best practice standards AS4801 and ISO14001.
- Insurance component including Cover Summaries for all major insurance policies as well as insurance certificates and claims management instructions for the business units. A national procedure for Workers Compensation and Injury Management has also been developed and implemented in FY14 including the outsourcing of injury management and return to work processes.
- Business Continuity system which includes business continuity plans for all our assets and critical functions as well as key policies and procedures.

## Incident Reporting and Investigation System

Operational Risk worked with IT to deliver user efficiencies and capability improvements to IRIS (Incident Reporting and Investigation System). A significant upgrade of the IRIS Audit Module went live in FY14. The upgrade included full automation of the Risk/Hazard and Audit Module workflow, including an automated escalation process and reports for tracking audit action resolution to ensure implementation of actions.

## Operational Risk Audit Program

An Integrated Operational Risk Compliance audit program (including WHS) was completed at all operational assets, and a national audit tool was developed to ascertain the level of compliance to internal and external requirements at a site/project level. Some of the key risk areas reviewed were contractor management, emergency management, public liability exposures, insurance management, staff safety/security, environmental management, risk management, injury management, and workplace inspections. Progress against audit action items is monitored and tracked regularly by the Operational Risk team. Phase 2 of the national compliance program includes a site self-assessment tool for all operational assets.

# Governance and Risk

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| ***Continue to deliver and implement the Operational Risk Strategy in line with the three core strategic elements.*** | Achieved | *Refreshed the Operational Risk Strategy maintaining a key focus on three strategic elements* |
| **Engage and empower a risk aware culture** | | |
| **Convert risk management procedures into online training packages and develop platform to deliver training nationally** | Achieved | Conducted a training needs analysis to outline role-specific training requirements, launched three online training packages, and developed further training to be rolled out in FY15 |
| **Continue to work with the Retirement Living business to deliver targeted WHS training.** | Achieved | The Retirement Living Operational Risk training program occurs on a 6 monthly basis. |
| **Build risk resilience** | | |
| **Continue the IRIS upgrade and expansion with project scheduled for completion in FY14** | Ongoing | IRIS Risk/Hazard and Audit modules were developed and launched in FY14 with training delivered to key stakeholders. |
| **Implement a verification program, including quarterly progress reports against action items** | Achieved | Oversight and assurance is provided to Leadership Teams, ExCo and the Risk Committee on a quarterly basis tracking audit findings and risk profiles. |
| **Embed risk management systems** | | |
| **Implement the Operational Risk Management System** | Achieved | Developed an Integrated Risk Management System incorporating WHS, Environment, Business Continuity, Risk Management and Insurance. |
| **Undertake retail gap analysis program and address non-compliances in the implementation of risk management processes.** | Achieved | Completed operational risk gap analysis program for the Retail, Residential and Retirement Living portfolio. |

**FY15 Priorities**

**Engage and empower a risk aware culture**

- Develop risk leadership standards and implement a risk training program by FY16.
- Establish measurable risk management accountabilities including expectations for key role descriptions and key performance indicators.

**Build risk resilience**

- Launch a compliance based assessment program across all operational assets.
- Develop an automated risk profile module in IRIS to enhance accountability, oversight and management of key business risks and opportunities.

**Embed risk management systems**

- Embed the Operational Risk Management System through a national training program
- Develop an integrated Environmental Management System by FY15
- Audit Operational Risk Management System compliance to best practice standards by FY17.

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Stakeholder Engagement

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Stakeholder Engagement

We are committed to developing and maintaining strong relationships with a broad range of stakeholders across our diverse business, and we practice open, honest, two-way communication. We recognise the mutual benefits that result from this genuine engagement for both our business and our stakeholders.

We understand the importance of engaging regularly and directly with all our stakeholder groups to ensure we understand their expectations, issues and concerns.

We achieve this by encouraging regular dialogue with shareholders and the investment community through our Investor Relations team, with our customers and community partners through our Residential, Commercial and Retirement Living businesses, and with governments and agencies at all levels through both our Government Relations team and our project and asset teams.

Stockland has identified seven key Stakeholder Groups which either have a significant impact on, or are significantly impacted by, our sustainability performance.

| Our key stakeholders | How we engage |
| --- | --- |
| **Employees**<br><br>*We have 1,440 employees in Australia.* | Our annual Our Voice employee survey measures employee engagement across the organisation. Employees are also able to provide feedback on specific issues. Our intranet, stockXchange, is a key source of business news, activities and policies, and is updated each business day.<br><br>Our annual roadshows provide an opportunity for our Executive Committee to interact with employees in each capital city and give an update on our strategy and performance. Employees are able to ask questions anonymously or directly to executive management as part of these roadshows.<br><br>For more information on our engagement with employees refer to our Employee Engagement DMA. |
| **Government and regulators**<br><br>*Federal, state and local governments set the regulatory environment in which we operate.* | We engage regularly with all levels of government in New South Wales, Victoria, Queensland, Western Australia and the Australian Capital Territory, both directly and through industry associations. We also engage with the Federal Government.<br><br>For more information on our engagement with government and regulators see Government and Industry Relations |
| **Securityholders and the investment community**<br><br>*We have close to 40,000 securityholders in Australia and overseas.* | We provide investor briefings on our strategy and financial results. At our Annual General Meeting, retail securityholders can engage with our Board of Directors and are updated on our strategy and performance. Our management also meet regularly with institutional investors.<br><br>For more information on our engagement with securityholders and investors see Investor Relations |

# Stakeholder Engagement

| Our key stakeholders | How we engage |
|---|---|
| **Customers**<br><br>*We have daily contact with a diverse range of customers, including the commercial, retail and industrial tenants and shoppers in our retail centres, our residential community customers, and residents in our retirement villages.* | We regularly seek feedback from customers through surveys and research, and we incorporate feedback into our product design and service offerings.<br><br>Customer Relations Management Systems are in place across all of our businesses to ensure regular, effective and responsive engagement with our customers.<br><br>For more information on our engagement with our customers refer to our Customer Engagement DMA. |
| **Suppliers**<br><br>*We procure services and products from over 8,000 active suppliers.* | Our major suppliers complete a sustainability questionnaire and a comprehensive health, safety and environment questionnaire as part of their response to our tender requests.<br><br>We also maintain ongoing engagement with our major suppliers through monthly reporting and regular project updates.<br><br>For more information on our engagement with suppliers see our Supply Chain Management DMA |
| **Communities**<br><br>*The people that reside, work or recreate in the areas where we operate.* | Our engagement with communities includes community and consultation forums, one-on-one meetings with community groups and local leaders, as well as surveys and research.<br><br>For more information on our engagement with communities see our Community Development DMA |
| **Media**<br><br>*We interact with journalists across a wide spectrum of local, regional, metropolitan and national print and electronic media outlets.* | We regularly engage with the media to ensure information about our business is clear and accurate.<br><br>We aim to respond promptly to requests for information about our business activities.<br><br>For more information on our engagement with shareholders and investors see Media Relations |

## 3. Management Approach

We have a well-established stakeholder engagement framework which informs our group strategy together with the strategies of our operating businesses and their assets and development projects. This framework is based on five fundamental principles, endorsed by our Board and Executive Committee in 2010, which continue to guide our engagement with a wide variety of stakeholders:

- A proactive, harmonised approach across the business;
- Early, prioritised engagement with stakeholders to help build a clear project vision and identify key milestones;
- Clear understanding of our stakeholders and their key drivers to build trust beyond the project;
- Regular communications, recording and reporting with corporate circuit breaking if required; and
- Capturing stakeholder trends across the business to inform our future strategy.

Our Executive Committee and the Board receive monthly reports with updates on our engagement approach and emerging stakeholder issues or concerns.

In addition to a group-wide stakeholder engagement policy and strategy, Stockland also has state-wide stakeholder engagement strategies as well as asset- and project-specific stakeholder engagement plans, which are adapted to specific operating contexts and focus on issues, stakeholders and concerns particular to the local area.

At the start of every project, teams are required to identify key government and community stakeholders, the objectives of their engagement approach, and any issues which might impact on the project in the future. Based on this, project-level stakeholder engagement plans are then developed. These plans are guided by our fundamental principles and philosophy of proactive engagement and include key stakeholders, priority issues and a clear contact plan. Developing, implementing and monitoring all plans is overseen by our Stakeholder Relations team, who are also responsible for ensuring lessons, trends and successful initiatives are shared across the business.

# Stakeholder Engagement

## Roles and Responsibilities

Stockland's Group Executive Strategy and Stakeholder Relations assumes ultimate responsibility for Stakeholder Engagement at group level and reports directly to the Managing Director.

Stockland's General Manager Stakeholder Relations manages Corporate and Internal Communications as well as the Media, Investor and Government Relations functions within the organisation, each of which is responsible for managing strategic Group Level engagement with our key stakeholders.

Stakeholder engagement is considered a fundamental and integral part of everyone's role at Stockland, and is one of the four core categories underpinning our Balanced Scorecard approach. As such there are clear stakeholder engagement objectives, accountabilities, KPIs and capabilities defined for every role in the company.

## INVESTOR RELATIONS

We have around 40,000 securityholders in Australia and overseas. We aim to ensure that securityholders are kept well-informed of all major developments and business events that are likely to materially affect our operations and financial standing, and the market price of our securities. A copy of our policy on our communication to securityholders is provided in the Annual Report and is available on our website in accordance with Principle 6 of the ASX Corporate Governance Principles and Recommendations.

We provide securityholders with information through our annual and half year financial reports, our AGM, and announcements of market-sensitive and other information, including results and Q1 and Q3 updates. These documents are lodged with the ASX and are available electronically on our website at www.stockland.com.au. The annual and half year financial report is made available to all securityholders.

Securityholders are encouraged to engage with senior management and our Board of Directors at our Annual General Meeting. Copies of addresses made by the Chairman and Managing Director and the minutes of the Annual General Meeting are also lodged with the ASX and are available electronically on our website.

We also communicate with the investment community via regular group and one-on-one management meetings with institutional investors and analysts, presentations by senior management and by participating in domestic and offshore investor conferences and roadshows: Market briefings are webcast over the internet.

In addition, the Chairman undertakes regular engagement with our major investors and proxy advisors, including the Australian Shareholders' Association. This provides a useful forum for both the Board and our investors to stay abreast of current market views, commercial developments and industry trends.

## GOVERNMENT AND INDUSTRY RELATIONS

Stockland prides itself on a high level of professional engagement with all levels of government. We actively engage with governments, public servants, regulators and our industry bodies in relation to policy and specific projects.

This engagement is guided by a Board-endorsed government and stakeholder engagement policy . The policy is updated annually and communicated to our people through a range of channels, including face-to-face briefings, the intranet and our website.

Our policy is to make no donations to politicians or political parties at any level of government. This policy has been in place since 1 July 2008. We expect that all of our projects are judged solely on their merits. It is important to us that our community stakeholders share this view.

We actively monitor legislative and regulatory change directly through our businesses and the Government Relations team, as well as via key industry bodies. We are an active member of the Property Council of Australia (PCA), Urban Development Institute of Australia (UDIA), the Green Building Council of Australia (GBCA) and the Shopping Centre Council of Australia (SCCA), and they continue to be our primary representative bodies at both federal and state levels. We also engage with the Investor Group on Climate Change and participate as an Organisational Stakeholder in the Global Reporting Initiative.

## MEDIA RELATIONS

Stockland regularly engages with journalists at national, state and local media outlets to communicate the strategic objectives of our business. We proactively engage with the media to communicate and respond to the issues that are important to our stakeholders, including our customers.

We distribute all major ASX announcements relating to major capital transactions, strategic partnerships and quarterly financial updates directly to media, and we have a dedicated in-house team available 24/7 to respond to all media inquiries. We also host media conference calls and detailed briefings with business and property journalists as an integral part of our 1H and FY reporting cycles. We frequently host and participate in media events, industry speaking engagements and interviews to broker important news and updates about our business.

As part of our approach to community consultation, we also ensure that the key facts relating to proposed or active developments are supplied to the appropriate media outlets for dissemination and consideration by the respective local communities in which we operate.

## 4. Review and Evaluation

We review and refresh our stakeholder engagement planning on a monthly basis through maintaining our Priority Projects Radar, where we capture and report on high priority projects across the country from a stakeholder perspective. This tool enables us to monitor our projects, assess the effectiveness of engagement measures and in turn share effective practice and key learnings with the business. It allows us to monitor feedback from a range of stakeholders representing government, public service, business partners, industry and the community on a regular basis.

Stakeholder engagement plans continue to facilitate the transition of key relationships from our planning managers to our development and asset managers. They also enable consistency and continuity in our engagement approach as teams change and people move to different projects.

## 5. FY14 Update

We have met our commitment to having up-to-date Stakeholder Engagement Plans in place for all our projects and assets. We have extended this commitment to the development of State-level engagement plans, which allow us to drive a coordinated approach to engagement and advocacy across the business. These state plans are overseen and updated regularly by our Stakeholder Relations team.

We reviewed our rigour testing process this year and have decided that a slightly different approach was required to more adequately determine the effectiveness of our engagement. A new testing process is being developed and will be applied to our plans in the next reporting period.

We continue to focus on the ongoing professional development of our asset and development teams, reflecting our whole-of-business approach to engaging with stakeholders. This is achieved through two core professional development measures:

- **Stakeholder engagement professional development workshops**: standalone workshop sessions in all states over the next 12 months, run by the National Manager Government Relations and Manager Government and Stakeholder Relations.
- **Development of an integrated stakeholder engagement module**: as a core part of each business unit's training / professional development program, we will prepare and implement a module on stakeholder engagement to build capacity and skills across the business.

Both the standalone workshops and the integrated training module will incorporate a stakeholder prioritisation exercise, to allow teams to understand and reflect on their own practice, including what has worked effectively and areas for further development. The training will clearly define responsibilities for team members in terms of leading, building and maintaining relationships with stakeholders.

### INVESTOR RELATIONS

In FY14, we attended 11 conferences in Australia, Asia, Europe, and America. We met with over 200 investment groups, enabling us to enhance our profile in the global market and providing securityholders with direct access to management.

Investors and analysts are also welcome to visit our assets and meet with state management for an overview and tour. Over the past year, we have showcased a wide range of our assets to 63 different investors, allowing them to deepen their understanding of our business.

In FY14 we also engaged a research agency to survey our retail shareholders to understand the demographics of the group and to understand their communication preferences. Survey results indicated a significant increase in retail shareholder appetite for online communication materials.

As a result of this research we are investing in a more comprehensive and dynamic online format for our corporate reporting this year.

We also launched an e-communication campaign with retail shareholders. The campaign encourages retail shareholders to opt in to receive their Stockland communication electronically by providing Computershare with their email address. This gives retail shareholders access to more timely information and enables us to minimise both our costs and our environmental impact by reducing our printed materials.

# Stakeholder Engagement

## GOVERNMENT AND INDUSTRY RELATIONS

Our key areas of engagement were:

1. Dialogue between Stockland and all levels of government, through direct engagement with elected representatives and public servants and via our involvement at a range of industry forums and events;
2. Continuing to take a key role in the development of voluntary tools and standards for the industry, most notably the National Australian Built Environment Rating System (NABERS) Retail Energy and Water tools; the GBCA's Green Star Communities Framework; and championing the Liveable Housing Design Guidelines by becoming the inaugural corporate partner of Livable Housing Australia (LHA);
3. Working with sector peers through the PCA to take a collaborative approach in creating a more eco-efficient built environment;
4. Responding to state planning regulations and consultation opportunities in relation to both policy and infrastructure projects.

**Emerging regulation and voluntary tools**

The most significant areas of policy that will inform our business decisions in the coming years are policies regarding land use planning.

We believe that population growth and both brownfield and greenfield development are sustainable in the long term if governments engage in significant infrastructure and planning reform. We have engaged in this discussion with every level of government and many other stakeholders in Australia over the past year.

Through the Property Council of Australia and the Green Building Council of Australia we have advocated for the harmonisation and streamlining of reporting and regulatory requirements.

Over the year, we have also engaged with government on urban planning, energy, transport, climate change and wider environmental policy development.

## MEDIA RELATIONS

In FY14, our key areas of media engagement were:

1. Introducing our predominantly new Executive Committee to media and communicating the key pillars of our Strategic Review in May 2013.
2. Supporting the various state government initiatives to bring new residential land to market to address respective housing shortages, and actively launching and promoting community developments, such as Willowdale at Denham Court in South West Sydney, Elara at Marsden Park in North West Sydney, Bells Reach at Caloundra South in South East Queensland and Calleya at Banjup in South East Perth.
3. Providing the media and respective communities around Australia with regular updates on our Retail redevelopment pipeline, including our projects at Wetherill Park in Western Sydney, Shellharbour in The Illawarra, Green Hills in The Hunter region, Glendale on the Central Coast, Hervey Bay, Gladstone and Townsville in Queensland and Baldivis in Western Australia.
4. Communicating details of major M&A proposals, and capital transactions involving key strategic acquisitions, divestments and new joint-venture partnerships.

# Stakeholder Engagement

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Undertake a review of our new stakeholder engagement plan template to ensure its effectiveness.** | Ongoing | Consultation with key Development Managers and Centre Managers is continuing across the business to ensure the template is user friendly and effective. |
| **Prepare State-wide engagement plans to ensure a coordinated approach to key government stakeholders across the business.** | Achieved | State-wide engagement plans in place across the business to coordinate proactive and consistent engagement. Regularly updated in line with project milestones and changes in external stakeholder environment. |
| **Conduct professional development workshops in all states in FY14** | Ongoing | Professional development planning underway:<br>• 1 hour stakeholder session during development manager conference<br>• Half day stakeholder engagement workshop in each State<br>• Formal training module to be incorporated into business unit training programs, starting with Residential. |
| **Apply new rigour testing process to our stakeholder engagement plans in FY14.** | Ongoing | Continuing to review and enhance our rigour testing process with reference to emerging industry measurement tools and/or business needs. Ensure it is practical and useable for teams. |
| **Prepare capability plans, detailing Stockland's projects, investment and future plans for each State.** | Ongoing | Capability plans under development across all States to ensure consistency in engaging with government. Investment and employment generation data across all States is also being prepared. |

**FY15 Priorities**

- Prepare and integrate a stakeholder engagement training module into the professional development programs run across our three businesses and deliver standalone stakeholder engagement workshops.
- Review and enhance our rigour testing process with reference to emerging industry measurement tools and/or business needs.

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and  risk |
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| | 20. | Asset ratings and certification |

# Supply Chain Management

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Supply Chain Management

As a well-respected property developer and manager, we need to ensure that our suppliers provide us with goods and services in a manner that is consistent with our culture and objectives.

Effective management of our supply chain enhances long term business performance as it enables us to identify and address key environmental, social and governance risks and opportunities which fall beyond our scope of asset development and operational control.
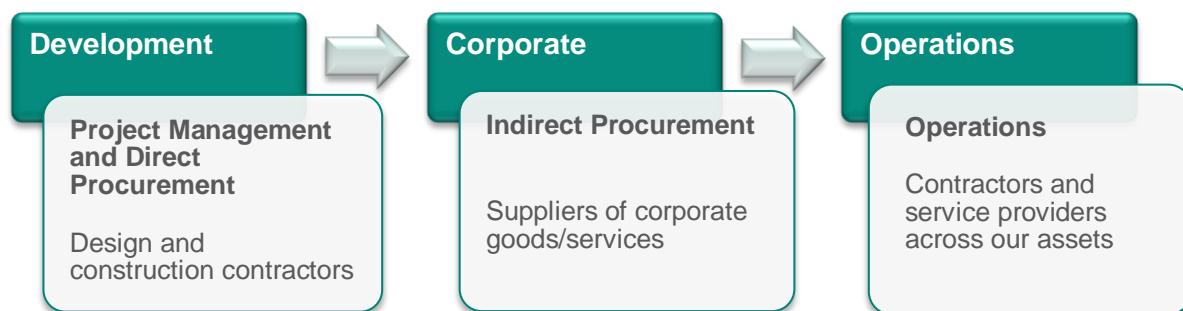
We are committed to developing and maintaining effective and mutually-successful working relationships with our supply chain, as we believe these relationships are fundamental for fostering the innovation and collaboration required to drive improvement within our supply chain.

Stockland continues to develop and encourage sustainable procurement practices across our direct and indirect spend, with contractors on our development sites, suppliers of corporate goods and services, and service providers at our operating assets, expected to demonstrate a commitment to environmental and social responsibility.

## 3. Management Approach

Stockland's supply chain is managed by three distinct but complementary functions – Project Management and Direct Procurement; Indirect Procurement; and Operations – with ultimate responsibility resting with the Group Executive Committee.

Each function is responsible for procurement and supply chain activities across different stages of the project lifecycle and for distinct business activities.



**Development**

Project Management and Direct Procurement

Design and construction contractors

**Corporate**

Indirect Procurement

Suppliers of corporate goods/services

**Operations**

Operations

Contractors and service providers across our assets

**Project Management and Direct Procurement** guides the direct procurement of goods and services for project and asset development across our three business units (Commercial Property, Retirement Living, and Residential). This function develops the processes and procedures for direct procurement incorporated in all development projects, supports the direct procurement activities of each business unit, and assumes responsibility for these activities on high value projects (approximately 70% of direct procurement spend). Oversight sits with our General Manager Project Management and Direct Procurement who reports to the Chief Executive Officers (CEOs) of our three businesses.

**Indirect Procurement** manages corporate support goods and services and related expenditure. This function is responsible for relationships with key suppliers, and for developing a framework for engaging and monitoring all suppliers of corporate support goods and services. Oversight sits with our General Manager of Operations and Process Improvement, reporting directly to our Chief Operating Officer.

**Operations** manages the procurement of goods and services associated with the management of our operational assets in Commercial Property and Retirement Living specifically. Oversight sits with our General Manager of Property Management (Commercial Property) and General Manager of Operations (Retirement Living) who report directly to the CEO of their respective business units.

A recent review of Stockland's supply chain identified advanced procurement practices in our Project Management and Direct Procurement function. By aligning all our supply chain functions with this leading practice approach, and ensuring our

# Supply Chain Management

procurement practices are responsible, systematised and prescriptive, we are better able to manage risk, improve cost efficiencies, enhance the certainty and quality of project delivery and assets, and ultimately ensure the sustainability of our supply chain, and in turn, our business.

Project Management and Direct Procurement's goal to maintain strong supplier relationships is achieved by setting clear expectations, monitoring financial and non-financial performance, having clearly defined roles and responsibilities for relationship management, engaging with suppliers on a regular basis and proactively working with suppliers to address any issues that may arise.

Project Management and Direct Procurement adheres to our D-Life process, which covers the development life cycle from Concept to Completion. Property development supply chains are inherently complex due to the large number of suppliers involved, and the diverse services, materials and equipment required to deliver large scale developments. While monitoring and managing performance of an inherently complex supply chain presents certain challenges, we overcome these by leveraging critical control points both within the supply chain and across the project life-cycle.

D-Life sets minimum requirements in terms of environmental, sustainability and social objectives and references these in the context of their intended application across the business. Furthermore, D-Life identifies specific gates requiring approval before proceeding to the next phase, ensuring compliance and reducing risk, as identified in Figure-Y.

*Figure Y – Critical Control Points within the Project Lifecycle*
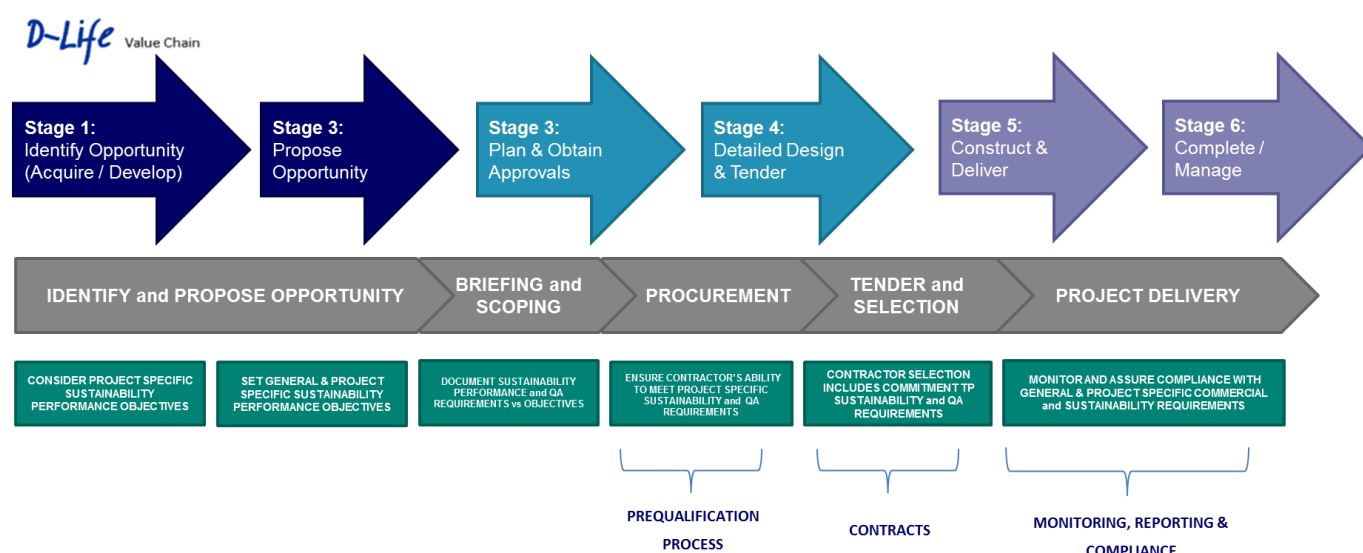


The critical control points within the Project Lifecycle specific to procurement and supply chain are :

- **Procurement:** controlled through a prequalification process to ensure contractors have the capability and proven ability to meet general and project-specific sustainability and quality requirements. This process assesses the proven occupational health and safety systems, financial viability, environmental, social and sustainability capabilities and corporate alignment of potential suppliers. (See Supplier Assessments)
- **Tender and Selection:** controlled through prospective scoping of the project objectives and deliverables and through standard contracts, by which the contractors commit to meeting specific requirements. These contracts incorporate specific clauses regarding occupational health and safety systems, environmental, social and sustainability obligations (for example, Workplace Health and Safety; Green Star; Environmental Management Plan; National Code of Practice for the Construction Industry). Tender assessments are weighted to achieve a balanced outcome of cost, time, capability and corporate social responsibility objectives.
- **Project Delivery:** controlled through monitoring, reporting and compliance oversight. Detailed reviews and reports on our contractors are undertaken monthly, requiring information on workplace health and safety, environmental, sustainability, community grievances, quality and financial viability to be disclosed. These reports are reviewed by Senior Management and where required corrective action plans are developed and implemented, in conjunction with our suppliers, outlining plans and a road map for improvement. These corrective action plans are then reviewed for compliance.

## Supplier Assessments

All development contractors directly contracted by us are assessed based on:
- environmental criteria, including general and project specific environmental capabilities;
- health and safety performance, the most material labour practice issue within our operating context;
- proven capability with regard to community development, including effective engagement with local stakeholders and management of local community issues;
- governance considerations, including financial viability and corruption; and
- associated human rights related criteria (health and safety, community development, corruption etc.)

## 4. Review and Evaluation

Project Management and Direct Procurement demonstrate the most mature processes for review and evaluation and we continue to align all our supply chain functions with this leading practice approach.

At group level, Project Management and Direct Procurement undertake an annual Spend Analysis to review direct spend patterns and identify opportunities where procurement and supply chain management initiatives could deliver reductions in capital and operational expenditure. The Spend Analysis also serves to identify scope gaps in our processes and procedures, inform procurement strategy, and enable the setting of tactical and strategic initiatives for the new financial year. This provides a means of mitigating risk, containing cost and enhancing quality of outcomes, whilst providing efficiency and greater certainty in project outcomes.

At a project level, we undertake regular audits of our key suppliers during project delivery (as outlined above). Key findings are reviewed by Senior Management and are used to identify potential opportunities for improvement. Following procurement strategy reviews and spend analyses conducted at group level, refined methodologies are implemented at project level to ensure continuous improvement.

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 Governance and Risk DMA).

## 5. FY14 Update

### MATERIAL ISSUES

#### Supplier Resilience and Capacity

We need to be sure that we engage suppliers who have the capacity and resilience to deliver our specified requirements. Suppliers must be able to deal with financial demands and the changing nature of business, specifically with the cyclical nature of property development. Our suppliers must be true business partners and have the skills, resources and capacity necessary to meet our standards and objectives.

The past 12 months has seen an increase in building activity as a result of improved market conditions. Suppliers' capacity to adapt to this increased activity can have a direct impact on Stockland.

As such, in FY14 we focused on reviewing our supply chain to ensure greater transparency of the risks to which our suppliers are exposed, whilst developing a more collaborative approach with suppliers. We are committed to developing and enhancing the capacity and resilience of our suppliers and will continue to engage with suppliers to ensure they have the characteristics required to deliver on our objectives. We will also continue to identify suppliers that can add value and partner with us to meet sustainability and environmental targets.

#### Supplier Compliance

Supplier compliance is central to our operations and supply chain management approach, as it reinforces the objectives and standards we set as a company and is integral to our risk management process. Supplier compliance is essential to ensure we maintain our reputation as a sustainability leader in the industry. As such, we need to maintain strategic engagement and audit activities across our supply chain to ensure goods and service providers maintain practices that are aligned with our sustainability standards and expectations.

During the reporting period there was increased focus on ensuring certainty of project outcomes with regard to not only time, cost and quality but also to social, environmental and sustainability performance. It was identified that supplier compliance was a key area of focus and was vital to ensuring our financial and non-financial objectives could be met.

# Supply Chain Management

To enhance our approach in FY14, all our supply chain and procurement functions increased focus on partnering with suppliers whose corporate compliance initiatives aligned with ours, our Project Management and Direct Procurement function sought, and achieved, contract compliance of >90% in the Residential development asset class, and the third party OH&S accreditation process (Cm3) was implemented into Retirement Living operations with an audit process developed to ensure ongoing management and verification of Cm3 compliance.

## FY14 INITIATIVES

A recent review of Stockland's supply chain identified the need to align our three supply chain and procurement functions, creating a greater collaborative approach with synergies that will deliver cost efficiencies, provide greater certainty of outcomes to the business and drive environmental, social and sustainability practices.

In FY14 we continued this strategic review, reviewing our current policies and procedures, identifying and adopting leading practice, as evidenced by our Project Management and Direct Procurement function, and working to leverage this across all our supply chain and procurement activities.

This process has enabled us to identify and share strategic procurement initiatives, encourage innovation and knowledge sharing, and provide a view of supply chain and procurement systems and initiatives to be adopted across the business.

In FY15 we will continue to align our three supply chain functions, with a focus on five key themes:

1. **Strategic Direction** including the development of core strategies and frameworks for procurement and supply chain management, risk identification and mitigation, and favoured or selected suppliers.
2. **Systems and Process Improvement** including data collection, reporting, and tender and contract negotiation.
3. **Spend Efficiency** including analysis of spend practices, cost benchmarking and reduction, and service/quality improvements.
4. **Sustainability** including strategic initiatives to promote both our social and environmental performance and that of our suppliers.
5. **Compliance** including audit and compliance practices and the determination and monitoring of key performance metrics

In addition to the internal review, each of our supply chain functions undertook key strategic initiatives in FY14 which were specific to their respective activities.

### Project Management and Direct Procurement

In FY14, Project Management and Direct Procurement successfully adapted and applied the advanced procurement practices in our Commercial Property and Retirement Living businesses to our Residential business, effectively ensuring a standard, leading practice approach to supply chain management in development across all three business units. The quality of this approach was recognised at the Global Procurement Leaders Awards, with Stockland being one of ten finalists in the premier "Procurement Excellence" category (See Case Study)

Our Project Management and Direct Procurement function also increased its focus on collaboration with our suppliers and on enhancing their capabilities and capacity. One such collaboration is with industry to establish the Australian Construction Supply Chain Sustainability School. This initiative seeks to increase the competitiveness, sustainability knowledge and competency among construction supply chain participants in the Australian construction and infrastructure sector, with a focus on Small and Medium Enterprises (SME's). We are contributing funding to the school as well as time and resources for the programme development, implementation and operation.

Another collaboration initiative aimed at capacity-building in our supply chain is the Wetherill Park Employment Program, which we are working on with both our delivery partner and Mission Australia. This program seeks to identify construction and retail opportunities required for the development and operation of the asset and provide job placements which enable skills development for employees and capacity building for employers.

We recognise that growing our supply chain with our business has mutually beneficial outcomes. We are currently working with our supply chain to understand how we can expand suppliers' organisations into new geographical areas where we are undertaking developments. This not only enables our suppliers to de-risk their portfolio through geographical diversification but also allows us to enhance our certainty of outcome, extend our partnership model and create greater competition in our supplier base.

In addition, we are working on a number of initiatives that are in pilot phase, including:

- A strategic partnership with Godfrey Hirst for the refurbishment of Independent Living Units (ILU). Godfrey Hirst's Reclaim - Recycle – Reprocess approach to product-stewardship avoids carpet being sent to landfill.
- Bluescope 'Coolmax' live study currently being undertaken to demonstrate and quantify the construction, lifecycle and environmental benefits of this product in particular climate zones (refer to Climate Resilience DMA)

# Supply Chain Management

- Pilot rating schemes for retail and residential communities with GBCA.
- Security of payments/supplier liquidity initiatives with the Property Council of Australia and state governments.
- Contractor initiatives to incorporate and integrate sustainable design and construction into our projects.

**Case Study:** Our project management and procurement transformation recognised on the global stage

In May 2014, over 800 of the most renowned procurement professionals and teams worldwide gathered in London for the Procurement Leaders Awards, the benchmark for global procurement excellence. Stockland was one of ten finalists in the premier "Excellence" category, in recognition of our work over the last four years successfully internalising Project Management and Direct Procurement.

Historically, we delivered project design, construction project management and procurement via third parties. However, in 2010, in anticipation of an ambitious pipeline of large commercial developments, each exceeding $100 million, we undertook a strategic review of procurement practices.

The strategic review assessed both the risks associated with the continued outsourcing of the project management and procurement services and the potential opportunities from the establishment of an internal function.

The key aim of the 2010 strategic review was to assess the benefits associated with adopting an integrated internal Project Management and Direct Procurement model. The review looked specifically at the ability to:

- provide greater certainty and consistency of project outcomes,
- decrease project delivery risks,
- reduce time and cost volatility,
- increase contract compliance,
- facilitate the transfer of risk consistent with Stockland's selected risk profile, and
- deliver on key aspects of business strategy whilst providing responsible procurement and sustainable supply chain management practices.

Over a four year period, we successfully internalised Project Management and Direct Procurement functions creating an industry leading model that significantly reduced cumulative spend variability in the range of $50 million to $120 million. This also resulted in measurable decreases in project volatility and risk exposure, improved asset management, increased competitiveness and produced industry leading practices and sustainability outcomes.

Our strong commitment to procurement excellence and four year Project Management and Direct Procurement transformation has successfully delivered industry leading outcomes resulting in revenue enhancement, improved asset management, cost containment, increased productivity, and greater speed-to-market and competitiveness.

Our Project Management and Direct Procurement Team is now a key element driving the successful execution of our business strategy and exceptional project outcomes.

**Indirect Procurement**

In FY14, Indirect Procurement enhanced its focus on integrating sustainability considerations into the indirect procurement process. This involved engaging five key suppliers who have strong carbon reporting as well as one supplier on chain of custody practices. Through our collaboration with Supply Nation, we have identified opportunities to promote and integrate Aboriginal and Torres Strait Islander suppliers into our supply chain. We have also established internal tools and websites to assist employees with engaging appropriate suppliers, placing orders and making payments in an efficient way which enhances transparency over our supplier activity and our cashflow.

Following a review of internal and external best practice, a key FY15 initiative is to build a framework to manage our indirect supply chain more effectively in terms of cost, performance, and risk, and adopt best practice from our Direct Procurement activities.

# Supply Chain Management

**Operations**

There were several key initiatives undertaken by our operations supply chain function in FY14, relating to cleaning and security services, waste (refer to Waste FY14 Update), and customer health and safety (refer to Customer Health and Safety FY14 Update) specifically.

Stockland will be procuring its cleaning and security services in FY15, and in a bid to ensure tenders are only received from companies aligned with our labour standards and expectations, we contracted an external consultant in FY14 to assist in developing a system for ensuring the labour standards performance of key potential suppliers.

An initial performance review of eight pre-identified potential suppliers was conducted via a tailored questionnaire relating to labour standards legislation. The questionnaire requested information from potential suppliers on their policies, systems and processes for managing workers employment, including:

- Governance and Ethics
- Reporting
- Remuneration
- Working Hours
- Employment Contracts, Contract Termination and Major Workplace Change
- Freedom of Association
- Workplace Health and Safety
- Fair Treatment
- Right to Work; and
- Subcontractors

Stockland will use the results of this performance review to determine which suppliers should progress to tender. A review will then be conducted on the selected suppliers to establish how well these policies, systems and processes are implemented. The outcomes of this review will influence the ultimate procurement decision, with the contracted suppliers being subject to ongoing re-assessment.

Other initiatives undertaken by the operations supply chain function in FY14 include:

- Introduction of contractor pre-qualification and OHS accreditation program.
- Monthly contract management reviews that include compliance measures
- Reviewed external audits of the offshore manufacturing facilities used to produce uniforms used by Stockland staff and their major contractors.

# Supply Chain Management

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | | FY15 Priorities |
|---|---|---|---|
| **Project Management and Direct Procurement** | | | **Group Supply Chain** |
| **Apply Common Bidding Framework to all divisions.** | Achieved | Common bidding framework established in all divisions | • Strategic review of supply chain functions and development of a three year supply chain and procurement road map<br>• Develop preferred supplier guidelines and sustainable supplier charter<br>• Create a centralized supplier management and supplier performance reporting system |
| **Normalise procurement processes across all businesses, integrating the advanced practice of our Commercial Property business into our Residential and Retirement Living businesses.** | Achieved | Standardised procurement processes were applied to all three asset classes, with procurement compliance within Commercial Property and Retirement Living being 100% | **Project Management and Direct Procurement**<br>• Develop detailed procurement strategies for each of our development asset classes<br>• Integrate NGERS reporting from Commercial development projects into our monthly project reports. |
| **Rationalise the supplier base to reduce overall numbers and, in turn, the time and effort in establishing, maintaining and processing procurement, order/contracts and payments.**<br><br>**Target - 20% reduction on FY13 numbers.** | Ongoing | We reduced supplier numbers by 15% on FY13 numbers. From FY14 we will focus on rationalisation of supplier engagement processes rather than numbers. | • Develop a supplier audit and performance metrics programme to facilitate compliance monitoring and followup.<br>**Indirect Procurement**<br>• Develop a standard bidding and tender assessment framework<br>• Establish a framework for identifying and managing risk in the indirect supply chain. |
| **We plan to achieve >90% contract compliance in the next FY.** | Achieved | In FY14 Commercial Property and Retirement Living asset classes achieved 100% contract compliance with our Residential asset class achieving 90%. | **Operations**<br>• Develop Maintenance Planning schedules at asset level to monitor, manage and enhance the activities, engagement and performance of our maintenance contractors.<br>• Undergo prequalification of tenderers for major labour supply contractors |
| **Initiative to gain greater visibility over key subcontractor risk will be instituted across all Commercial Projects and selected larger Residential and Retirement Living developments in FY14** | Achieved | Process to identify and assess critical sub-contractor risk was implemented in all three asset classes. | |
| **We will have green plans for all projects in FY14 for major Commercial Property and Retirement Living developments.** | Achieved | We have green plans developed for all Commercial Property developments where a Green Star rating is defined as required, and on all Retirement Living Community Centres. | |
| **Principles promoting waste reduction and reduced waste to landfill will be applied to all residential projects in future.** | Ongoing | Waste reduction in residential projects has been a focus where the principles can be applied, with initiatives for spoil reuse and landfill minimization incorporated into various residential developments. | |

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and  risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Materials

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Materials

Stockland acknowledges that the development and operation of buildings accounts for large quantities of material usage and waste which have an impact on the environment. Therefore, appropriate focus is given to materials selection, specification and construction to reduce the overall impact of our projects across their life-cycle.

We equally acknowledge that the use of virgin materials can have significant impacts on environmental and human health. By specifying the use of ecologically and health-preferable materials in our developments we are able to deliver tangible environmental, social and business benefits.

## 3. Management Approach

We recognise that the materials and equipment that are used within our assets have a significant bearing on the capital cost of our projects, and upon the operating cost and efficiency of the assets we retain and manage as owners. As such we endeavour to control aspects of the material supply chain by specifying appropriate sustainable materials where possible.

**Development**

Materials selection in development projects is guided by Stockland's development sustainability policies as well as the Green Building Council's Green Star tool for each of the asset classes, which covers materials selection such as timber, steel, concrete and PVC.

> *"The Green Star Materials category consists of credits that facilitate and recognise the efficient use and management of building and fitout materials. Materials credits reward overall reductions to the amount of materials used, the reuse of building materials, and the specification of recycled and recyclable materials wherever possible.*
>
> *Green Star Materials credits aim to address and improve the environmental impacts of building products and materials by taking into consideration issues pertaining to the lifespan, lifecycle and end-use of these resources within Green Star certified projects."*

As part of Stockland's commitment to delivering projects with sustainable materials practices, Stockland has had to ensure that our development contracts incorporate our corporate polices with regard to materials selection.

All Commercial Property developments are required to achieve a minimum 4 Star Green Star design and as-built ratings and Stockland produces Green Plans to guide the design and development of assets to ensure this outcome.

To ensure consistency in our approach to sustainable materials management across Stockland's Commercial Property development projects, our sustainability policy outlines the minimum standards and requirements with regards to materials usage and specification.

We prioritise and maintain ongoing initiatives to promote responsible material selection, including:

- Use of materials with Chain-of-custody certification, including steel and roof products when feasible.
- At least 95% (by cost) of all architectural timber used in the building is certified by a forest certification scheme that meets the GBCA's 'Essential' criteria for forest certification; or is from a reused source; or a combination of both
- Reduced use of toxic or harmful materials
- Use of materials that reduce heat load, including performance glazing and roofing materials. These offer the opportunity for substantial reductions in power consumption which equates to significant cost savings over the life of the asset.
- Re-use of recycled concrete and quarry materials
- Low VOC products
- Strategic plant and equipment selection which considers capital and operating costs and water/power efficiency for key areas including light fittings, lifts and escalators, mechanical and hydraulic plant. This will reduce demand on the environment and realise net savings across the asset life cycle.
- Where appropriate fly ash supplement is utilised in concrete to reduce the embodied energy (the energy used to produce cement) of the building development.
- Incorporation of locally sourced and manufactured materials

# Materials

Below is a chart that summarises the considerations for material selection for our projects that is used as a guide in materials selection and specification development.



**Key Categories**
Green Building Selection Criteria for Materials, Products, Components & Assemblies

**Stream 1**
Conserve Natural Resources & Preserve Biodiversity

**Stream 2**
Contribute to Safe & Healthy Indoor Air Quality

| Efficiency in Extraction, Manufacturing & Construction | Waste reduction across the Life Cycle Process (chain-of-custody) | Renewable Resources | Longevity and Serviceability | Non-toxic Materials | Non-flammable Materials | Non-toxic Emissions |

This prescriptive approach to material specification in development is being expanded to our Residential and Retirement Living businesses.

We produce Green Plans for development projects across all business units to set the design parameters for our engaged contractors. The Green Plans form part of the tender documents and specify the materials to be used to achieve the minimum Green Star rating. Contractors are required to submit their design to GBCA for a design rating assessment.

We also engage directly with the contractor to ensure adherence to the Green Plan throughout development. Our development contracts include specifications for all aspects of the construction and nominate materials to be used to achieve our Green Star rating. The contract specifications also include the Green Plans and standards set in the business-specific Sustainability Policies. Upon project completion the contractor is required to submit the project for a GBCA as-built rating.

**Operations**

In operations, the most significant opportunity we have to influence materials use lies in our commercial property business, and in our retail portfolio specifically. We are constantly exploring opportunities to enhance the materials we use in the operation of our retail assets to improve efficiency, enhance performance and also minimise impacts on the environment.

While opportunities for materials use and specification are much rarer in operations than in development, we are constantly seeking innovative approaches which, once proven, are then promoted to all our retail centres with our group operations team providing support throughout the transition process.

For office and retail tenancy fitouts, we have specific guidelines for materials selection, set out in our Green Office Fitout Guide and the Retail Design and Fitout Guide. Our office, industrial and retail leases all now contain clauses which encourage tenants to implement fitouts which utilise materials recommended in their respective tenancy fitout guides.

## Roles and Responsibilities

Our Chief Operating Officer assumes ultimate responsibility at group level for environmental performance, including Materials, and reports directly to the Managing Director.

The National Sustainability Manager is responsible for ensuring specifications are set  for material use across our Residential and Retirement Living developments with development and project managers responsible for ensuring materials used in development meet these specifications and the standards set by our policies and external certification requirements.

The General Manager Project Management and Direct Procurement is  responsible for ensuring that materials selection is effectively incorporated and administered into Commercial Property construction contracts to ensure maximum influence on the performance of our supply chain, and on the quality of the products delivered.

## 4. Review and Evaluation

We continue to monitor industry standards and incorporate feedback from end users into our decisions regarding material selection and specification. We keep abreast of material innovations and advances for use in the design, development, and operation of our assets, and also collaborate with industry partners to identify, develop and or trial innovative materials whenever the opportunity arises.

## 5. FY14 Update

**Development**

In FY14, we specified the use of an energy efficient Bluescope Steel roofing product 'Coolmax' at one of our major retail developments. A live study is currently being undertaken to demonstrate and quantify the construction, lifecycle and environmental benefits of this product in particular climate zones. It is anticipated that the product will provide significant whole of life cycle cost savings when utilised in specific environments and will become the minimum standard for our assets in appropriate climatic conditions. It is also an Australian product so supports our commitment to using locally sourced materials. (See Case Study in Climate Resilience DMA for more information)

We also collaborated with Downer EDI, Close the Loop, and Hume City Council to undertake a trial of TONERPAVE™ at one of our residential developments in Victoria. TONERPAVE™, a new asphalt product made with used toner powder extracted from recycled toner cartridges, was developed by Downer EDI and Close the Loop and is the next step in sustainable asphalt development as it has a lower carbon footprint to comparable mix designs. Not only does it directly reduce energy consumption and greenhouse gas emissions, it provides the opportunity to recycle waste toner into valuable road infrastructure. TONERPAVE™ was laid at our Highlands community as part of the trial.

Our residential projects are currently undergoing a survey to identify timber resources that can be recovered for reuse as landscape timber elements within our communities. It is expected the survey will develop an inventory of the quality and quantity of timber resources to be utilised in the developments.

Environmental benefits of the initiative include:

- Less energy expended in the clearing and mulching process of the felled material;
- Less energy expended in cutting down forestry timber given we are reusing timber;
- Removing requirement to replenish cut down forestry timber.

At our Selandra Rise Retirement Living development, material use contributed significantly to our 4 star green star rating: high performance glazing and insulation was used to maintain thermal performance of the homes and clubhouse; all timber used on site was either recycled timber or sourced from FSC/AFS sustainably managed forests; and our Independent Living Units and Apartments used Greentag and GBCA accredited carpet for lower environmental footprint.

**Operations**

In FY14, we replaced the standard strip-sealing product used on terrazzo floors across various retail assets with the new Stock Guard product from 3M which has multiple sustainability benefits:

- Increased slip resistance which enhances the safety of our customers and equally delivers cost benefits as it reduces the risk profile of our assets and, in turn, our insurance premiums.
- Better appearance improves the quality of customer experience
- Minimal disruption to our operations, and to our tenants, which enhances financial outcomes for both parties.
- Water based product which is better for the environment as it not only replaces a high chemical intensity material but also minimises water use as application and removal process is lower water-intensity.
- Can be applied to specific/limited sections rather than entire floor area which significantly reduces labour requirements and minimises natural resource use in application/removal.

Stockland worked directly with 3M to source and apply this innovative new product, and will continue to roll out across all terrazzo floors in the retail portfolio over the coming 12-24 months.

# Materials

**Case Study:** 3M Scotchguard

Stockland Riverton Shopping Centre trialled a new product in 2012 from 3M aimed at improving the terrazzo tile presentation and slip resistance. Following a successful 18 month trial period, Stockland engaged 3M mid-2013 to assist with the roll-out of the new floor treatment across our Centres with terrazzo tiles to improve the floor's presentation, slip resistance and floor chemical usage.

3M's Scotchguard product is a water based penetrating sealer for concrete, terrazzo and any porous stone floors. It is not a floor finish, but a low odour, hybrid formulation that protects and enhances the floor's appearance. The product also helps protect the floor in even the most challenging environments and produces a higher Coefficient of Friction, meaning the slip resistance of the floor improves post treatment.

Since the engagement with 3M, Stockland has rolled out the Scotchguard product across 8 retail assets in FY14 with more in the pipeline for FY15.

The results have been positive and the product has resulted in the following benefits:

- Improved floor presentation
- Increased durability of the floor's gloss level
- Reduction in operational costs (approximately $130K across the 8 assets)
- Improved slip resistance, reducing the likelihood of slip and falls.
- Reduction in the use of floor stripping chemicals (approximately 1kL per Centre/year), and
- Reduction in water consumption (approximately 800L per Centre/year)

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | FY15 Priorities |
|---|---|---|
| | | - Pilot a 'Cradle to Grave' assessment on a Commercial Property development to inform materials selection in the design process.<br>- Review our minimum standards and guidelines with regards to material selection and utilization.<br>- Conduct workshops nationally to identify sustainable materials practices that could be applied across our developments in collaboration with our supply chain. |

# Materials

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| | 20. | Asset ratings and certification |

# Energy and Emissions

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Energy and Emissions

Stockland has a long standing commitment to managing climate change risk and reducing its carbon emissions. As a major developer and manager of property assets, we acknowledge the impact of the built environment on Australia's emissions profile. We recognise we have a role to play to influence energy efficiency as part of a climate change strategy and have taken a proactive approach 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 Australians. Electricity constitutes an increasing proportion of our assets' operating expenditure therefore improving energy efficiency enables us to reduce cost and improve our operational efficiency. Integrating energy efficiency considerations into the design and construction of our assets can also help to reduce the energy requirements, and electricity costs, of our customers and tenants.

Civil works on development projects constitute a major source of our emissions. Working with contractors to identify opportunities to reduce fuel consumption and maximise efficiencies can not only drive improvements to our energy and emissions performance, but also deliver cost benefits across our development projects both for Stockland and our suppliers,

The increasing cost of carbon intensive power also creates opportunities as renewable energy, particularly solar, becomes increasingly competitive as an alternate energy source. The reduced cost of solar infrastructure, combined with increasing electricity prices, supports the business case for solar installations across our assets.

We are committed to design and technology innovation and access to alternative energy supplies that will help us and our customers realise a cost efficient, low carbon future. Improving the energy efficiency of our assets and communities will not only ensure improved environmental outcomes, but will also improve quality of life, cost of living and deliver tangible benefits for our business.

## 3. Management Approach

To complement our Group Sustainability Strategy, in 2009 we developed a Climate Change Action Plan to guide and integrate efforts across our business units. The Climate Change Action Plan is reviewed annually and informs our approach in five key areas:

1. **Monitor** emissions and energy use, and streamline reporting
2. **Reduce** emissions through both direct control and influence
3. **Adapt** through research assessment and response to potential climate risks
4. **Innovate** and integrate innovative solutions into operations and development projects
5. **Communicate** effectively our position and performance

As part of our commitment to a low-carbon future, we focus our approach on two key areas: energy efficiency and alternative energy.

### Energy efficiency

Our group-wide focus on energy efficiency manifests differently across our three business units and at different stages in the project lifecycle. Each business has its own specific sustainability policy which outlines strategic initiatives, performance standards and specific requirements relating to energy efficiency and climate change mitigation to be considered in the design, construction and operation of projects and assets. Energy efficiency and climate change guidance is also contained in our sustainability toolkits to help our communities and assets move beyond minimum standards

To effectively manage our energy efficiency performance we employ evidence-based decision making tools and certification. Our previous use of carbon abatement cost curves has influenced ongoing financial analysis in our Commercial Property business and the CCAP Precinct tool has been used to assess and prioritise the energy initiatives that deliver the greatest emission reduction outcomes for the lowest cost in our Residential and Retirement Living businesses.

# Energy and Emissions

We concentrate our energy and emissions reduction efforts on our Commercial Property and Retirement Living businesses where we can specify the built form, set reduction targets and performance standards. An overview of our approach across the three broad stages of the project lifecycle is provided below.

| Stage in Project Lifecycle | | Energy Efficiency Focus |
|---|---|---|
| Design | *Designing the built form for our **commercial property** and **retirement living** assets.* | Elements of built form greatly impact the energy efficiency performance of an asset. Focus is on ensuring that certain performance standards are met with regard to energy efficient design. |
| Development | *Development of our **residential** communities and **retirement living** villages, predominantly undertaken by our contractors .* | Increased civil works activity is directly proportional to increased energy and emissions. When we are actively developing our assets, our emissions profile is higher. Focus is on identifying opportunities to reduce the emissions profile of our contractors, and also on promoting energy efficient home design to our community residents. |
| Operations | *Operating our **commercial property** (retail, office, business and logistic parks) and our **retirement living** villages.* | Energy and emissions have a direct correlation with the operational efficiency of our assets. Focus is on identifying opportunities to improve operational efficiency including infrastructure upgrades and installations as well as targeted energy efficiency programs and initiatives. |

## Design

We use the Green Building Council of Australia's (GBCA) Green Star rating system as a tool to support the design and delivery of energy efficiency initiatives across our portfolio, and to set a platform for optimal performance. All new Commercial Property and Retirement Living developments are required to achieve a minimum 4 Star Green Star rating, with a strong focus on energy. We achieved the first Retirement Living Green Star rating for our Affinity Clubhouse in FY13 using the Public Building rating tool, and also worked closely with the GBCA to create a custom tool to rate an entire village, with Selandra Rise Retirement Living Village becoming Australia's first 4 star Green Star certified retirement village in FY14.

In Residential, where our customers generally select their own builders and determine the design and energy efficiency of their own homes, we seek to influence the design and appliance options of our customers by setting up community hubs to provide tools for making homes more sustainable and efficient.

## Development

Development activity in our Residential business, predominantly undertaken by contractors, constitutes the most significant portion of our annual Scope 1 emissions. Given that contractor activity on our Residential and Retirement Living developments falls within our operational control boundary, as defined by the National Greenhouse and Energy Reporting Act 2007 (NGER Act), we are required to include our contractors' energy and emissions data for these asset classes into our annual reporting. For this reason, our emissions profile is always higher when we are actively developing our assets. As such, we maintain our focus on identifying opportunities to reduce the emissions profile of our contractors. While we do not control the way they undertake their work on site, we can work with them to identify opportunities to improve efficiencies, reduce fuel consumption, and ultimately minimise their overall emissions.

Development activity in our Commercial Property business is not within our operational control boundary, as ultimate control of our commercial property developments lies with our principal contractor. As such emissions from these developments are not captured in our annual reporting.

## Operations

In Commercial Property operations, we undertake NABERS Energy ratings to benchmark the performance of our assets against industry standards and to measure the effectiveness of the initiatives and actions we have implemented. In Office we undertake NABERS ratings annually on the whole portfolio and have a long standing portfolio average target of 4.5 stars. In Retail, we have taken a staged approach to undertaking NABERS ratings across the portfolio as the Retail rating tool matures in the market. We currently have 13 ratings from a selection of eligible shopping centres in NSW and QLD and will rate the remainder of eligible centres by the end of FY15. We will set a portfolio target once we've completed ratings on the remaining eligible centres in the portfolio.

For many years, we have invested in energy sub metering systems to monitor energy consumption in our Office and Retail assets. Using consultant partners, data is monitored and analysed to provide useful information and insights to our operations

management teams on where we need to target excessive energy consumption.  Energy sub metering is a key tool for Stockland to manage consumption and is critical to our ability to achieve our targets.

In Residential, where we have no control of the built form, we work with local councils, universities and industry partners to deliver programs and initiatives within our communities to build awareness of the benefits of energy efficient practices and behaviours among our residents.

**Emissions Trading**

Stockland is involved in the New South Wales Energy Savings Scheme. This scheme places a mandatory obligation on Liable Entities to obtain and surrender energy savings certificates (ESCs) in order to meet annual energy savings targets. We are an Accredited Certificate Provider, creating ESCs that can be sold to Liable Entities or other voluntary parties.

We create ESCs by carrying out Recognised Energy Savings Activities (RESA) including: the replacement and installation of common electrical appliances, high efficiency lighting and other energy saving devices; the NABERS rating of buildings; and changes in electricity consumption measured against an established baseline.

Our strategy for complying with the scheme is to ensure these requirements are integrated into our management system and that responsibility is assigned to a member of the sustainability team to monitor and maintain the system and associated processes.

## Alternative Energy

Our approach to alternative energy has been phased alignment with broader contextual realities, and focused predominantly on solar, though wind and tri-generation has also been explored across certain assets. In the early stages, when the cost of solar was higher, studies indicated that we could achieve greater emissions reductions and financial returns through investment in energy efficiency initiatives. We therefore identified and capitalised on funding opportunities to enable the addition of solar to our portfolio.

Our current approach reflects the reduced cost of solar, is driven by a strong renewable energy target, and is focused on assessing which opportunities to roll out across the portfolio. If proposed alternative energy initiatives meet our investment hurdle rate and can deliver a return on investment then it is given approval to proceed to implementation. This can be achieved at an individual site level or at a portfolio level.

We are also focused on ensuring that there are embedded energy networks across our Retail and Retirement Living sites. Not only does this give us the opportunity  to provide tenants with renewable energy, it also enables greater capability for renewable projects as it enables larger installations to meet both base building and tenancy energy requirements. Embedded networks also enable us to reduce the cost of electricity for our tenants, and to gain visibility of asset-wide energy consumption data. This visibility facilitates the identification of further emission reduction opportunities, and will enable us to work collaboratively with our tenants to further reduce their energy costs.

While we focus our alternative energy investments on our Commercial Property business (and retail specifically), as it can match on site demand without exporting to the grid, our sustainability policies prescribe that all residential and retirement living developments are to maximise the solar orientation of sites to facilitate uptake of solar installations for future residents.  Standards also prescribe that dwellings are to be connected to reticulated natural gas or LPG where available.

## Roles and Responsibilities

Energy and climate change has been a strategic focus since 2006 and our strategic approach to energy and emissions, including targets and performance tracking, is overseen by our Board Sustainability Committee. Accountability for energy and emissions delivery sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for environmental performance, including energy and emissions, and reports directly to the Managing Director.

Stockland's National Sustainability Manager has responsibility for the strategic identification and evaluation of emissions reduction and alternate energy initiatives across the diverse portfolio of assets, both in design/development and operations. Stockland Development and Asset Managers are  responsible for ensuring that energy and emissions are effectively managed at project and asset level.

Members  of our executive team, including the MD,COO and CEOs as well as project and asset managers and  functional staff, have KPIs relating to strategic energy and emissions reduction targets.

# Energy and Emissions

## 4. Review and Evaluation

To evaluate the effectiveness of the management approach, we have a number of enablers and checkpoints in place that allow ongoing, progressive energy performance tracking and review.  Through application of policies and minimum standards, energy efficiency is embedded in the design of our products.  Setting targets for performance and using rating tools in design and operation ensures that a benchmark is set that can be tracked over time.  With the assistance of sub metering and monitoring, data capture and management systems, we can readily check our progress against targets and identify areas of divergence that may require focussed attention.

We engage with industry bodies such as Green Building Council of Australia, Property Council Australia and other external stakeholders to stay informed of current trends, material issues and industry benchmarks. We also regularly  assess our performance against that of our peers. Through regular reporting of our progress to senior leadership teams and to our Board, we are constantly reviewing our performance, ensuring  that our approach remains relevant and effective. This ability to review progress against targets on an ongoing basis allows quick responses and easy adjustments to the management approach. Adjustments can be implemented at any time and formally embedded in policies and processes which are reviewed annually.

We prepare an energy efficiency evaluation for our retail assets which considers the key financial metrics relating to energy efficiency and alternative energy investments, including Centre capex investment, gross actual savings, gross return on investment (savings /capex), and nett return on investment (savings /capex). This evaluation enables us to compare the actual project outcomes to those proposed, and to use these findings to inform future investment decisions.

## 5. FY14 Update

### Total greenhouse gas emissions (kgCO2-e)

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Scope 1** | 22,101,740 | 18,509,406* | 26,960,684 | 27,459,144 | 14,904,868 | 3,016,281 |
| **Scope 2** | 99,927,336 | 104,392,844* | 117,517,462 | 128,283,100 | 131,369,103 | 120,000,601 |
| **Total Scope 1+2 emissions** | 122,029,076 | 122,902,250* | 144,478,146 | 155,742,244 | 146,273,971 | 145,326,882** |

*This is a restatement of last year's figures reflecting improvements in energy data extraction from invoicing

** In FY09 Scope 1 and 2 emissions for Residential and Retirement Living were estimated and included in total emissions figure.


Total greenhouse gas emissions (kgCO2-e)


Total Scope 1 emissions
- Commercial Property
- Residential
- Retirement Living

**Residential** constitutes the largest proportion of our Scope 1 emissions due to contractor construction activity across our developments.
Projects in active development in FY14 include:
- Calleya
- Willowdale
- Allura
- Elara


Total Scope 2 emissions
- Commercial Property
- Residential
- Retirement Living
- Corporate

**Commercial Property** constitutes our largest proportion of Scope 2 emissions and remains the focus of our strategic energy efficiency initiatives
See emissions intensity data for an indication of our reduction achievements in FY14.

For a detailed breakdown of our Scope 1,2 and 3 emissions please refer to our Environmental Data.

# Energy and Emissions

## Commercial Property

In FY09 our Commercial Property business committed to a 20 per cent emissions intensity reduction by FY14. We exceeded this target in FY14, achieving a 35% reduction in office and a 20% reduction in retail (26% like-for-like), resulting in a 29% overall reduction for the combined Commercial Property portfolio.

### Greenhouse gas emissions intensity (kgCO2-e/m2)*

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office** | **67.55** | 72.1 | 77.3 | 85.1 | 97.0 | 103.8 |
| **Retail** | **59.34** | 62.0 | 69.2 | 73.0 | 76.0 | 74.6 |
| **Commercial Property**\*\* | **61.52** | 65 | 72 | 78 | 85 | 87 |

\* Based on Scope 1 and 2 emissions
\*\* Combined Office and Retail



Emissions Intensity - Commercial Property

### Emissions intensity reduction (%)

|  | Target Progress | Annual Reductions | | | | |
|---|---|---|---|---|---|---|
|  | FY09-14 | FY13-14 | FY12-13 | FY11-12 | FY10-11 | FY09-10 |
| **Office** | **35%** | 6% | 7% | 9% | 12% | 7% |
| **Retail** | **20%** | 4% | 10% | 5% | 4% | -2% |
| **Commercial Property** | **29%** | 5% | 10% | 8% | 8% | 2% |

### Retail Like-for-Like

This metric allows us to compare the intensity performance of those assets we've held in our portfolio since FY09.

|  | FY14 | FY13 | FY12 | FY09 Baseline |
|---|---|---|---|---|
| **Emissions Intensity (kgCO2-e/m$^2$)** | **55.4** | 56.7 | 65.0 | 74.6 |
| **Reduction in emissions intensity since FY09 (%)** | **26%** | 24% | 13% | - |

### Emission Reduction Targets Achieved

We have a long standing commitment to sustainability. To reflect that long term commitment in FY09 our Commercial Property business publically announced a target of reducing its emissions intensity by 20 per cent by FY14.

In that period through operational excellence on the part of our asset managers and smart investments in sub-metering, new equipment, LED lighting, and alternative energy **we have saved over 5 million dollars** and **abated more than 85,000 tonnes of greenhouse gas emissions**. This year alone our **tenants will save over 4 million dollars** in energy bills as a result of our energy efficiency improvements.

This year we successfully met our 20% intensity reduction target and have extended our commitment targeting a further 10% reduction in emissions intensity by FY17.

# Energy and Emissions
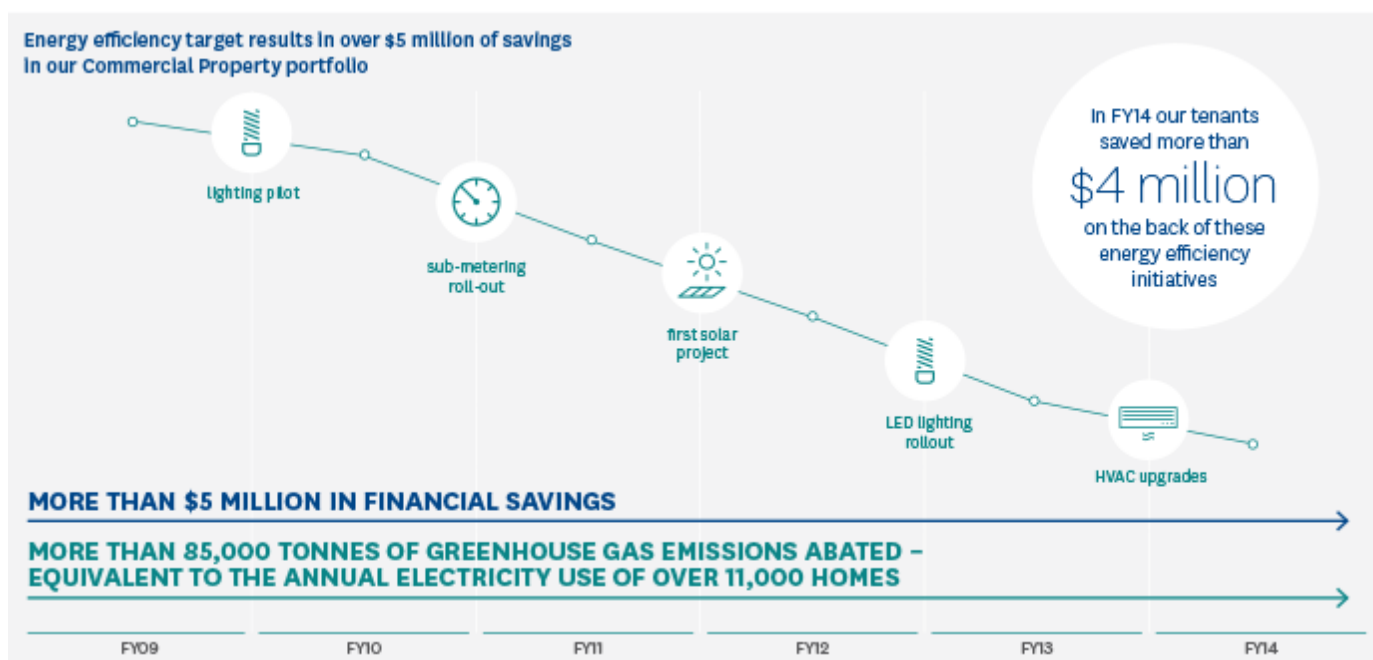
We have actively invested in energy efficiency improvements across our commercial property developments and operations since we set our first energy and emissions targets in FY09. Energy costs are still forecast to escalate and as a result we have adopted an active management approach which will deliver strong financial returns whilst reducing our carbon footprint. We continue to trial new technologies as they emerge and where proven successful, we stage implementation through the portfolio. In FY14 we implemented a number of energy efficiency initiatives including LED lighting upgrades at our centres at Jesmond, Balgowlah, Wetherill Park and Bull Creek and have installed a 50 kW solar PV system in our centre at Nowra. We continue to realise energy efficiency opportunities through our sub metering systems and installed additional metering systems in our shopping centres at Glendale, Gladstone and Hervey Bay in FY14.

On our new developments where we commit to a minimum Green Star rating of 4 stars, we target energy credits for greenhouse gas emissions, energy sub metering, and carpark ventilation, and management credits for commissioning and building tuning. By committing to these minimum standards, we ensure conservation measures are consistently built into design for efficiency in operation. We have development projects currently underway at Hervey Bay, Wetherill Park and Baldivis where we are targeting Green Star ratings and installing energy efficiency features through design.

An energy efficiency evaluation was conducted in FY14 for a number of investment decisions in FY13 and FY14 relating to energy efficiency, renewable energy, and emissions. The evaluation found that further investment in energy efficiency is warranted based on financial and environmental benefits, in particular in the areas of LED lighting, smart metering and BMS Optimisation. It was also noted that future solar investments will require a detailed centre-specific feasibility analysis to determine financial viability, and that wind will not be pursued unless there are substantial improvements in the technology. It was decided that key points relating to any project's investment decisions, i.e. project rationale, financial return and potential risks, will continue to underpin the allocation of capital in FY15.

In FY09 we also set a 4.5 Star average NABERS rating target for our office portfolio. We fell just short of this target, achieving a 4.3 star NABERS Energy average in FY14, which is still a substantial improvement on our FY09 average of 3.4 stars. Given our decision to selectively down-weight our office portfolio, we have divested many office assets over the last few years. While we will continue to aspire towards 4.5 star NABERS average, we acknowledge this may be challenging given the sale of certain high performance buildings in our portfolio. (Refer to our Asset Ratings and Certification DMA for more information on our office NABERS ratings)

# Energy and Emissions

## Government grants

Occasionally we request financial assistance from government, through formal grant applications, to enable the delivery of infrastructure, projects and initiatives which promise positive long term social and environmental benefits, but which have prohibitively high capital investment costs.

In FY14 we received just over $221,440 in grant payments from the Green Building Fund (managed by the Australian Government's Department of Industry) to deliver energy efficiency projects at three of our retail centres:

- **Stockland Townsville**: a full range of energy saving projects installed in the base building leading to a reduction of 2000 tonnes of $CO_2$-e per annum. The project will include new sub metering, a new chilled water air conditioning plant and lighting upgrades.
- **Stockland Green Hills**: installation of LED lighting systems and solar panels providing renewable energy supply to the centre's mall lighting. Intelligent sub metering will be installed to monitor power consumption and a building tuning program initiated to optimise building operation. Base building $CO_2$ emissions are estimated to reduce by 911 tonnes.
- **Stockland Cairns**: conversion of sixteen air conditioning units currently operating as constant volume systems to a demand controlled ventilation system. The new system uses motorised dampers to control minimum outside air volumes based on $CO_2$ levels in conditioned spaces. A building tuning program will optimise the performance of building systems assisting to reduce energy consumption by 20% or 1,090,000 kWh pa saving 1,133 tones/$CO_2$.

## Retirement Living

Our Affinity Retirement Village in WA achieved a 5 star Green Star As Built rating for the Community Clubhouse . The project achieved 12 out of a possible 22 points available in the Green star Energy category with 10 points awarded for Greenhouse gas emissions reduction strategies, and 2 points awarded for peak energy demand reduction. The building achieved a 50% reduction in emissions when compared with a standard building of a similar size. Energy efficiency measures, including extra insulation in walls and ceilings, high performance glazing to improve thermal performance, and individual metering and motion sensors, ensure the clubhouse uses a fraction of the energy a similar sized standard design building would deliver.

Selandra Rise Retirement Village in Victoria was awarded the first green star certification for an entire Retirement village. The village includes numerous energy management design and technology elements such as home energy meters; efficient electrical lighting and access to natural lighting; highly efficient air conditioning systems and other appliances; inclusion of ceiling fans; natural gas cooking; and a minimum 7 star thermal performance in all homes.

This year we also partnered with Ecosave Energy consultants to develop a proposal to reduce energy costs associated with the community clubhouse at Macarthur Gardens. The technology features identified were such that inclusion in the proposal would result in a positive cash flow to residents and pay back within 5 years. The project is estimated to reduce emissions form the building by 35 % per year (from 453 Mwh per year to around 300 Mwh per year) and includes lighting upgrades; introduction of variable speed drives; timing and setpoint adjustments; and optimisation of existing mechanical and electrical systems.

## Residential

We continued to use the CCAP Precinct tool on a number of our Residential and Retirement Living projects to better understand the benchmark household energy use in local regions and compare our proposed project with both the region and our previous projects. The CCAP tool also allows us to test design and technology options and understand the most effective and efficient application to our projects.

In FY14 we completed the display village at our Bells Reach project on the Sunshine Coast, Queensland, providing customers with the opportunity to experience homes with greater passive management of temperature in the home. The 20 home display village includes 19 homes rated between 7 and 7.9 stars and one home rated 10 stars for their thermal performance. This is at least one star higher than regulatory requirements for homes in Queensland. Six homes are also fitted with PV panels. These homes help deliver lower energy bills, reduced demand on the local energy grid and lead to less polluting emissions.

In FY13, we announced the launch of the Riverstone Crossing Energiser Trial in partnership with Gold Coast City Council , offering in-home monitoring of electricity, gas and water in a bid to reduce utility bills and environmental impact by providing real time consumption information. In FY14, 35 households had in-home utility monitoring devices installed as part of the trial, allowing them to see how much electricity, water and gas they are using now, this week and this month compared to previous periods. The trial had a number of challenges with software and data collection throughout the year, and we have been working with the software providers and residents to resolve these issues. We will recommence monitoring in FY15 and provide an update on the results in our FY15 sustainability report.

# Energy and Emissions

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | |
|---|---|---|
| **Commercial Property** | | |
| **Continue implementation of our CAPEX program to maintain achievement of our 20% improvement in carbon intensity by FY14, based on FY09 levels.** | Achieved | We exceeded our FY14 20% intensity reduction target, with an average reduction of 29% across our office and retail portfolio. |
| **Continue solar installations and develop a portfolio wide strategy for roll-out** | Achieved | We installed solar at Nowra and developed a renewable energy strategy to achieve FY17 target |
| **Identify and rate appropriate retail assets in our portfolio** | Achieved | We currently have NABERS energy ratings on 12 shopping centres in NSW and QLD and will rate the remainder of eligible centres in the portfolio by the end of FY15. |
| **Continue to aspire towards a target of 4.5 star NABERS average for Office** | Ongoing | We achieved a 4.3 star average in FY14. Asset sales and vacancies affected this outcome. |
| **Residential** | | |
| **Continue to participate in the CSIRO Future Grid Forum and explore distributed and renewable energy opportunities on projects** | Achieved | We participated in the Future Grid Forum and continue to explore opportunities in renewable energy, home monitoring and energy storage across our property portfolio. |
| **Achieve a Green Star Communities Pilot rating on our Caloundra South Residential Community** | Achieved | We have received our round 1 results and are looking to lodge our round 2 submission in Q1 of FY 15 |
| **Retirement Living** | | |
| **Continue to ensure all new homes achieve a minimum 5% improvement on the BCA thermal energy performance requirement** | N/A | We have not had any additional homes designed over the reporting period. We will be removing this policy position in favour of a requirement to achieve a minimum green star rating |
| **Investigate the transfer of energy efficiency opportunities from the MacArthur Gardens energy audit to other villages** | Ongoing | We continue to roll out the Macarthur Gardens energy efficiency project and look for opportunities in other projects to deliver energy related savings |
| **Expand the energy and water calculator for Selandra Rise to other villages** | N/A | On new projects we are now accessing the Green Star energy and water calculators to align better with industry benchmarks |

**FY15 Priorities**

**Commercial Property**
- 10% improvement in energy intensity
- 3% of Retail energy use from renewables
- Conduct NABERS energy ratings on all eligible assets in portfolio by FY17 (currently all eligible NSW and QLD assets have been rated)
- Aspire to a 4.5 star average.

**Residential**
- 40% reduction in energy use of areas we control compared to regional averages.
- 5% of energy from renewable energy sources across all our new residential communities by FY17.

**Retirement Living**
- 40% reduction in energy use in development villages compared to regional average
- Continue to roll out the Macarthur Gardens energy efficiency project and look for opportunities in other projects to deliver energy related savings

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
|---|---|---|
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Climate Resilience

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Climate Resilience

The Intergovernmental Panel on Climate Change's Fifth Assessment reports (IPCC AR5) states with very high confidence that the main risks for people, assets, economies, and ecosystems are heat stress, extreme precipitation, inland and coastal flooding, landslides, air pollution, drought, and water scarcity in urban areas. The IPCC AR5 also states that these risks are amplified for those lacking essential infrastructure and services or living in poor-quality housing and exposed areas.

Future climate change impacts will place greater demands on our assets and communities, and influence the actions and behaviours of our stakeholders. Extreme weather events and other climate-change related events have the potential to damage our assets and disrupt operations, and also to impact the health and wellbeing of our customers and communities.

For the benefit of our stakeholders, and society more broadly, we are committed to creating climate resilient assets and communities with adequate social and built infrastructure. Understanding where events are likely to occur and how well our assets are able to respond is important as it enables us to improve the resilience of our assets and reduce risk to business continuity.

By maintaining an active focus on climate change adaptation and resilience we are able to:

1. **Understand** future climate trends and predictions
2. **Identify** where we are exposed to the impacts of climate change in different regions where we operate
3. **Take action** to address vulnerability in the short term and develop plans to improve resilience over the long term.

Our ability to understand and effectively respond to current and predicted climate change:

- Minimises the increase in operation and maintenance costs
- Enables informed decisions to be made regarding future investments
- Reduces liability and insurance premiums by ensuring assets are climate prepared
- Increases customer comfort levels within our assets
- Helps avoid early retirement of assets within our portfolio

## 3. Management Approach

Climate resilience is a priority under the Energy and Climate Change key focus area in our Sustainability Strategy. Our Climate Change Action Plan articulates our overall approach to climate change and sets out our response to addressing vulnerability and resilience in exposed regions. Consistent with our Group-wide management approach, minimum performance standards have been included in our Sustainability Policy and supporting environment toolkits for each of our business units.

The Policy sets the requirements for climate resilience in the design, development and operation of our communities and assets. The toolkits help our communities and assets move beyond minimum standards. We also incorporate climate resilience requirements into new developments and ensure the inclusion of climate resilience improvements across our assets in the annual capital expenditure allocation and budgeting program.

Our climate resilience approach aims to increase our understanding of future climate impacts on our business and identify what we need to do to create resilient communities and assets of the future. Over time we seek to further integrate climate resilience into all key business decision making processes, with criteria set for the design and construction of buildings and neighbourhoods, and increased focus on climate change in the prioritisation of risks and opportunities at group, business and asset level.

In 2011, we developed a climate adaptation strategy in collaboration with Manidis Roberts developing a methodology to determine the vulnerability and resilience of our assets to climate change (see Figure 1). This methodology defines key vulnerability and resilience criteria, with a particular focus on location and design, structure, operation and maintenance, utilities and services, and stakeholders.

# Climate Resilience

*Figure 1: Asset Assessment Methodology*
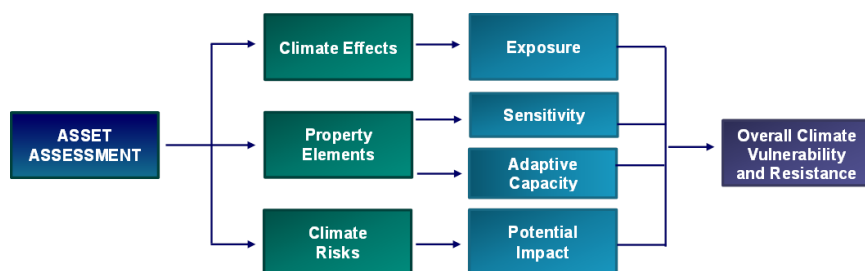


We have a comprehensive portfolio-wide approach to assessing and managing the physical risks of climate change. Action plans are developed for assessed assets and include the implementation of operational responses, maintenance regimes and emergency response plans.

We continue to review climate scenarios in new regions taking into consideration the new data contained in the IPCC AR5. With this information, we will undertake new assessments in a systematic way across our portfolios, ensuring we maintain diversity in the selection of assets in different climatic regions.

Our project teams consider climate resilience in the design of our shopping centres, retirement villages and residential communities by including principles-based criteria in our design guidelines and minimum standards. This will ensure we avoid building obsolescence into new developments.

Our Cyclone and Emergency Management Plans are updated as required to implement lessons learned from recent extreme weather experiences. We are developing an 'Opportunities Matrix' to identify the value of building in resilience so it appears higher in the order of priority.

As part of our sustainability management system, projects are required to consider and plan environment initiatives, including climate resilience. This can be through the development of an Environment Plan (Residential developments), while undertaking Green Star (Commercial Property and Retirement Living development assets) or through the asset planning process (Commercial Property and Retirement Living operating assets).

We use the Green Building Council of Australia's (GBCA) Green Star rating system as a tool to support the design and delivery of climate resilience in Retirement Living and Residential, and to set a platform for optimal performance. All new Commercial Property and Retirement Living developments are required to achieve a minimum 4 Star Green Star rating. The first Round 1 submission in the country has been made for Caloundra South under the Green Star Communities tool.

## Roles and Responsibilities

Our climate resilience approach, targets and performance tracking are overseen by our Board Sustainability Committee. Accountability for climate resilience delivery sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. An Employee Sustainability Committee also provides guidance to direction. Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for climate resilience performance and reports directly to the Managing Director.

The National Sustainability Manager, reporting to the Chief Operating Officer and supported by the National Environment Managers, has responsibility for ensuring the effective implementation and evaluation of Stockland's climate resilience approach, and is supported by a team of sustainability specialists. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of the Sustainability Policy and supporting Toolkits. Our Development and Asset Managers are responsible for ensuring that climate resilience is effectively delivered and managed at the project and asset level.

## 4. Review and Evaluation

We review climate adaptation action plans to track progress on the implementation of initiatives following initial assessment. Reassessment of the asset can then be undertaken to measure the improvements in resilience. There are complexities with evaluating improvement, as there are no compliance standards or industry benchmarks, therefore we have created a rigorous governance process to make the reassessment and rescoring transparent. This has proved an effective way of measuring improvement and has enabled us to set a target for our most vulnerable assets.

Using the 1 to 9 rating scale developed as part of our assessment methodology, we have identified the average score for our portfolio and for specific regions. For our most vulnerable assets in North Queensland we have set a regional improvement target to be achieved by FY17. This will be achieved through the implementation of actions and reassessment.

# Climate Resilience

Climate resilience is still a new concept and while it is complementary to our other risk processes and operates in parallel, it is yet to be fully integrated into our operational risk framework. We are focused on ensuring climate resilience is fully integrated into our standard risk management processes allowing greater visibility over the implementation of action plans.

## 5. FY14 Update

Our focus in FY14 was on capacity building and integration of climate resilience into business processes. Workshops and presentations were conducted with various internal teams including Commercial Property Development and Operations, Group Risk, Legal and Insurance. The information shared with these teams included an overview of the assessment process, predicted climate scenarios, examples of vulnerability found, how assets scored and typical actions recommended.

Our sustainability and operational risk teams worked closely together to incorporate climate vulnerability and resilience issues in the operational risk register as well as the threat and opportunity rating process. This register is a means of demonstrating how risk areas are managed in a consistent framework at an asset level and sets out priorities for what we want to achieve, strategies for how we will achieve them, and measures and indicators of success.

As an industry leader in climate resilience, we presented our management approach at various industry functions including the National Climate Change Adaptation Research Facility (NCCARF) Conference, Sydney; Get Ready Qld launch and as a participant in the 'Not So Hypothetical': Scenario Planning for Cyclones in Townsville.

Activity across each business unit has included:

### Commercial Property

- Principles-based climate resilience criteria were incorporated into the Commercial Property Retail Design Guidelines.
- Conducted reviews of climate adaptation action plans with the sites assessed to track progress on the implementation of initiatives since initial assessment.
- Continued undertaking assessments on selected assets in the Retail portfolio.

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**Case Study:** Hervey Bay Cool Roof Study

Through our climate adaptation and resilience work, we have a greater awareness of future climate change scenarios across a range of geographical locations where we have assets. In particular, in regions that will experience an increase in the number of extreme heat days above 35°C, we are seeking ways to make our assets more resilient by minimising heat gain through the building envelope to maintain indoor comfort and reduce energy demand on local electrical networks.

In response to the growing demand for products that support energy efficient design, BlueScope Steel developed and launched a new product called COLORBOND Coolmax steel in 2010, designed to provide the best thermal performance for the commercial and industrial roofing market.

Adopting this "cool roof" technology was identified as a potential adaptive response to the challenges of future climate change for our retail asset class. Given that traditional energy modelling in building design does not address the 'second order effects' that occur when metal roofs are utilised, and in line with our ongoing commitment to "Sustainable Design", Stockland decided to explore the practical benefits of cool roof technology by undertaking a "live" study as part of the redevelopment of our Hervey Bay shopping centre.

This study will help us assess whether the use of COLORBOND Coolmax steel in our retail buildings will enable us to:

- Reduce upfront capital costs associated with air conditioning equipment and roof components
- Reduce energy consumption over the life of the building
- Minimise construction time
- Ensure compliance with National Construction Code requirements
- Achieve improved ratings in environmental rating tools such as NABERS and Green Star

In partnership with Lend Lease Design, BlueScope Steel and the University of Wollongong, the study sought to identify the life cycle cost benefits of cool roof technologies, and to establish the benefits of adopting cool roofs on Stockland's assets specifically.

This live study will provide the necessary quantitative findings to enable BlueScope Steel to more effectively promote

Coolmax in the market place, and will hopefully bring about broader industry change by:

- Raising awareness of the full benefits of cool roofs, and in particular the second order effects that standard energy simulation software does not account for.
- Enabling more informed decision making on future projects as the benefits of cool roofs are better understood.
- Enhancing thermal simulation tools that account for roof micro-climates.
- Confirming appropriate National Construction Code Section J provisions for cool roofs.

Results from the study, commencing in FY14, will enable Stockland to evaluate the Hervey Bay retail roof design and assess the potential benefits of cool roof technology for that development through energy modelling. Further analysis will be undertaken in FY15 to assess the actual results from additional modelling to determine whether the use of cool roofs could be applied to other Stockland retail buildings nationally, in which climate zones, and for which building types/designs.  From this study, we will gain a better understanding in quantitative terms of the actual benefits that we could expect by using Coolmax in  roofing designs for our Retail buildings.

## Retirement Living

- Selandra Rise Green Star supports climate resilience - recycled water is provided at Selandra Rise and will help the village maintain healthy outdoor green spaces, including gardens, for areas of passive and active recreation during periods of sustained water shortages and will help reduce temperature during extreme heat events. All homes have been designed to achieve a minimum 7 star thermal performance to maintain comfort levels for longer periods during extreme climate conditions
- We prepared an analysis and review of previous climate resilience assessments undertaken on RL projects to better inform how we embed climate resilience into our development and village management processes. The review highlighted potential improvements to be made to;
    - Integrating climate resilience into our development processes
    - Embedding in design
    - alignment with Green star communities credit criteria
    - Capacity building
    - Asset prioritisation
    - Emergency response
    - Integration into capital works programs
- Next year we will develop a simple decision tree to support our Retirement Living business to better assess and understand how climate change will impact their assets and what can be done to build resilience into their projects

## Residential

In FY14 we commenced a review of all our residential projects to identify the most significant from a climate resilience perspective.

We committed to use the Green Star Communities Tool at Caloundra, for which Climate Adaptation credits require projects to respond to natural disasters, such as bushfires, floods, cyclones, and sea level rise, through the development of effective climate adaptation and community resilience plans. Our Caloundra South submission has included a commitment to specifying rooves with higher reflectivity to reduce heat loading in homes and the urban environment.

Next year we will develop a decision tree that will help guide the level of assessment required for each of our projects and guidance on adaptation strategies appropriate for the level of assessment and findings.

# Climate Resilience

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
| --- | --- | --- |
| **Further embed our climate adaptation strategy through closer engagement with Group Risk to ensure climate vulnerability is assessed as part of our annual risk audit process** | Achieved | Engaged Operational Risk team to incorporate climate vulnerability and resilience issues in the operational risk register as well as the threat and opportunity rating process. |
| **Review standard design briefs for our projects to include guidelines that reduce vulnerability through better design.** | Achieved | Included principles-based climate resilience criteria into the Commercial Property Retail Design Guidelines.<br><br>Used the Green Star Communities Tool on our residential master planned community at Caloundra South to develop climate adaptation and community resilience plans. |

**FY15 Priorities**

**Commercial Property**

- Improve the regional average resilience score for North Qld from 5.9 to 5.5 by FY17

**Retirement Living**

- All villages to complete a climate resilience assessment by end of FY17

**Residential**

- All residential projects to complete a climate resilience assessment by the end of FY17

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
|---|---|---|
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Biodiversity

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Biodiversity

Biodiversity provides challenges and opportunities for our business, particularly in new urban growth corridors. One of Stockland's principal activities is development: developing new land for housing, infrastructure, and social amenities to create sustainable, thriving communities. Developing such elements on a greenfield site can impact local bush land habitat, ecological communities, and protected or significant species.

Minimising and mitigating these impacts reduces development approval delays at local, state and national level. We also appreciate that preserving biodiversity enhances the liveability and vitality of our communities over the long term. Our liveability surveys tell us that customers value green space and so balancing developable land with retention and activation of biodiversity is critical to the success of our masterplanned communities

The impacts of our business on biodiversity are unique to our greenfield development businesses and in particular our masterplanned communities. These impacts occur both during construction and as a result of urbanisation.

Threats to biodiversity from construction include:

- clearing, sedimentation runoff and encroachment of invasive species in areas of significant habitat;
- contamination of soil from runoff;
- changed hydrological regimes; and
- root disturbance.

Threats to biodiversity from urbanisation include:

- poaching species;
- nutrient runoff;
- litter pollution;
- removal or destruction of habitat such as logs, trees (obstructing views) and streams; and
- introduction of predators and invasive species.

## 3. Management Approach

We strive to maintain a delicate balance between biodiversity impacts in the short term and invaluable long term liveability and sustainability considerations. Our goal is to better understand, manage and enhance biodiversity in our communities and to enable access to important biodiversity services for the benefit of our business, tenants, customers and residents.

Biodiversity is heavily regulated across all states in which we operate and across three levels of Government through which we require approvals. Our policy guides us to ensure we manage our compliance with locational and project specific requirements by ensuring appropriate site assessments are carried out, biodiversity management plans are prepared and actions are delivered.

Consistent with our Group-wide management approach, minimum performance standards have been included in the Sustainability Policy and supporting environment toolkit for Residential, where the majority of the risk and opportunity lies. The Policy sets the requirements for biodiversity in the design and development of our communities. The toolkits help our communities and assets move beyond minimum standards.

**Biodiversity Management Plans**

Threatened species with habitats affected by our operations are documented at project level and considered as part of the government's environmental approval process on each development. In many cases we are able to conserve local biodiversity and place a large portion (if not all) of the significant species found on our sites into protected areas that are then handed to local councils and the community. This is supported by the preparation of a management plan and the provision of funding to ensure the newly protected area is sustainable over the long term.

We work closely with local council, state government or the federal government depending on decisions relating to biodiversity management. Factors which inform the decision to protect biodiversity include:

1. Nature of the biodiversity affected including the type of habitat community or species, the size and quality of the habitat, and the viability of bushland, waterway and open space corridors adjacent to our site;
2. Urban design considerations such as access routes, the location of town centres and public transport options (both proposed and existing), and the required lot size and quantity to ensure viability of the development;
3. Ownership opportunities and responsibilities beyond the development phase of the project.

Where a decision is made that an area of significant biodiversity will not be protected then there are offsetting options available through on and offsite conservation, protection and/or rehabilitation, the provision of funding for research, and the reversal of impacts associated with pre-existing uses such as grazing.

**Data Collection**

We have been collecting data on our biodiversity performance over the past four years. We continue to collect data on biodiversity holdings and to consider the long term value that these provide back to new communities and the local region.

We monitor all projects through 6 monthly data collection to understand progress and project responses to biodiversity management. Our projects report at various stages of the masterplan on issues relating to proposed impact protection and management. Projects then report again during construction on the delivery of management actions.

**Roles and Responsibilities**

Our biodiversity approach, targets and performance tracking are overseen by our Board Sustainability Committee. Accountability for biodiversity delivery sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. An Employee Sustainability Committee also provides guidance to direction. Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for biodiversity and reports directly to the Managing Director.

The National Sustainability Manager, supported by the National Environment Managers, has responsibility for ensuring the effective implementation and evaluation of Stockland's biodiversity approach, and is supported by a team of sustainability specialists. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of the Sustainability Policy and Toolkit. Our Development Managers are responsible for ensuring that biodiversity is effectively managed at project level.

## 4. Review and Evaluation

Processes for management of biodiversity are under the control of the Federal and State governments. Opportunities to review and evaluate biodiversity protection and management come about through review of legislation and government policy. Our key role is to ensure compliance and look for opportunities to better understand biodiversity value on our projects.

A biodiversity management plan will be prepared to support a development application. Our project approvals stipulate requirements in relation to biodiversity. We engage our construction contractors on the basis that they deliver on our approval conditions, including any relating to conservation. Development managers and Project managers operate a project management review process of engagement to ensure the contractor is capable of delivering on our conditions. The contractors are then managed through regular site meetings and reporting. We will often engage suitably qualified biodiversity management contractors to remove weeds, replant areas, and establish fencing in and around areas specifically identified for conservation. Again these contractors are managed against delivery of our approval conditions.

## 5. FY14 Update

In FY14, five projects were completed and three new projects obtained masterplan approval. As two of the completed projects and two of the approved projects have areas of significant biodiversity value, we maintain a total of 20 projects in our residential portfolio with areas of significant biodiversity value. These are outlined in Figure 1.

# Biodiversity

*Figure 1. Projects with areas of significant biodiversity value*

| | | Development | Location | Size (ha) |
|---|---|---|---|---|
| Released to market | **NSW** | Brooks Reach | South Coast | 70 |
| | | McKeachies Run | Maitland | 110 |
| | | Murrays Beach | Lake Macquarie | 160 |
| | | Waterside | Penrith | 53 |
| | | Willowdale | East Leppington | 350 |
| | **QLD** | Brightwater | Sunshine Coast | 215 |
| | | Hundred Hills | Murwillumbah | 44 |
| | | North Shore | Townsville | 930 |
| | | Ormeau Ridge | Ormeau | 121 |
| | | The Observatory | Kingsmore | 296 |
| | **VIC** | Allura | Truganina | 124 |
| | | Eucalypt | Epping | 157 |
| | | Highlands | Craigieburn | 880 |
| | **WA** | Amberton | Eglinton | 198 |
| | | **Calleya** | **Banjup** | **145** |
| | | Corimbia | Landsdale | 78 |
| | | Sienna Wood | Brookdale | 313 |
| | | **Vale** | **Aveley** | 537 |
| Development Pipeline | **QLD** | Caloundra | Caloundra South | 2,310 |
| | | **Bahrs Scrub** | **Logan** | **131** |

The two new projects with areas of significant biodiversity value are Calleya and Bahrs Scrub.

**Calleya** is located  23km south of Perth's central business district in Western Australia. Calleya will be a 1800-lot community on 145 hectares, with over 20 hectares of protected bushland and open space.  A rare Spider Orchid, located on two hectares of land, will be protected and an additional 19 hectares of vegetation will be enhanced.

**Bahrs Scrub** is located in the Logan City Council area of Queensland, and was identified in the South East Queensland Regional Plan 2009-2031 as a Local Development Area to accommodate future residential growth.  In FY13, the Logan City Council endorsed the Bahrs Scrub Local Development Area Plan to guide future development in the area, including proposed residential precincts for approximately 4,400 new dwellings and a commitment to managing and protecting more than 60% of the area to maintain environmental values.

In FY14, following the finalisation of this Plan and in-keeping with its requirements, our Bahrs Scrub residential development obtained masterplan approval. Conditions of the planning approval include implementation of fauna, flora, and revegetation management plans. The project area contains 47 hectares of koala habitat, of which 33 hectares will be protected, and the remainder offset with Logan City Council via an Infrastructure Agreement.

We also continued our biodiversity work on other projects within our portfolio, as demonstrated in the following  Case Studies.

# Biodiversity

## Case Study: Allura

Allura is a masterplanned community covering 140 hectares in Truganina, Victoria, that will eventually include around 1300 homes. Allura was one of Stockland's major active projects in FY14 and demonstrates the kind of initiatives that we employ prior to development when significant biodiversity exists on our land.

17.5 hectares of land on the Allura site has been set aside as a conservation area to help protect the endangered Golden Sun Moth. This area is known as the Truganina grasslands and has been identified as a crucial area for the protection of this endangered species. It will be dedicated to the Victorian Department of Environment and Primary Industries (DEPI) within the next 12 months with Stockland forgoing development opportunity on this land.

Over the past 18 months we have taken a number of actions to ensure this natural resource is improved and becomes a valuable community asset. We have maintained fencing to the perimeter of the grasslands to ensure no unauthorised access and engaged Greening Australia to maintain the site, which has included on-going rubbish removal and 6 monthly controlled burns, ensuring grass levels are not excessive. In addition, we engaged Biosis ecological consultants to monitor the site during the Golden Sun Moth flying season to ensure we can document the existence or otherwise of the species so that we can better understand its habitat, range, and  locations.

## Case Study: Ormeau Ridge

Ormeau Ridge, located between the Gold Coast and Brisbane, is one of our more mature residential developments with development commencing in 2008. Ormeau Ridge provides an example of the initiatives we employ when we are actively developing projects that have areas of significant biodiversity value.

Over 53 hectares of revegetation / regeneration has been proposed at Ormeau Ridge, Queensland, with 38 hectares completed to date. 90% of all rehabilitation areas have been handed back to Gold Coast City Council for ongoing maintenance. With 15 hectares of revegetation and rehabilitation still remaining, Stockland has engaged a long term rehabilitation strategy that involves an early intervention tree planting grid. Our aim is to establish a canopy coverage in accordance with the local land development guidelines with a 75% reduction in construction works.

Photo-monitoring was conducted over a 12 month period to assist the establishment process. One of the biggest challenges was establishing the 'assisted regeneration' areas adjacent to the Pimpama River. Greening Australia utilised ongoing maintenance funds to provide infill plantings to these bare areas. Providing these additional works whilst still managing weed control over the balance of the rehabilitation area was crucial to the site's success.

Around Pimpama River, Stockland decommissioned an old bridge and restored / stabilised embankments surrounding the waterhole that housed a local turtle population. Numerous other redundant vehicular crossing points were stabilised and rehabilitated. Water quality monitoring from numerous basins feeding the Pimpama river has provided good results.

Ormeau Ridge has numerous trees that have been grown from seed selected from local Gold Coast rainforests. 30 Gold Coast provenance Olea Paniculata (100L), grown locally from local seed stock, have been planted and are to be grown in accordance with NATSPEC requirements. This extends beyond the requirements of our development approval.

Ormeau Ridge is improving typical plant procurement procedures and going above and beyond to provide:

- an increase in development sustainability
- support for local business
- local food for local fauna
- a new industry trend
- a reduction in the development's carbon footprint.

Stockland has also  contributed $20,000  towards researching the species 'Brachychiton ormeau' (Ormeau Bottle Tree) in an effort to understand its inability to reproduce.

To complement our biodiversity work at Ormeau Ridge, Stockland's Community Development team is working in partnership with the local primary and high schools to deliver programs which support our environmental objectives.

# Biodiversity

Figure 2 below illustrates our biodiversity impact and management over the last three years[1].

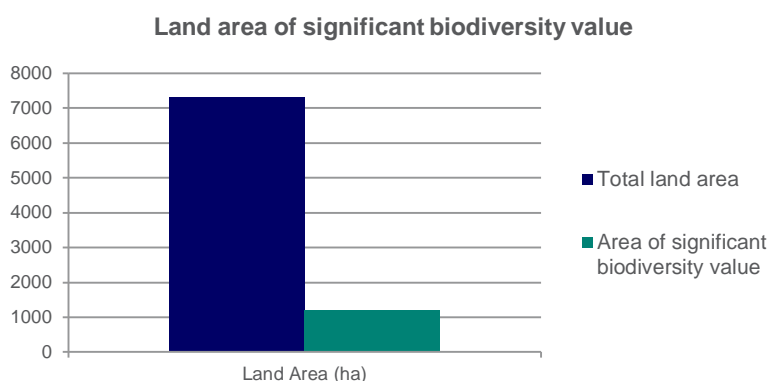*Figure 2: Biodiversity Impact and Management – Residential Communities*

|  | FY14 | FY13 | FY12 |
|---|---|---|---|
| **Portfolio** | | | |
| Total projects with masterplan approval[1] | **42** | 44 | 42 |
| Total land area (ha) | **7,303** | 7,210 | 6,733 |
| **Biodiversity Impact** | | | |
| Total projects with areas of significant biodiversity value[2] | **20** | 20 | 18 |
| Total land area of significant biodiversity value (ha) | **1,198** | 1,197 | 910 |
| Total area of land of significant biodiversity value to be cleared (ha) | **655** | 641 | 489 |
| **Biodiversity Management** | | | |
| Total projects with areas of significant biodiversity value that have a biodiversity management plan (%)[3] | **100** | 100 | 100 |
| Total area of land to be regenerated, re-vegetated, restored or rehabilitated (ha) | **358.5** | 342.5 | 190.5 |
| Total projects working with community and non-governmental organisations | **1**[4] | 12 | 10 |

[1] Our biodiversity results are representative of our residential projects that have received masterplan approval and/or were active developments as at 30 June 2014.
[2] As defined by the relevant state and Federal legislation
[3] All projects with areas of significant biodiversity value are required to have a biodiversity management plan. Data presented in FY13 and FY12 report reflects the percentage of projects with plans that were operational during the reporting period. Given that certain projects may have completed or not yet begun activities in their area of significant biodiversity value within that reporting period, biodiversity management plans that were either no longer or not yet operational were not captured. We have revised our methodology in FY14 to better reflect the nature of our management approach, and restated our FY12 and FY13 figures accordingly.
[4] We continue to work with community groups and NGOs across our projects, but in order to better understand the alignment of this work with biodiversity elements, the data collection process was changed slightly in FY14 to capture data on collaboration for biodiversity enhancement and project revegetation specifically

**Land area of significant biodiversity value**



We are focused on improving our understanding of the value that biodiversity brings to our communities and of how our communities could be stronger and healthier, have an improved quality of life, and be more resilient as a result of living in areas of high biodiversity value.

In FY14, to guide our residential projects and demonstrate achievement of our biodiversity target, we have engaged with specialist ecological consultants, Eco Logical Australia, to develop a Biodiversity Calculator. Given that decisions of significant impact on biodiversity are made prior to masterplan approval, the Calculator will be used as a design tool in the early stages of planning a project to evaluate the contribution the proposed development will have on biodiversity value.

For a project to contribute positively to biodiversity value, it will need to ensure that the design considers conservation options for threatened species, core habitat, and endangered communities. Long term protection mechanisms for land ownership and innovative management options will ensure long term conservation values are enhanced for the benefit of the project and broader community.

The Calculator is currently being developed and piloted across five existing residential projects of varying project sizes and ecological sensitivity to help us demonstrate what positive contribution to biodiversity means at project level, to identify metrics to support and promote positive contribution, to verify the availability of associated data and to test the robustness of the tool. Once the Biodiversity Calculator has been tested and refined it will be used on all new residential projects in planning and design phase to inform strategic decision making and enable effective reporting against our biodiversity target.

[1] We have only included FY 14, FY13 and FY12 data as previous years' data was captured under a different boundary and is therefore not directly comparable. Previous years' biodiversity reporting can be accessed in our older CR&S reports available on our *website.*

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance | FY15 Priorities |
|---|---|---|---|
| **Explore alternative ownership and management models to ensure areas of biodiversity retained through masterplanning processes are sustainably managed for the long term.** | Ongoing | We are continuing to explore alternative ownership models for biodiversity and looking at better articulating the value of biodiversity in our projects | • Between FY15 and FY17 make an average net positive contribution to biodiversity value across our new residential projects. |

# Biodiversity

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
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| | 7. | Biodiversity |
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# Water Management and Quality

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Water Management and Quality

Water is essential for environmental and social health. It also enables us to develop and manage our assets, and plays an important role in making our communities and assets attractive, healthy and efficient places in which our customers want to live and work.

Australia's changing climate can cause long-term drought, water scarcity that often results in water restrictions, and severe flooding. As a responsible property developer it is important to constantly consider where water is sourced, how efficiently it is used, and how the quality is managed. We maintain a strong focus on water management and quality in the development and operation of our assets, including improved access to alternate water infrastructure and practical innovation to support more efficient use of water.

We recognise the importance of effectively managing water consumption and quality at each point in our project life cycle. We equally acknowledge the significant benefits that arise from a strategic approach to water management and quality, as it enhances the efficiency, resilience, desirability and long term value of our assets and developments.

Ensuring effective water management systems are in place to minimise consumption and manage water quality is a key priority. These not only deliver significant benefits to the environment, but also promote performance and cost efficiencies across our projects and operations.

## 3. Management Approach

Water management and quality is a key focus in Stockland's Sustainability Strategy. Consistent with our Group-wide management approach, minimum performance standards have been included in the Sustainability Policy and supporting environment toolkits for each of our business units.  The Policy sets the requirements for water use and quality in the design, development and operation of our communities and assets. The toolkits help our communities and assets move beyond minimum standards. We also incorporate water quality requirements into all new developments and ensure the inclusion of water management system improvements across our assets in the annual capital expenditure allocation and budgeting program.

The focus of the water management approach varies across business units, given the varying objectives and requirements of our different asset classes.

| Business Unit | Focus | Why? | How? |
|---|---|---|---|
| **Commercial Property** | Managing water consumption and ensuring operational efficiencies across our assets. | Promotes more efficient operations, ensuring the ongoing viability of our assets as we move into a resource-constrained future, and also delivers significant cost savings to the business. | We use the NABERS rating scheme to track water consumption across our office and retail assets<br><br>Given the current climatic conditions, coupled with the price of water, our office and retail programs have been focussed primarily on leak capture and management. |
| **Residential**<br><br>*Aim: to construct and deliver projects that minimise water use and contribute positively to catchments in which we operate.* | The management of stormwater run-off and the ability to assure quality of water supply to our residents, as well as the quality of water which is then released to the environment.<br><br>Provision of lower cost recycled/alternative water | Effectively managing these aspects and integrating them into the design and development of our communities not only facilitates approvals processes, but also ensures the protection and preservation of ecosystems and climate resilience in and around communities. | We monitor water use during both construction and delivery of our projects, and also use the CCAP PRECINCT tool to predict water use and test options for reducing consumption.<br><br>We seek to mitigate the impact of our developments on natural ecosystems and water supplies through water sensitive urban design. WSUD is a requirement on all new Residential developments. |

# Water Management and Quality

| Business Unit | Focus | Why? | How? |
|---|---|---|---|
| | supply options | | |
| **Retirement Living** | Ensuring our customers have access to appropriate water supply at an affordable price. | To improve liveability of our villages by building in climate resilience and reducing water supply costs through providing alternative water supplies | WSUD is a requirement on all new Retirement Living developments<br><br>We monitor water use during both construction and delivery of our projects, and also use the CCAP PRECINCT tool to predict water use and test options for reducing consumption. |

As part of our sustainability management system projects are required to consider and plan environment initiatives, including water management and quality. This can be through the development of an Environment Plan (Residential developments), while undertaking Green Star (Commercial Property and Retirement Living development assets) or through the asset planning process (Commercial Property and Retirement Living operating assets).

**Design and Development**

We use the Green Building Council of Australia's (GBCA) Green Star rating system as a tool to support the design and delivery of water initiatives, and to set a platform for optimal performance. All new Commercial Property and Retirement Living developments are required to achieve a minimum 4 Star Green Star rating. In Retirement Living, Green Star sets minimum standards for water management in the homes, clubhouses and open space areas within our villages.

Our Residential and retirement businesses run the CCAP Precinct tool on new projects. CCAP Precinct is a mathematical planning tool that enables a project to model and test different design and technology options. The tool enables the most cost effective options to improve water management to be identified for inclusion in projects.

Australian regulatory process requires permission from government authorities to extract water from water bodies. These authorities determine level of significance based on each development application. If water source is deemed to be significantly affected then developments are unlikely to gain approval. Equally, regulatory process does not allow water discharge into significant areas of biodiversity unless it is demonstrated that there will be no significant impact. This is determined, monitored and enforced by the regulatory authority. As a minimum requirement for environmental approval on all projects we have to reduce the pollutant load of any stormwater runoff before discharging water to receiving water bodies

Water Sensitive Urban Design (WSUD) is also considered in all our developments. WSUD ensures sustainable management of water in urban areas through integration with the urban design, and takes into account all of the elements of the urban water cycle including potable water, wastewater, rainwater, stormwater and groundwater. Many approval jurisdictions across the country require WSUD targets to be met when designing projects. 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 to be taken as part of their specific Environment Plan.

During construction water is captured and reused on site, however this is managed by the civil contractor, so we do not have control or visibility of percentage or total volume reused. While we continue to explore the potential of connecting to a sewage recycling facility to provide recycled water to certain projects, once pipes are laid we would not have control or visibility of the total volume recycled/reused

**Operations**

In Commercial Property operations, we undertake NABERS Water ratings to benchmark the performance of our assets against industry standards and to measure the effectiveness of the initiatives and actions we have implemented. In Office we undertake NABERS ratings annually on the whole portfolio and have a long standing portfolio average target of 4.5 stars. In Retail, we have taken a staged approach to undertaking NABERS ratings across the portfolio as the Retail rating tool matures in the market. We currently have ratings from a selection of eligible shopping centres in NSW and QLD and will rate all eligible centres by the end of FY15. We will then set a portfolio target.

For many years, we have invested in water sub metering systems to monitor water consumption in our Office and Retail assets. Using consultant partners, data is monitored and analysed to provide useful information and insights to our operations management teams on where we need to target excessive water consumption. Water sub metering is a key tool for Stockland to manage consumption and is critical to our ability to achieve our targets.

In Residential, we generally hand operational control (i.e. maintenance of public spaces) to council following project completion. Our Vale project in WA is the only project for which we are responsible for maintaining the parks and public spaces, which explains why water consumption at our Vale project is always considerably higher than our other residential projects. We sometimes collect water for reuse in watering and maintaining parks and public spaces, however do not record the total volume captured before handing over control to council.

# Water Management and Quality

## Roles and Responsibilities

Our water management and quality approach, targets and performance tracking are overseen by our Board Sustainability Committee. Accountability for water management and quality delivery sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. Stockland's Chief Operating Officer (COO) assumes ultimate responsibility at a group level for water management and quality performance and reports directly to the Managing Director.

Stockland's National Sustainability Manager, reporting to the COO and supported by the National Environment Managers, has responsibility for ensuring the effective implementation and evaluation of Stockland's water management and quality approach. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of the Sustainability Policy and supporting Toolkits. Stockland Development and Asset Managers are responsible for ensuring that water management and quality is effectively delivered and managed at the project and asset level.

Members of our executive team, including the MD, and COO and CEOs, as well as project and asset managers and functional staff, have KPIs relating to water management and quality.

## 4. Review and Evaluation

To evaluate the effectiveness of the management approach, we have a number of enablers and checkpoints in place that allow ongoing, progressive water management and quality performance tracking and review. Through application of policies and minimum standards, energy efficiency is embedded in the design of our products. Setting targets for performance and using rating tools in design and operation ensures that a benchmark is set that can be tracked over time. With the assistance of sub metering and monitoring, data capture and management systems, we can readily check our progress against targets and identify areas of divergence that may require focussed attention.

We engage with industry bodies such as Green Building Council of Australia, Property Council Australia and other external stakeholders to stay informed of current trends, material issues and industry benchmarks. We also regularly assess our performance against that of our peers. Through regular reporting of our progress to senior leadership teams and to our Board, we are constantly reviewing our performance, ensuring that our approach remains relevant and effective. This ability to review progress against targets on an ongoing basis allows quick responses and easy adjustments to the management approach. Adjustments can be implemented at any time and formally embedded in policies and processes which are reviewed annually

## 5. FY14 Update

### Commercial Property

In FY09 our Commercial Property business committed to a 10 per cent water intensity reduction by FY14. Our office portfolio well exceeded the 10 per cent intensity reduction target, achieving a 29 per cent reduction in FY14 on FY09 levels. These results were not replicated in retail, which saw an 18 per cent increase in water consumption intensity, largely due to the shift in our retail tenant mix toward more food (high water intensity) retailers. This resulted in an average reduction of 6% across the Commercial Property business, below our 10 per cent reduction target.

### Commercial Property water consumption (kL)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office and L&BP** | 271,905 | 299,122 | 347,865 | 478,646 | 502,191 | 552,248 |
| **Retail** | 1,077,563 | 928,198 | 818,058 | 807,636 | 880,490 | 746,485 |
| **Commercial Property\*\*** | 1,349,468 | 1,227,320 | 1,165,923 | 1,286,282 | 1,382,681 | 1,298,733 |



Cmmercial Property water consumption (kL)

# Water Management and Quality

## Water consumption intensity (kL/m2)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office** | 0.63 | 0.63 | 0.63 | 0.72 | 0.81 | 0.89 |
| **Retail** | 1.10 | 1.03 | 0.94 | 0.95 | 1.05 | 0.93 |
| **Commercial Property*** | 0.976 | 0.91 | 0.82 | 0.85 | 0.95 | 0.92 |

\* Consumption Intensity data calculated based on Office and Retail consumption figures only. Does not include Logistics and Business Parks.

**Water Consumption Intensity (kL/m2)**



## Water consumption intensity reductions (%)

|  | Target Progress | Annual Reductions | | | | |
|---|---|---|---|---|---|---|
|  | **FY09-FY14** | **FY13-14** | **FY12-13** | **FY11-12** | **FY10-11** | **FY09-10** |
| **Office** | **29%** | 0% | 0% | 13% | 11% | 9% |
| **Retail** | **-18%** | -7% | -10% | 1% | 10% | -13% |
| **Commercial Property*** | **-6%** | -7% | -10% | 3% | 10% | -4% |

\* Consumption Intensity data calculated based on Office and Retail consumption figures only. Does not include Logistics and Business Parks.

In FY09 our Commercial Property business also committed to a NABERS Office Water portfolio average rating of 4.0 Stars. Since setting this target, there has been a strategic shift away from office and we have sold many high performance buildings. As a result, in FY14 our NABERS Office Water Average was 3.7stars, up from 3.4 stars in FY13 but still short of our 4 star target (see Asset Ratings and Certification DMA for more information on our NABERS ratings).

We have made investments in water efficiency in our assets through development and in operations since we set our first water targets in 2006. At the time of setting our target we had achieved a 21% reduction in office and 23% reduction in retail and implemented cost-effective technologies on our properties.

However, driving improvements in water consumption is challenging due to the difficulties of monitoring and tracking water use and the poor financial return on water-saving projects. In retail, the expansion of water-intensive retail has created additional pressure and the highly efficient central plant systems that have been delivering excellent energy results are typically more water intensive. Unlike energy, the cost of water has not increased to drive operational efficiency imperatives, nor has there been a surge of financially viable technologies. The limited control over tenant water usage has also been controversial in the retail space with industry requesting that water utilities complete greater water billing of tenants.

We continue to install water efficient fittings and fixtures wherever we are doing new installations or upgrades. We have installed water sub meters across our portfolio of office and retail assets and these are monitored to assist us in managing water consumption. On our new developments where we commit to a minimum Green Star rating of 4 stars, we target water credits for occupant amenity water, water meters, landscape irrigation and fire system water. By committing to these minimum standards, we ensure conservation measures are consistently built into design for efficiency in operation.

In FY14 we focussed our attention on identifying areas of high use and targeting investigations to find leaks. Water consumption has increased on some sites due to more intensive water consuming retailers and non- retail users. We are identifying where we can install additional sub meters to monitor high water using retailers and are completing remedial works to our metering systems where they have failed on some sites.

In FY15 we are committing to a 5% reduction in retail water consumption intensity on FY14 figures and to achieving a 4 star NABERS retail rating.

# Water Management and Quality

## Residential and Retirement Living water consumption (kL)

| | FY14 | FY13 | FY12 | FY11 |
|---|---|---|---|---|
| **Residential** | 297,826 | 76,254 | 227,853 | 25,586 |
| **Retirement Living** | 162,930 | 152,065 | 391,734 | 4,156 |
| **Contractors -- Residential** | 351,046[1] | 213,118 | 1,499,264[2] | 348,637 |
| **Contractors -- Retirement Living** | 216,910 | 60,648 | 6,356 | 12,308 |
| **Total** | **1,028,712** | **502,085** | **2,125,208** | **390,687** |

[1] Due to inconsistencies in contractor reporting, this is an estimated figure based on water consumption data provided by our contractors. We have limited confidence in this figure and will seek to improve our estimation methodology in the future

[2] Significant increase attributed to third party contractor data collection processes and inconsistencies in reporting units (kL / L)

**Boundary:** Residential Communities, Apartments and Retirement Living water consumption results are provided by collecting and collating water use from invoices. Where invoices are unavailable or extend across financial years, estimates are provided for relevant periods. Water consumption by contractors operating on our development sites is compiled using invoice data and estimates, supplied by contractors through monthly Health, Safety and Environment reports. Data has been reported for 98 per cent of properties this year. These figures are based on a combination of contractor estimates and invoice data.

### Residential

#### Design

We have continued to deliver water management activities across our projects during the year. Some examples include:

- At McKeachies Run in NSW we have provided a large water tank to collect and store rain water for the purposes of irrigation of neighbourhood parks.
- We have installed small water tanks on many of our sales offices include our new sales office at Willowdale in NSW.
- On a number of our projects in Queensland including Augustine Heights, Riverstone Crossing and Sovereign Pocket we have been using rainwater collected in detention basins for dust suppression and to establish landscaping. This reduces water discharge from the site, minimise use of potable water and improves water quality.
- We have provided recycled water to all homes on a number of our Victorian projects including Arbourlea and Selandra Rise. Recycled water is provided for activities such as irrigation.
- Our landscape designs in our Western Australia projects including Vale, Newhaven and Settlers Hills focus on reduced turf areas in passive open space and provision of water efficient landscaping to reduce reliance on potable water supplies.

#### Development

- Increased water consumption in FY14 is to be expected given that we commenced construction on a number of large projects through the year including. Allura, Calleya, Elara and Willowdale. Water used for construction and establishment of landscaping also increased due to drier conditions in the locations where we are developing..
- We have identified ongoing issues in the collection of water data from our third party contractors, with values being reported that are inconsistent with the activities undertaken and which suggest errors of magnitude (i.e. reporting figures in L rather than kL). We will work to improve our data collection processes for FY15 to ensure the quality, accuracy and consistency of our contractor water data in future.

#### Operations

- Vale is the only residential project where we have responsibility for the ongoing maintenance of parks and public spaces. Each year we extract non-potable water from the Vale bore system (3 bores on site) to irrigate three large ovals, seven parks and the trees along the main boulevard. With a total area of 13-15 hectares, and 6,750kL required per hectare per year, Vale uses approximately 100,000kL of non-potable water for this purpose each year.

## Case Study: Water use study at Highlands

In Victoria we are supporting an initiative by Yarra Valley Water, which is running a 5-year study to look at the water use of around 1,500 homes in the Craigieburn area, just 26km north of Melbourne's CBD.

The study, which was launched in late 2013, will install meters in participants' front yards and will measure water consumption per household and report all data back to Yarra Valley Water for comparative analysis. Initially the data will be used by Yarra Valley Water to identify any leaks on a property. Later in the study, participants will have the ability to access their usage data through an internet application, with tips for how they can save water being supplied by Yarra Valley Water.

We are really pleased to be supporting Yarra Valley Water in this eco-friendly initiative as most of the Craigieburn homes selected are within our Highlands development.

# Water Management and Quality

We are very focused around a wide range of sustainability practices at our Highlands community, ranging from house design to home appliances and power supply. We want our residents to live in a sustainable way and we support all efforts to work with local partners to promote more sustainable living.

Better insight into water use through monitoring programs like these will help us better plan and respond to the water needs of our residents in all our projects.

## Retirement Living

We achieved the First Retirement Living Green Star certification in the country for our Selandra Rise project in Victoria. Using the Green Star water credits we will save around 4400KL/year of potable water through demand reduction and provision of alternative water supply.

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Continue to actively monitor and manage our water consumption and drive improvements in individual asset performance through KPIs.** | Achieved | We continued to actively monitor and manage our water consumption through sub-metering and tracking of utility data. |
| **Commercial Property** | | |
| **Implement our CAPEX program to support achievement of our 10% improvement in water intensity in our Commercial Property business by FY14, based on FY09 levels.** | Not Achieved | Our water intensity increased due to the shift towards more water intensive food retailing, gyms, car washes etc. Going forward, we will focus on monitoring and tracking water consumption through metering to manage intensity through operational improvements. |
| **Continue to aspire towards a target of 4.5 star NABERS average for Office** | Not Achieved | Achieved a 4.0 star NABERS water portfolio average |
| **Identify and rate appropriate retail assets in our portfolio** | Achieved | In Retail, we currently have NABERS water ratings on 11 shopping centres in NSW and QLD and will rate the remainder of eligible centres in the portfolio by the end of FY15. |
| **Residential** | | |
| **Assess alternate water system solutions for our Marsden Park community** | Not Achieved | We were unable to access alternate water sources for our Marsden Park project but we are exploring opportunities on Caloundra South and Calleya |
| **Partner with IBM and Yarra Valley water on water improvements for homes at our Highlands community** | Achieved | Yarra Valley Water are in the process of rolling our water monitoring equipment across our Highlands community. |

### FY15 Priorities

**Commercial Property**

- Office: Maintain water intensity
- Retail: 5% potable water intensity improvement
- Achieve a 4.0 Star NABERS average
- Conduct NABERS water ratings on all eligible assets in portfolio by FY17

**Residential**

- 40% reduction in total Potable water use in areas we control compared to regional average.
- All new projects to deliver the following water quality targets when discharging water from our site and/or into natural water systems.
  - 45% reduction in Nitrogen,
  - 65% reduction in phosphorus
  - 85% reduction in suspended solids

**Retirement Living**

- 20% reduction in water use in retirement villages compared to regional averages

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Waste

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Waste

Stockland is committed to protecting and enhancing the natural, built and human environment. We acknowledge that waste disposal has significant environmental impacts, both locally and globally.

Waste treatment and disposal can have a major impact on surrounding environment, with nutrients released during waste breakdown potentially polluting groundwater and waterways, incineration contributing to air quality and pollution issues, and landfills constituting a reasonable component of the world's total greenhouse gas emissions. We take these impacts very seriously and are committed to managing our waste efficiently and seek to reduce, reuse, and recycle our waste whenever feasible, minimising our contribution to landfill.

## 3. Management Approach

To ensure waste generated at Stockland sites is appropriately segregated, stored and disposed of in accordance with regulatory requirements, we have a national Waste Management Procedure which applies to all Stockland workplaces, assets and developments.

The Waste Management Procedure sets out the General Requirements, prescribes details of site-specific Waste Management Plans and outlines how various waste streams should be managed including:

- Communal Waste areas and Recycling Points
- Solid Waste
- Liquid Waste
- Waste Water
- Hazardous Waste
- Special Waste (e.g. clinical, pharmaceutical, drug or medicine waste)

In addition to general waste management, Stockland's business-specific Sustainability Policy outlines the minimum standards and requirements with regard to waste diversion. It also sets minimum requirements for asset performance and natural resource consumption during the life of the asset, which further minimises wastage.

Adherence to these sustainability policies ensures consistency in our waste management approach across Stockland Property's development projects. Development contractors are required to provide a strategy during the tender phase which outlines how they will meet the minimum requirements specified in the policies. During the construction period, documentation is submitted to Stockland to validate the adherence to these standards.

We have set minimum waste recycling targets for our operating businesses. These are particularly important for our Commercial Property business where we have a high degree of influence to help reduce waste and manage the use of materials.

**Development**

- We set minimum standards for construction waste recycling in commercial property development projects, with at least 80 per cent of waste to be diverted from landfill. This is clearly specified in our development contracts.
- Green Plans, which specify a waste management plan during construction activities, are produced for all Stockland developments and form part of the tender documentation. As part of the Green Plans Stockland requests that provisions be made for suitable areas for tenant recycling facilities.
- We encourage and support retailers undertaking a tenancy fit-out in our shopping centres to recycle as much of their construction waste as possible, as outlined in Stockland tenancy and delivery guidelines.
- Stockland ensures that contractor practices regarding contamination and waste dumping (location control), is in accordance with EPA requirements.
- We collect waste data from our residential and retirement living development contractors and work with them to improve the accuracy of the data they provide.

**Operations**

- Minimum recycling target across our retail assets - 36 per cent diversion from landfill
- Minimum recycling target across our office assets - 70 per cent diversion from landfill
- Specific diversion from landfill KPIs set at all Commercial Property sites to ensure that our overall waste and recycling goals are being achieved each year.
- We work closely with our waste management contractors to optimise our waste and recycling services to achieve better diversion from landfill figures.
- We continue to explore opportunities for more effective disposal of organic waste across our retail portfolio. For example, in Cairns our waste is taken to SITA's Advanced Resource Recovery Technology (ARRT) facility which sorts non-organic materials from mixed solid waste. Dry materials are manufactured into alternative fuels that replace fossil fuels in industrial furnaces, and organic waste is processed in accordance with appropriate Australian Standards to produce high quality compost which is sold to local horticultural enterprises, such as sugarcane producers.

## 4. Review and Evaluation

As part of Stockland's commitment to continuous improvement we constantly review our minimum specified guidelines and standards with regard to waste management and landfill diversion. During the tender phase contractors provide a strategy outlining how the specified minimum requirements for waste management will be met. During the construction period documentation is submitted to Stockland to validate the adherence to these standards.

We engage and partner with our supply chain to identify improvements to their construction waste management approach, and constantly monitor and review industry developments to identify and incorporate best practice process and procedures across our asset classes.

## 5. FY14 Update

### Development

#### Development construction waste (tonnes) – Retail

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Total waste** | **4453** | 7284 | 8,596 | 58,558 | 663 | 1,146 |
| **Waste recycled** | **3778** | 6583 | 6,971 | 52,322 | 552 | 994 |
| **Waste to landfill** | **924** | 704 | 1,625 | 6,236 | 111 | 152 |
| **Diversion from landfill (%)** | **85%** | 90% | 81% | 89% | 83% | 87% |
| **Developments included (%)** | **100%** | 100% | 100% | 100% | 50% | 20% |

**Note:** There were no significant office developments in FY12, FY13 or FY14.



Retail - development waste (tonnes)



Retail - diversion from landfill

## Residential and Retirement Living contractor waste (tonnes)

| | FY14 | FY13 | FY12 | FY11 | FY10 |
|---|---|---|---|---|---|
| **Total waste** | **80,135** | 82,503 | 137,748 | 334,899 | 112,884 |
| **Waste diverted from landfill** | **78,149** | 80,148 | 131,270 | 311,811 | 109,887 |
| **Waste sent to landfill** | **1,986** | 2,355 | 6,478 | 23,088 | 2,957 |
| **Diversion from landfill** | **98%** | 97% | 95% | 93% | 97% |

**Residential and Retirement Living - Contractor waste (tonnes)**



**Residential and Retirement Living - Contractor diversion from landfill**



During FY14 we reviewed the construction waste practices of our contractors on our commercial property developments to ensure the minimum defined guidelines were adhered to.

We reduced waste to landfill in construction and operations with core focus on earthworks, including reuse by stockpiling and soil reallocation, and compliance with environmental standards in relation to contaminants.

In Western Australia, our commercial property and residential business units have collaborated to minimise spoil removal and transport costs, with the sand excavated from the Stockland Baldivis commercial property development set aside for use in residential development activities.

In our residential business in FY14, 98 per cent of waste collected from our projects was recycled either on site or through waste recycling facilities. This is an improvement on last year's figure of 97 per cent.

In retirement living, consideration of waste in project design and development contributed to the achievement of our 4 star Green Star rating at Selandra Rise. Every Independent Living Unit was provided with recycling facilities – 1 comingled (glass, cardboard, plastics, and metal), 1 organic and 1 general waste – and the Clubhouse waste recycling facilities included cooking oil recycling, organics recycling, comingled recycling, cardboard and general waste. There were also an additional six comingled recycling facilities located throughout the village.

In addition, in FY14 we entered into a strategic partnership with Godfrey Hirst for the refurbishment of our Independent Living Units which will contribute significantly to minimising our waste to landfill. Godfrey Hirst is the first and only Australian carpet manufacturer to be able to offer a Commercial 3 R's (Reclaim - Recycle – Reprocess)* program for all carpets, guaranteeing that any carpet, be it theirs or another manufacturer's, reclaimed under this program will not go to landfill.

### Operations

### Operational waste (tonnes)

| | | | Retail | | | | | | Office | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY14 | FY13 | FY12 | FY11 | FY10 | | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
| **Total Waste** | 16,809 | 14,890 | 13,808 | 12,907 | 12,058 | | 1,607 | 1,810 | 2,697 | 3,644 | 2,781 | 4,038 |
| **Total waste to landfill** | 11,549 | 10,443 | 9,793 | 9,275 | 8,956 | | 763 | 538 | 972 | 1,189 | 947 | 1,401 |
| **Total waste recycled** | 5,260 | 4,446 | 4,015 | 3,632 | 3,101 | | 944 | 1,272 | 1,725 | 2,455 | 1,834 | 2,637 |
| **Diversion from landfill (%)** | 31 | 30 | 29 | 28 | 26 | | 53 | 70.3 | 64 | 67 | 66 | 65 |
| **% portfolio reporting** | 95* | 95* | 95* | 95* | 100 | | 100 | 100 | 100 | 100 | 100 | 90 |

**Retail - operational waste**
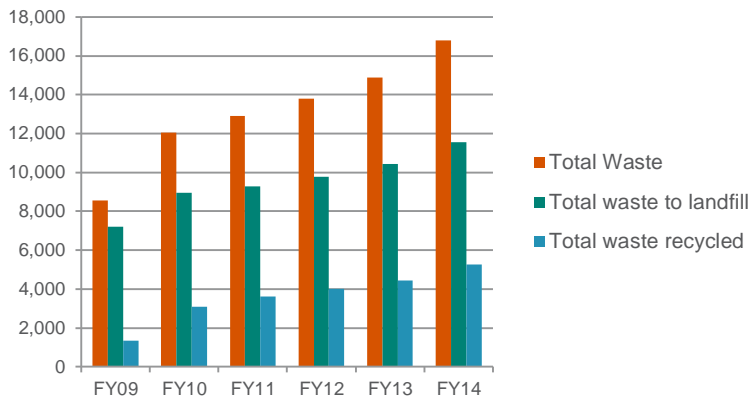


Legend: Total Waste, Total waste to landfill, Total waste recycled

**Retail - diversion from landfill (%)**



**Office - operational waste**



Legend: Total Waste, Total waste to landfill, Total waste recycled
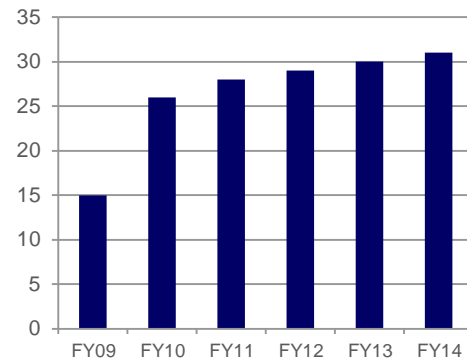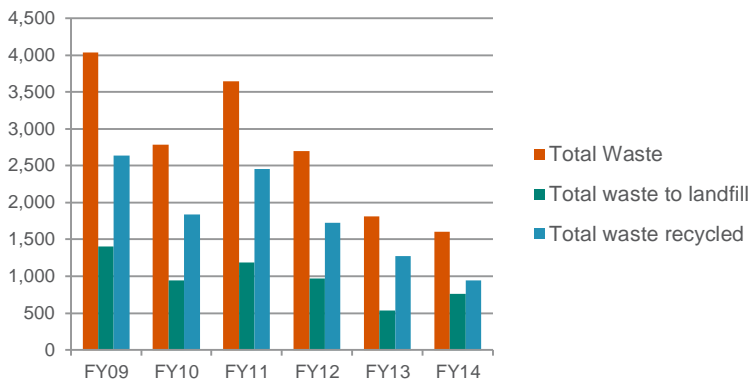
**Office - diversion from landfill (%)**
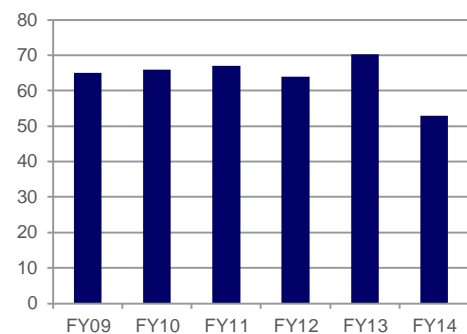


In FY14, we continued to engage with our tenants, retailers and customers to further improve the levels of recycling at our sites.

A key initiative in FY14 was a project with waste management consultancy Kumite-SWM, launched in late FY13, designed to:

- Develop and share best practices in waste management and recycling, and implement efficiencies on a national basis
- Reduce waste disposal costs across our Retail portfolio through increased efficiencies and innovative technology
- Improve recycling and waste diversion rates and assist Centres to meet their waste diversion KPI's
- Streamline and improve reporting processes and integrate waste volume and financial data

Kumite-SWM was contracted to:

- Identify opportunities for improvement at each Centre based on site visits and detailed reviews of waste costs and collection schedules
- Develop improvement strategies in conjunction with each Centre, then work in partnership to implement improvements and deliver savings
- Educate Centre tenants and customers on sustainability and implement best practice recycling programs
- Maintain each Centre's programs on an ongoing basis, and develop new initiatives where feasible and cost-effective (e.g. organics recycling)

This initiative with Kumite-SWM consultancy presented no upfront costs and guaranteed significant results. Payment was based on a percentage of cost reductions achieved in waste transportation at each Centre as a result of the consultants' work.

Stage 1 of the project was completed in FY14, with a focus on reducing equipment collections where feasible at each Centre. See table below outlining efficiencies achieved in this time:

Subsequent stages will be carried out in FY14-15 to address other services such as liquid waste, and also involve extensive engagement with and education of site tenants and users to achieve improved waste diversion rates.

## Case Study: Stockland Kumite-SWM Waste Project

In mid-2013, we engaged Kumite Sustainability and Waste Management (Kumite-SWM) in a partnership to improve the efficiency, sustainability, and cost-effectiveness of waste management and recycling across its retail portfolio. The partnership is based on an ongoing multi-year performance-based contract where savings in waste management costs are shared between both parties, providing continued motivation and incentives for all concerned.

The project has been successful in generating total savings of over $300,000 in waste transportation charges, a 13.9% reduction on the previous year's costs.

Kumite-SWM's process is as follows:

### 1.  Baseline Analysis and Recommendations

At each participating site, Kumite-SWM conducts a baseline cost and operational analysis of current waste management and recycling arrangements, and generates a report detailing opportunities for achieving cost savings and improving the site's diversion rates. Kumite-SWM then discusses the report with each site's management team, agrees on current baseline waste transportation costs, and develops a site-specific improvement plan.

Kumite-SWM then works in partnership with each site to roll out these initiatives.

### 2.  *Implementation of Cost Saving* Improvements

Examples of initiatives that sites have implemented include:

- Reduced compactor collections through more efficient on-demand scheduling
- Reduced front/rear lift collections through improved use/rotation of bins
- Improved diversion of cardboard through repositioning of bins and tenant education
- Elimination of unnecessary collections
- Identification and removal of inefficient/under-utilised equipment
- Installation of more efficient equipment (e.g. cardboard balers) to improve diversion

### 3.  *Ongoing Management and Reporting*

Once reduced transportation costs are achieved, Kumite-SWM continues to work in partnership with each site to manage their systems, and maintain and improve on current initiatives.

Each month, Kumite produces a report for each site based on the previous month's waste contractor invoice, showing savings for the month against baseline costs, and identifying further improvements:

| Service | Baseline Costs | | | Current Month Costs | | | Monthly Saving Against Baseline | | |
|---|---|---|---|---|---|---|---|---|---|
| | Monthly Collections | Rate | Monthly Charge | Monthly Collections | Rate | Monthly Charge | Collections Saved | Rate | Saving Month |
| 23 m³ Recycle Compactor | 8.67 | $192.78 | $1,670.76 | 2 | $192.78 | $385.56 | 6.67 | $192.78 | $1,285.20 |
| 3.0 m³ Front Lift Bin | 9.00 | $56.39 | $507.51 | 5 | $56.39 | $281.95 | 4.00 | $56.39 | $225.56 |
| 27 m³ General Waste Compactor | 4.33 | $192.78 | $835.38 | 3 | $192.78 | $578.34 | 1.33 | $192.78 | $257.04 |
| 27 m³ General Waste Compactor | 4.33 | $192.78 | $835.38 | 4 | $192.78 | $771.12 | 0.33 | $192.78 | $64.26 |
| *General Waste Compactor* | *1.44* | *$167.08* | *$241.34* | *1* | *$167.08* | *$167.08* | *0.44* | *$167.08* | *$74.26* |
| 240L Recycle Cart | 21.67 | $8.38 | $181.57 | 36.00 | $8.38 | $301.68 | -14.33 | $8.38 | $0.00 |
| Monthly Total | | | $4,271.93 | | | $2,485.73 | | | $1,906.32 |
| Total Monthly Saving due to Productivity Improvements | | | | | | | | | $1,906.32 |
| Total Payment to Kumite-SWM (50% of Agreed Savings in Transportation Costs) | | | | | | | | | $953.16 |

## Cost Savings

The key to success in the project to date has been the buy-in of our retail operations teams and their willingness to embrace changes to their existing systems in the pursuit of greater ongoing efficiencies and more sustainable waste management.

In the twelve months the Kumite-SWM program has been running, net savings across our retail portfolio have been over **$150,000**, after payment to Kumite of their portion of the savings.

Implementation costs at most sites have been negligible; some sites have installed additional equipment to generate improved efficiencies and financial savings. Importantly, there have been no increases in labour costs as a result of the Kumite-SWM program.

Importantly, this project is an ongoing initiative and will continue to generate savings into the future, as tipping fees increase and the need to manage waste more effectively increases.

**Future Work**

In the next stages of the project Kumite-SWM will work with Stockland's retail portfolio on the following initiatives:

- An on-line reporting system for sites to track their waste costs and diversion rates;
- An education program to improve the efficiency of the liquid waste (grease trap) collection process through technology improvements and more efficient scheduling;
- Increasing recycling diversion rates through tenant education; and
- Developing comprehensive monitoring and reporting processes.

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | | FY15 Priorities |
|---|---|---|---|
| | | | **Commercial Property**<br>- 90% Construction waste diverted from landfill<br>- **Retail:** 36% of waste diverted from landfill<br>- **Office:** Maintain 70% diversion rate |

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
|---|---|---|
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Employee Engagement

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Employee Engagement

At Stockland we recognise that the key to sustainable competitive advantage is our people. We acknowledge that the ability to engage and retain valuable employees is critical to our overall business performance. Employees that are engaged are more productive, more passionate, and more inspired to innovate and deliver above and beyond standard performance.

## 3. Management Approach

We have a multi-faceted approach to enhancing employee engagement including: Career Development and Reward and Recognition programs (see Human Capital Development DMA), Health and Wellbeing initiatives (see Health and Safety DMA), Giving and Volunteering activities (see Community Investment DMA), an Inclusive Culture and Flexible work arrangements (see Diversity and Inclusion DMA).

Monitoring and promoting employee engagement remains a priority for Stockland. As such, we have various mechanisms in place to create a desirable and productive workforce, the most prominent of which are our annual "Our Voice" employee survey, and our dedicated internal communications program.

### Our Voice

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

The survey helps us understand what is working well, where we can improve, and how our performance compares to that of our peers and leading international companies. The insights provided by employees through the survey results, provide a key source of information in guiding our people strategy and subsequent activities aimed at improving the engagement of our people.

### Internal Communications

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

| Ideal future state | How we aim achieve it |
| --- | --- |
| Employees understand and feel connected to achieve the business strategy | At every opportunity provide an overview of the strategy and an update on how we are tracking against it. Provide links between employee activities and outcomes. Demonstrate how cross-business collaboration helps achieve business objectives. |
| The executive team are seen as capable and inspiring leaders with open and regular communication | Build support for the Executive committee by demonstrating their passion, commitment and knowledge. Build trust through open and honest two-way communication. |
| General Managers and Senior Managers are effective communicators | Improve leadership and senior manager team communications so that employees feel supported and well informed about their business. |
| Employees are advocates for the brand and values | Increase understanding of the Stockland brand and values to ensure employees are advocates for the brand. |
| Employees feel good about coming to work and have the information and support they need to do their jobs well | Provide access to the information employees need, when they need it and via the right channels. |

# Employee Engagement

The internal communications function supports the achievement of business objectives by partnering with business units and departments to provide strategic communications advice.

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

## Roles and Responsibilities

Stockland's Chief Operating Officer assumes ultimate responsibility for Employee Engagement at group level, with the Managing Director and Executive Committee members maintaining a strong focus and accountability for driving initiatives and actions that deliver improved employee engagement outcomes.

Performance measures for all Managers, Senior Managers, General Managers and Executive employees include employee engagement, in addition to other key focus areas measured through the Our Voice survey.

Employee engagement requires open and honest communication at every level of the business. As such, everyone at Stockland has a role to play in ensuring internal communication is effective, engaging, and responsive and that it contributes to the achievement of optimal business outcomes.

## 4. Review and Evaluation

### Our Voice

We use the results from our annual Our Voice survey as an important source of information in evaluating the effectiveness of our engagement activities and the initiatives executed as part of our people strategy. The survey generates scores for employee engagement and improved collaboration, which are both key evaluation metrics.

The survey also provides valuable insight into key issues affecting our employees, with employee responses to the following statements helping us to ascertain the effectiveness of our employee engagement: "the organisational structure facilitates efficient operations"; "the organisational structure provides clear accountabilities"; "I believe values are clear"; "Leadership decisions are consistent with the values".

Following administration of the annual 'Our Voice' survey, results are communicated to all employees via Stockland-wide communication channels in addition to being cascaded through team debriefs and action planning sessions. At each level of the organisation teams identify key themes emerging from the survey results and determine specific initiatives to address these focus areas.

The team debriefs conducted as part of the communication of 'Our Voice' results provide an opportunity to validate the survey findings and seek qualitative data to ensure key issues and opportunities are being captured.

In addition to the 'Our Voice' survey , an informal culture review is undertaken annually which draws upon a number of data sources, including the aggregate results from 360 leadership assessments, an online culture survey (including a sample of the leadership team) and in depth interviews. This informal process provides additional context to further assess the effectiveness of our employee engagement.

### Talent attraction and retention

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

### Internal Communications

We measure the reach and impact of our communications in a number of ways e.g. intranet content is measured through page hits, comments and feedback. We also review the effectiveness of our employee events against feedback from our Executive Committee and other key stakeholders and where appropriate, employee surveys.

# Employee Engagement

## 5. FY14 Update

### Our Voice

In 2014 we undertook our tenth annual "Our Voice" survey with an engagement score of 85 per cent, an increase from 80 per cent in FY13. We remain above the Australian National Norm and Towers Watsons Global High Performing norm, with 92 per cent of respondents indicating that they believe in the goals and objectives of Stockland ,and 95 per cent of respondents indicating they are willing to work beyond what is required to help Stockland succeed. This is pleasing when considered in the context of organisational changes and the significant focus on ensuring clarity of the Stockland wide strategy.

Stockland achieved strong performance across the following areas:

- **Corporate responsibility and sustainability** (87%), reflecting our employees' pride in the contribution we make to the community and society (89%) and the perception that we are an environmentally responsible organisation (93%).
- **Diversity and inclusion** (87%), a key driver of engagement, indicating that our employees consider it an important part of working for Stockland. As we continue to create a more diverse and inclusive workplace, it is encouraging to note the large proportion of employees who perceive the working environment to be accepting of differences with regard to gender (93%), age (91%), cultural background and/or lifestyle (94%) and working style (83%).
- **Flexibility** (82%) to manage work schedule and family/personal commitments, important to employee wellbeing and identified as the second highest reason people stay at Stockland.
- **Leadership,** with clear sense of direction from the Executive (80%), and clear understanding of Stockland's goals and objectives (92%) improving by 9 and 11 points respectively since FY13. Manager effectiveness (85%), represented a 3 point increase, and provides a positive reflection of our strategic focus on the development of leadership capabilities.

The survey also identified the following areas for improvement:

- **Work processes and systems** (73%) was higher than the Australian National norm but lower than the Global High Performing norm which highlights that continued focus is required to improve our performance in this area. It also reinforces the importance of a number of projects we currently have in the pipeline which are due for completion in FY15.
- **Working relationships and collaboration** (63%) saw a 6 point increase in FY14 but remains just below the Global High Performing norm. Towers Watson considers this indicator as key to ensuring employees are enabled to do their job effectively within the organisation. The fact that it is somewhat lower than other areas could be be attributed in part to the centralisation of key functions in FY13 and FY14 which are still being embedded within the overall structure.

### Talent Attraction and Retention

#### Rolling Turnover (%)

| | FY14 | | FY13 | | FY12 | | FY11 | | FY10 | FY09 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Stockland* |
| **Employee Initiated** | 15.0 | 9.0 | 15.8 | 21.8 | 13.6 | 15.4 | 14.8 | 11.7 | 10.7 | 14.9 |
| **Stockland Initiated** | 5.2 | 19.4 | 12.3 | - | 8.9 | 0.4 | 4.2 | 3 | 4.3 | 13.7 |
| Total | 20.2 | 28.4 | **28.1** | **21.8** | **22.5** | **15.8** | **19** | **14.7** | **15** | **28.6** |

*\* Excluding Aged Care*

Employee Initiated Turnover (Stockland*)
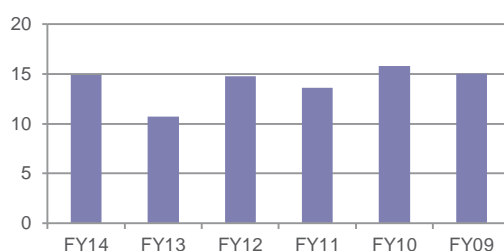
# Employee Engagement

**Turnover (%) by Tenure – Stockland***

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **< 1 Yr** | **31.0** | 26.8 | 32.1 | 21.0 | 18.9 | 24.0 |
| **1-<3 Yrs** | **24.5** | 28.5 | 21.2 | 20.5 | 17.4 | 30.1 |
| **3-<5 Yrs** | **15.1** | 30.1 | 20.4 | 18.8 | 14.5 | 31.2 |
| **5-<10 Yrs** | **16.6** | 27.5 | 21.2 | 18.7 | 11.3 | 30.0 |
| **> 10 Yrs** | **12.0** | 25.4 | 18.7 | 6.1 | - | 22.5 |

* Excluding Aged Care

**Turnover by tenure**



- < 1 Yr
- 1-<3 Yrs
- 3-<5 Yrs
- 5-<10 Yrs
- > 10 Yrs
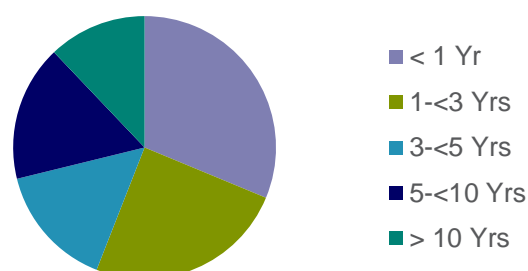
In early FY14, analysis of our employee turnover data revealed that a disproportionate amount of our employee initiated turnover was occurring in the first 12 months of service. A review of our recruitment and on-boarding practices was subsequently initiated, together with analysis of exit interview data. This review revealed that our managers lacked the necessary tools to successfully evaluate and select the most appropriate candidates for the role. It also highlighted the need to reinforce our managers' capabilities in the areas of induction and on-boarding of new employees to Stockland. A number of initiatives were actioned as a result of this review, including:

- **Careers @ Stockland** - the creation of a recruitment function at Stockland to improve our recruitment capability and help our managers attract, select and hire the right people for their teams. Scheduled to be operational from 1 September 2014, the Careers@Stockland team will enhance our ability to source and select candidates who are the best fit for the role and aligned to our values, help us improve the candidate experience and better manage candidate expectations throughout the recruitment lifecycle, have access to the latest recruitment technology and reporting tools, ensure a comprehensive and consistent recruitment process across all regions, and reduce our overall recruitment costs.

- **Psychometric testing** - Stockland introduced online psychometric testing this year for candidates in the final stages of selection. This assessment is designed to evaluate how well suited a candidate is to the specific role for which they are being considered and is only one input into the hiring decision. This assessment looks at the following aspects of the candidate, including personality, potential "derailers", motives, values and interests, critical thinking and business reasoning. The assessment does not generate a "pass or fail" result, and for successful candidates the assessment can prove a useful tool to inform coaching conversations and guide career development plans.

- **Manager Portal Upgrade** - We upgraded our Recruitment and On-Boarding intranet materials and advice for managers to help them more effectively recruit, on-board and 'attach' new employees to the organisation. These materials include leading research on the critical enablers and de-railers for successful transition into new roles.

- **Monitoring and Targets -** We established an automated check-in with managers of new employees, four weeks after commencement of employment, to ensure all aspects of the induction process, including the setting of objectives, have been completed.

## Internal Communications

Key projects undertaken by our internal communications team in FY 14 include:

- **Values refresh project** – engaging employees as we refreshed our values through a series of polls, focus groups and online activities. (See Case Study: CARE – our new values) Continued engagement with employees as we embed these new values by sharing values related stories, launching a values e-card to thank a colleague for demonstrating one of our values, and introducing values awards.

- **Brand refresh project** – engaging employees with the journey of our brand refresh through workshops and presentations.

- **7 days of sustainability** – a week of activities and information to engage and excite employees in our approach to sustainability.

- **Internal social media** – encouraging employees to connect and create conversation using our internal social media channels

# Employee Engagement

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**Case Study:** CARE – Our new vales

After months of surveys, focus groups and online activities which saw hundreds of employees engaged in redefining what they believe to be the values underpinning our culture here at Stockland, our Managing Director, Mark Steinert, announced our new values at the National Employee Roadshows in November 2013, stating:

> "Over the last couple of months we've been on a journey to refresh our values so they are better aligned to our purpose and our strategy."

> "How we behave every day sets us apart and our values truly help to guide those behaviours. They determine how we interact with our customers and stakeholders and each other."

> "CARE epitomises what we at Stockland stand for today; Community, Accountability, Respect and Excellence are the values that make us such a great company. They are also the values that I believe will take us forward to a successful future."

**Community**   Work together to create better places and experiences for everyone

**Accountability**   Take responsibility for ourselves, our work and our team's and Stockland's success

**Respect**   We value each other's points of view and differences

**Excellence**   Strive to be the best in what we do and what we deliver

Feedback in our FY13 Our Voice survey had told us that our employees did not feel that our values were as clear as they should be. We wanted to address this concern, and equally ensure our values aligned with our purpose – "we believe there's a better way to live" – and our new strategy, so launched a Values refresh in early FY14.

The Values refresh was led by our Learning and Development team, with the project's fundamental priority being to gain as much input from as many people across the business as possible.

A Values Steering Committee was formed with 17 representatives from across the business and in each state. Over 18 focus groups were held across Brisbane, Sunshine Coast, Melbourne, Perth and Sydney with nearly 200 people attending. There was also online engagement and surveys for those who were unable to attend the focus groups, facilitating input from over 400 people across the organisation.

Throughout the process it became clear that our employees had strong views on our values. Following considerable input and feedback from across the business we were proud to arrive at CARE. The positive response from our employees was evident in our FY14 "Our Voice" results where we saw a marked increase in our score against values-based statements including "Stockland values are clear" (93%, up from 84% in FY13) and "Values remain relevant to our business today" (93%, up from 83% in FY13).

Our Learning and Development Manager, who led the project, said "Our values truly come out in our folklore. It's the stories that we hear when we first joined and the tales we tell at the tea point that best describe who we are. Collecting these stories was one of my favourite parts of the project. I got to hear some incredible stories about what we do across every different part of our business."

In FY15 we will focus on ensuring these new values are embedded in our work and culture. This will be achieved by incorporating our new values into our systems and processes – i.e. recruitment, orientation, performance and development, reward and recognition – and by clearly outlining how these values apply to our everyday work life and the decisions we make. Managers will be provided with a tool kit to help them have a conversation with their teams about what the values mean for them, and how they can apply CARE to their roles.

# Employee Engagement

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
| --- | --- | --- |
| **Review effectiveness and structure of Long Term Incentives as a retention tool** | Achieved | LTIs were adjusted to strengthen perceived retention value and the level of control employees have in relation to vesting. |
| **Refresh Stockland values to reflect our purpose, strategy and desired culture** | Achieved | Undertook organization wide project to refresh the Stockland Values. |
| **Further embed new organisational structure and 'one Stockland' culture** | Achieved | Workshops were implemented for new teams formed in the restructure to help them deal with change and support their progression as a team |

**FY15 Priorities**

- Reinforce the importance of acting in accordance with the values in all employee communications.
- Enhance support to teams who are embedding change and help build their resilience and change management capability.
- Reduce employee initiated turnover to 13% in FY15
- Reduce total turnover for employees with less than 1 years' service to 27% in FY15

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
|---|---|---|
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Human Capital Development

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Human Capital Development

Human capital development is an important part of our People Strategy and underpins our strategic focus on people and leadership capabilities. Effectively developing our employees' capabilities enables them to deliver on our strategy and purpose, drive continuous improvement, and enhance performance. It also supports other elements of our broader People Strategy, such as diversity and inclusion, employee engagement and the attraction and retention of talent.

By developing the knowledge, skills, competencies, and attributes of our employees and fostering their creativity and innovation in the workplace, we enhance their passion and potential to deliver high quality performance outcomes, both for themselves and for the business.

We acknowledge that appropriately recognising and rewarding performance is critical to maintaining an engaged and high performing workforce with a motivation and desire to achieve superior results. Coupled with regularly reviewing and providing opportunities to enhance our employees' performance, skills and professional objectives also ensures that our people are inspired and empowered to continuously develop, realise their potential and further their own careers.

Effectively monitoring and evaluating performance also enables us to ensure that our people's actions and outcomes are directly aligned with our broader business objectives.

## 3. Management Approach

Our People Strategy defines the key strategic areas of focus for our people together with the workforce priorities and actions to deliver. Strategic focus areas relating to Human Capital Development include Leadership Capabilities, People Capabilities and a High Performance, Values Based Culture. To deliver improvements in these areas, we undertake targeted Learning and Development initiatives and a rigorous Performance and Development review process.

### Learning and Development

Our Learning and Development program is structured to help employees as they join the organisation, grow within their roles and lead their teams.



**JOIN** → **GROW** → **LEAD**

*Mandatory development activities for new starters*

New starter Checklists
Stockland Orientation
Compliance Training

*Development activities to support employees in their current and/or future roles*

Job Specific Development
Industry Courses
General Professional Development
Business Systems
Technology Skills

*Core Leadership Programs*

Leading@Stockland
Coaching for Success
Leading Business Outcomes
Building High Performing Teams

**Join** focuses on helping new employees understand our organisation, strategy, values and purpose through Group, business and job family orientation programs as well as completing the compliance training necessary to understand the laws, regulations and policies they need to abide by as a Stockland employee.

**Grow** covers technical training specific to our job families as well as industry programs, and general professional development such as Presentation skills and systems/technology training. We have a number of programs, initiatives and

# Human Capital Development

services to support the development of our key job families such as sales, centre management, development management, project management and village management. The purpose is to ensure employees have the knowledge and skills necessary to perform and grow in their roles.

**Lead** focuses on developing our people's leadership skills to deliver our strategy, develop their teams, and achieve results.  Recognising that most adult learning, approximately 70 per cent, happens by doing, we focus on providing our managers with the skills they need to coach and develop their teams. We have a strong leadership curriculum in place to support this which is complemented by coaching, 360° Leadership Reviews and online training solutions.

Given that our front-line managers are busy and geographically dispersed, we complement our core leadership programs with shorter touch-points on key principles.  Recognising that basic management skills are one of the primary drivers of improved retention, we seek to deliver more accessible short, video based learning that reinforces key management skills.

## Performance and Development

Every year, all employees are required to set clear and measurable objectives to deliver the objectives of their business and the broader Stockland group. These are collected and tracked via the Performance Management System.

The diagram below illustrates how Performance and Development is managed at Stockland:



Performance and Development comprises two key components:

1. **Performance Review Process** which measures the employee's overall performance including progress against the objectives set at the start of each Financial Year or at the commencement of a new role. Employee performance is an ongoing focus at Stockland, and this is reflected in the nature and rigour of our performance review process, outlined below:
   - On-going feedback: Managers and employees have regular meetings throughout the year to discuss ongoing performance and progress against employee's objectives. These meetings provide an opportunity to coach and mentor employees, address development needs and build capability.
   - Mid-Year Review: a more formal opportunity to review employee progress against agreed objectives. This is not a formal assessment and does not lead to an overall performance rating, but it does provide an important opportunity for employee and manager to document key achievements and development needs.
   - Annual Review: The formal Annual Review process is conducted at the end of each Financial Year and is a summary of the regular discussions that have been held with the employee throughout the year, including the Mid-Year Review.

Following the Annual Review a performance rating is assigned which reflects the employee's overall performance including performance against their objectives and the Stockland values throughout the year.  The completed performance review is placed on file with the overall performance rating informing the remuneration review process.

2. **Career Development** which we encourage through the establishment and ongoing review of personalised Development Plans, agreed between an employee and manager at the start of each Financial Year or at the commencement of a new role. The Development Plan is completed at the same time as setting performance objectives with the view to identifying actions to build their capability to deliver on their objectives and grow their careers. Progress against this Development Plan is reviewed in conjunction with the key objectives as part of the performance review process outlined above.

   To complement this review process, employees have at least one formal 'One Up' discussion each year with their manager's manager, which provides them the opportunity to share their career aspirations, explore broader career development options and build a stronger relationship with upper management.

Other programs which support Career Development at Stockland include:

- <u>3in3 Program</u> - a structured professional learning program which involves shadowing an experienced employee in another part of the business. The program is designed to facilitate cross divisional learning, provide a more comprehensive understanding of the key functions of different areas, and to broaden and develop employee skillsets.
- <u>Stretch Assignments or Promotions</u> – Stockland has a guide for managers on how to support newly promoted employees or those on 'stretch assignments'. The guide helps managers set their employees up for success by establishing key expectations and agreeing what support is required to address areas of stretch.
- <u>Further education</u> –employees are encouraged to undertake further education at accredited industry or tertiary institutions.

In addition to the standard Performance and Development processes and initiatives, we also maintain a strong focus on continued employability.

We seek to minimise the impact on those affected by organisational restructures and retrenchments by supporting them in the search for alternative employment, in the first instance within Stockland or externally.Outplacement services are offered to employees whose roles have become redundant, with the type and level of support offered varying in accordance with the individual's career stage.

Stockland's current outplacement providers are DIrectioneering, for General Managers and Executive Committee, and Audrey Page & Associates. Assistance provided includes career goal setting, job search strategy development, access to office support and comprehensive research facilities, group workshop and seminar programs, small business advisory services, and expert advice on money matters.

## Roles and Responsibilities

Stockland's leaders and managers are directly responsible for developing and growing the people within their teams. Stockland has a defined set of Leadership accountabilities and competencies outlining what is required to coach, develop and build high performing teams.

Our corporate HR function (including our Organisation Development, Learning and Development and Performance and Reward teams), is responsible for supporting the development and growth of our people through the development and delivery of Learning and Development programs and initiatives, and the coordination of group wide programs such as talent reviews and succession planning, and performance reviews. The Business HR teams dedicated to partnering with each business are responsible for supporting and coaching line managers to secure the right people, manage performance, build capability, grow talent, and create the climate to deliver business outcomes.

## 4. Review and Evaluation

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

We undertake an annual employee opinion survey from which we derive our employee engagement score. This survey has a Professional Development and Performance Review category which allows us to see how our people perceive their skill development and performance feedback over the year. We also have evaluations for each of our learning programs that aim to capture learning transfer and adoption.

Our leadership competencies are built into our 360 degree Leadership Assessments that our leaders undertake every 18 months to 2 years. This data is aggregated annually to provide an overall picture of leadership capability, with the findings guiding development planning and included in the annual culture review.

# Human Capital Development

## 5. FY14 Update

### Learning and Development

**Annualised Training Days per Employee***

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Training days per Employee** | 3.1 | 1.5 | 3.4 | 5.0 | 5.9 | 2.9 |

* Includes both formal and informal training programs

We had an average of 3.1 training days per employee in FY14 and will be looking to increase this to 4 days per employee in FY15.

To increase employee visibility of and access to learning and development initiatives, we invested in the Stockland Learning Academy which is a learning management system that enables us to support the provision of training including e-learning modules to all our employees.  The Academy was launched to employees at the end of FY14.

**Case Study:** New Learning Management System to support training and development

We have recently launched a new Learning Management System  to help all employees manage their training more effectively. Stockland Learning Academy is a one-stop shop for training at Stockland. Everything employees do with regard to learning and development is now in one place, and they can now browse through and book all the training courses we have on offer simply and easily.

All of our training courses, including OHS, IT and Compliance, are all in one place, captured with individual training records, so it's easier for employees to see how they're tracking when they're preparing for One on One sessions, performance reviews, or objective and development plan setting. Managers can view not only their own training records, but also their entire team's, making it easier to ensure everyone is on track to meet their development objectives.

Employees can use Stockland Learning Academy to enrol themselves in a wide variety of courses such as our leadership programs, orientation, bootcamps and performance management training. We have also introduced a wide range of free or low cost e-learning courses to help our employees develop skills such as Managing Priorities, Business Writing or to simply brush up on Excel or PowerPoint skills. Bite-sized videos from our Mastering Managing People series for managers and employees are also available.

Recognising the importance of making it easy for our employees to undertake training 'any place, any time', we made the system accessible on any device outside the Stockland Network including personal desktops, mobile phones and tablets.

With the refresh of our values during FY14 and the transition  to a more integrated structure, workshops were delivered to accelerate the formation of trusted relationships amongst the newly integrated Leadership Teams and reinforce consistent leadership and role modelling to help embed our Values and Leadership behaviours into  our culture.

In FY14 we also developed bite-sized Learning Modules on key management skills to strengthen immediate manager capability and launched the Stockland Learning Academy.

As part of our commitment to strengthen our employees' technical capability to successfully deliver against our business strategy, we launched the 3rd module of our program to improve the quality and consistency of Village Manager capabilities across the Retirement Living portfolio. This focused on what is expected of a Stockland Village Manager in developing and managing their teams, and creating a culture and environment in which their people can succeed.   In addition, we are investing in a Technical Training Consultant to build similar technical training curriculum for select job families in FY15.

### Performance and Development

Performance against Stockland values has always been considered in the employee performance rating process. With the launch of our new values (Community, Accountability, Respect, and Excellence) in FY14 Stockland wanted to formally recognise this as part of the overall performance outcome. To do this starting with the annual performance reviews for FY14, employee performance against the Stockland values were rated in the same way as performance against objectives, and used as a factor in deciding the overall annual performance rating. Expectations on our values and how to assess were included in the annual performance management training provided to managers in the last quarter of FY14.

In FY14, 100% of eligible employees received a performance review and 100% of eligible employees had a career development plan in place. Employees are eligible after working at Stockland for 3 months.

# Human Capital Development

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Progress tailored leadership initiatives commenced in FY13.** | Achieved | Delivered tailored leadership initiative to Senior leadership cohort |
| **Develop key capabilities to support business growth strategies** | Achieved | Designed and delivered training modules for Village Managers, Development Managers and Project Managers |
| **Deliver innovative learning options to support leadership development and self-paced, remote learning.** | Achieved | We delivered bite-sized learning modules across the business in FY14 |
| **Maintain focus on Leadership Programs and lifting the management capability of our people leaders.** | Ongoing | Continued roll-out of our core Leadership Programs throughout the financial year |

**FY15 Priorities**

- Develop technical training curriculum for select job families in FY15.
- Target an average of 3-4 training days per employee

# Human Capital Development

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
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| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Diversity and Inclusion

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Diversity and Inclusion

Stockland values diversity and aims to create a vibrant and inclusive workforce which is reflective of the communities in which we operate. Building a more inclusive workplace enables greater diversity of thought, more informed decision making and better business outcomes.

Diversity and inclusion, including flexible working arrangements, continue to be key drivers of engagement and wellbeing for our employees. Maintaining a focus on diversity and inclusion is therefore very important for morale and a positive broader culture at Stockland.

Increasing the diversity of our workforce and the inclusiveness of our culture is also a strategic business imperative. The communities in which we operate have a rich mix of cultures. Ensuring we understand what our current and potential customers want from our communities and assets gives us greater opportunity for customer satisfaction and competitive advantage. We are going to be better at doing this if our workforce is reflective of our customer base.

## 3. Management Approach

Stockland's diversity and inclusion policy reinforces our commitment to improving diversity and inclusion in the workplace. The policy outlines our aim to leverage the maximum potential of all our people, irrespective of individual differences such as gender, ethnicity, age, physical abilities, sexual preference, family status, beliefs, and perspectives.

We have five strategic focus areas for diversity and inclusion:

- gender balance
- inclusive culture
- community reflection and partnership
- flexibility and work-life quality and
- industry advocacy and thought leadership.

Our diversity strategy and action plans seek to:

- build the awareness and capability of our people leaders to embrace diversity and flexibility;
- maximise diversity in leadership positions, in particular the proportion of women in management roles;
- create a more inclusive workplace; and
- provide diversity thought leadership and advocacy in the property sector.

This is further supported by strategic policies, programs and processes to embed inclusive practices and promote diversity across the business, including:

- **Recruitment and selection**: Our panel of preferred recruiters are required to consider a diverse range of candidates for presentation on short-lists. Our managers receive training in recruitment and selection, a strong emphasis of which is on assessing merit and avoiding discrimination. In addition, hiring managers must complete a selection summary to justify their selection decisions and all candidates must be interviewed by male and female employees.

  We continue to enhance our focus on cultural and disability hiring to better reflect the diverse communities in which we operate. We partner with organisations including Mission Australia and local councils to source candidates with cultural backgrounds that reflect our local communities. Every summer, as part of the 'Stepping Into' program run by the Australian Network on Disability, we provide paid work experience opportunities to university students with a disability. We also partner with our recruitment suppliers and the National Disability Recruitment Coordinator (NDRC) to connect with suitably qualified disability candidates to fill vacant positions.

- **Anti-discrimination and harassment:** We are committed to preventing discrimination and harassment. Upon commencing with Stockland, all employees are required to complete an on-line course on Equal Employment Opportunity. This program is supplemented with a two hour, interactive face-to-face course for employees on preventing workplace discrimination and harassment. Our people managers participate in a workshop to improve awareness of

unconscious bias and the consequences of stereotypical beliefs. This training assists in uncovering unconscious bias and identifying approaches to improve decision making.

- **Learning and talent development opportunities:** A wide range of programs and experiences are offered to all employees to support development of technical skills, people management, and leadership capabilities. Our four core leadership programs continue to promote diversity and inclusion, and provide guidance on inclusive leadership and the effective management of diverse teams. We run two specific leadership development programs for high potential women and provide ongoing development opportunities through women's networking forums and mentoring programs.

  To build our talent pipeline and enable the development and promotion of people from diverse backgrounds, we work with a diverse range of people to formulate targeted development plans to address identified gaps in knowledge, skills, and experience. We also measure the gender diversity of our talent population and our succession pipelines

- **Performance and reward:** Our performance management framework facilitates fair evaluation of employee performance and equitable remuneration decisions. Performance is measured against balanced scorecard objectives that employees set in conjunction with their managers each year. Calibration sessions are conducted with managers to ensure performance assessments have been applied consistently and fairly, thereby reducing any potential bias or subjectivity. Gender analysis is conducted on the calibrated ratings and promotions and reported annually to the Board. A comprehensive analysis of all proposed remuneration increases is also undertaken as part of the annual remuneration review. Completed by Human Resources and endorsed by the Managing Director, this special review assists in promoting pay equity.

- **Flexible working:** Our workplace practices and leave policies seek to foster a flexible working environment. Supported by training for people managers and an on-line application and monitoring system, our commitment to flexible working is designed to make it easier for employees to continue to develop a successful career, whilst ensuring that their personal priorities are not neglected. Work schedule and family/personal commitments continue to be important to employee wellbeing, and workplace flexibility is a key reason our people choose to stay at Stockland.

- **Support for parents and carers:** Our leading edge Parental Transitions Program provides support to employees preparing to commence or return from parental leave. Together with our Group-wide focus on embracing flexible working and inclusive leadership, the program has been instrumental maintaining our parental leave return rate above 90%. Treehouse, our on-site childcare centre in our Sydney office, is also a valued employee benefit that helps support our parental leave return rates and employee flexibility. We also offer an on-line resource and advisory service called Work-Life Links that helps employees find suitable solutions and providers to support them balance their work and carer commitments.

- **Sponsorships and memberships:** Stockland is a corporate member of the Australian Network on Disability, Diversity Council Of Australia and National Association of Women in Construction (NAWIC). These organisations are committed to recognising and maximising the important role of diversity in business and the advancement of women. We also seek sponsorship and partnership opportunities that contribute to thought leadership and advocacy in the property industry.

Our group diversity and inclusion targets are built into our Executive Committee scorecards. These targets are overseen by our Managing Director and CEO who chairs our Diversity and Inclusion Steering Committee. Specific gender targets are being set for each business unit and built into General Manager scorecards accordingly.

Full time resources allocated to the diversity and inclusion aspect include two headcount across our Diversity and Inclusion and Learning and Development teams. Other resources include our Diversity and Inclusion Steering Committee, comprising 10-12 employees from across the business. The committee helps shape and monitor the diversity and inclusion strategy and resources the associated key projects and initiatives. The strategy, including the initiatives and business as usual activities that align with each of our five focus areas, is updated annually and used by the committee to track all initiatives.

## 4. Review and Evaluation

Diversity and inclusion forms an integral part of Stockland's People Strategy with progress against our objectives and targets reported to the Board. Our targets and metrics are either monitored monthly and/or annually and included in our annual sustainability reporting.

All of our diversity and inclusion targets and/or metrics are voluntary and include:

- annual and FY17 targets for women in management
- parental leave return rates targeting greater than 80% return
- annual turnover targets
- gender pay gap analysis

# Diversity and Inclusion

- gender promotion rate
- gender diversity of our succession pipeline and talent population
- cultural diversity of our workforce
- disability diversity of our workforce
- percentage of our workforce that works on a casual employment basis
- diversity and Inclusion related indices from our annual Engagement Survey

We assess the effectiveness of our diversity and inclusion progress through our annual employee engagement survey, known as 'Our Voice'. Feedback from the Diversity and Inclusion steering committee members, representing employees from their respective business units and geographies, is another key form of assessing how well our Diversity and Inclusion agenda is progressing. Our Managing Director and CEO, our COO, and our female GM's also host regular lunches with our female employees to build engagement, share learnings and check progress.

## 5. FY14 Update

The 2014 'Our Voice' results reinforced that diversity and inclusion, including flexible working, continue to be key drivers of engagement and/or well-being for our employees. Pleasingly, the Diversity and Inclusion Index from our 2014 'Our Voice' has also increased by three points to 87% compared to 2013, which is above the global and Australian high performing norm for diversity and inclusion. Of particular note is the strong increase in employees reporting it is 'safe' to speak up and how involved employees feel they are in decisions that impact their work.

The three key priorities set by the Diversity and Inclusion Steering Committee for FY14, and progress against these, are outlined below.

### 1. Further enhance gender inclusion

In FY14 we reinforced our commitment to gender inclusion. This included running focus groups across the country with over 150 female employees to understand what was working well and to identify the areas we needed to enhance. Following these focus groups, the Diversity and Inclusion Committee agreed and actioned the following key initiatives:

- Development Job Family project was established – focused on creating a Development capability matrix across the business areas, together with a curriculum and promotion campaign designed to encourage females and employees from other disciplines to move into Development.
- An ExCo Sponsor program for high potential diverse talent, in which each ExCo member sponsors a high potential female from the Senior Manager job band. This program will commence in early FY15 and has the dual focus of supporting the career development of high potential females through greater exposure to ExCo and enhancing our male leaders' understanding of corporate life from a female's perspective.
- Our female General Managers participated in a panel conversation sharing their career insights, addressing the 'you can't be what you can't see' theme from the focus groups. In pairs, the female General Managers are now hosting informal lunches with up to ten females each session.
- Peter Scott and Carolyn Hewson from our Board featured in a panel conversation in Sydney raising the dialogue on the complex topic of gender balance. This session was taped and made available to all employees, as are all our Sydney gender networking events.
- A gender guide has been prepared for Managers to build their knowledge of our broader Diversity and Inclusion agenda and to help them be more adept at understanding and supporting the self-imposed and corporate challenges that females often encounter
- SpringBoard, our leadership program for junior females, is now being run four times a year instead of twice a year, to broaden the reach of the program.

Our first report under the new Workplace Gender Equality Act was submitted to the Agency in May 2014. In line with our notification and access requirements under the Act, a copy of the public report is located on our website and was also promoted internally (http://www.stockland.com.au/about/sustainability.htm). We are currently completing our submission to apply for 'Employer of Choice for Gender Equality' status.

# Diversity and Inclusion

## Workforce by Gender*

| Job Band | FY14 Total Employees | % Women | FY13 Total Employees | % Women | FY12 Total Employees | % Women | FY11 Total Employees | % Women |
|---|---|---|---|---|---|---|---|---|
| ExCo | 7 | - | 5 | - | 7 | 14% | 7 | 14% |
| Senior Management | 132 | 34.8 | 125 | 33% | 147 | 36% | 163 | 29% |
| Management (Stockland**) | 325 | 50.2 | 324 | 47% | 369 | 47% | 368 | 43% |
| Management (Aged Care) | 7 | 85.7 | 8 | 88% | 6 | 83% | 8 | 75% |
| Employee (Stockland**) | 938 | 65.9 | 913 | 66% | 1,001 | 66% | 1,031 | 64% |
| Employee (Aged Care) | 288 | 85.8 | 336 | 87% | 327 | 87% | 340 | 87% |
| **Total** | **1697** | **59.2** | 1,711 | 64% | 1,857 | 63% | 1,917 | 61% |

* Excluding casual employees
** Excluding Aged Care

## Women in Management (%)**

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Stockland*** | 45.4 | **43** | **43** | **38** | **35** | **34** |
| **Commercial Property** | 32.1 | 38 | 44 | 41 | 37 | 38 |
| **Corporate** | 58.9 | 49 | 57 | 49 | 48 | 51 |
| **Residential** | 22.7 | 34 | 31 | 25 | 24 | 22 |
| **Retirement Living** | 55.4 | 57 | 50 | 43 | 41 | 33 |
| **Aged Care** | 85.7 | 88 | 83 | 75 | N/A | N/A |

* Excluding Aged Care
** Includes ExCo, Senior Management and Management.
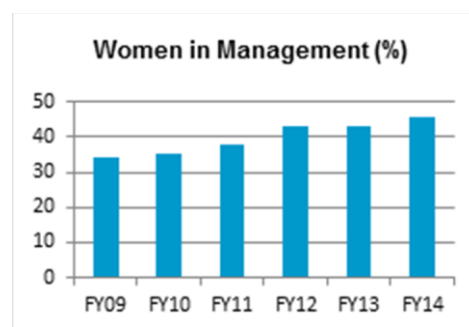


## Parental Leave Return Rate*

| Gender | Total Leave | Within 6 Months** Returns | Exits | Exit Rate | Return Rate | Within 12 Months Returns | Exits | Exit Rate | Return Rate |
|---|---|---|---|---|---|---|---|---|---|
| **Male** | 6 | 6 | 0 | 0% | 100.00% | 6 | 0 | 0% | 100.00% |
| **Female** | 54 | 49 | 5 | 9.26% | 90.74% | 49 | 5 | 9.26% | 90.74% |

* Based on employee initiated turnover. Does not include employer initiated turnover.
** Parental Leave Return Rate measure

**2.   Strengthen our recruitment practices to further enhance the diversity of our workforce**

Our recruitment guidelines and policies were updated in FY14 to reflect that all Stockland interview panels need to be gender balanced and a female General Manager must be involved in interviewing for any General Manager or Senior Manager roles.

We have strengthened our partnership with the National Disability Recruitment Coordinator ('NDRC'), to help source disability candidates for existing roles. Rather than competing with our panel recruiters, we have now selected 5 suitable roles for NDRC to recruit exclusively – so that we build momentum and support until this becomes integrated with our standard recruitment practice.  We have successfully placed 2 candidates in Queensland and hope to extend this success.

We continued our involvement with the Stepping Into program to provide work experience for university students with a disability.  Of the eight students from our summer Stepping Into program, two have continued working for Stockland on a casual basis. The majority have secured roles in other companies, which is a great outcome for them.  Unfortunately we do not have the volume of graduate roles to support employment for all our students.  However in line with our broader social responsibility commitments, it is still important for us to provide these students with the experience that is key to securing long term employment.

**Case Study:** Stockland helps students 'step into' success

We are proud supporters of the Australian Network on Disability's Stepping Into program, providing paid internships for students with disability.  The program provides students the opportunity to 'step into' practical work experience, and it gives us an opportunity to create an inclusive workforce that reflects the communities in which we operate.

Stepping Into is a great opportunity for both students and managers as it allows the student to put in practice what they have studied at university, and also provides sufficient time for managers to engage students in suitable and meaningful projects.

We've had more than fifteen students join us so far with many extending beyond their initial four week internship and have had a number of success stories from participants in the program.

**Success Story**

Our FY14 Melbourne intern enjoyed her time working at Stockland with the work experience and confidence she gained helping her to land a role as an HR Administrator in Sydney covering a parental leave role.

Working with our Community Marketing Managers and Development Team, our student felt comfortable asking lots of questions and was entrusted with many tasks that gave her the confidence to apply what she had been studying.  "I appreciated the advice that various people gave me and I have been able to use this in my current role …my manager was supportive in giving me valuable tips that would assist me in going for job interviews, and ultimately me securing a role in Sydney."

Some of the benefits of the Stepping Into program included exposure in a corporate company and how to work and communicate with managers of various levels, learning how to prioritise tasks, especially those with urgent deadlines and working around them.  All of these skills have proved to be transferable to her current role.

Stockland continues to explore ways in which the program could serve as a pipeline for students to become permanent employees.

Our key focus areas for cultural recruitment and awareness are our residential sales teams and our retail assets.  Workshops were held this year with Residential Sales to raise awareness of the changing migration patterns in our catchment areas and the key cultural sensitivities that need to be understood and managed. Each sales team has subsequently more deeply reviewed their specific demographics and are working on strategies to address this. At a broader level, our Group Marketing team is reviewing our website and customer materials to ensure they better reflect the diversity of our changing customer base.

Our retail assets in culturally diverse communities have also determined which cultures they would ideally hire into Stockland to help create stronger links with their respective communities. A specialist diversity and inclusion firm are helping with cultural recruitment in Queensland and this is progressing well. There have been some discussions with our larger tenants regarding how we partner with them to hire in a way that reflects the local communities. A great success has occurred in our Merrylands, retail centre in which the team hired their first Arabic speaking employee into the Marketing Manager role, in an area where over 20% of the community speak Arabic and many more are aligned with Arabic speaking cultures. This is already creating stronger partnerships with the Arabic community in this community.

# Diversity and Inclusion

## Workforce by Cultural Background (%)

| Culture | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Australian** | 69.6 | 64 | 67 | 66 | 69 | 66 |
| **Aboriginal and Torres Strait Islander** | 0.3 | 0.3 | 0.2 | 0.2 | 0.3 | 0.8 |
| European* | 14.6 | 12 | 13 | 14 | 12 | 12 |
| Asian** | 6.5 | 6 | 6 | 7 | 6 | 8 |
| **Maori and New Zealand** | 2.3 | 2 | 2 | 3 | 2 | 3 |
| **Middle Eastern** | 0.7 | - | 1 | 1 | 1 | 1 |
| **South African** | 0.9 | 1 | 1 | 1 | - | - |
| **North American** | 1.2 | 1 | 1 | - | - | - |
| **Other** | 3.9 | 2 | 4 | 4 | 6 | 4 |

\* Includes north-west, central, southern, eastern, British, Irish and Scottish
\*\* Includes south-east, north-east, southern and central
**Note:** Data presented as percentage of total respondents to the Our Voice survey. Some employees choose not to disclose their cultural background.

### 3. Continue training in diversity and inclusion to help further embed an inclusive culture

Our senior leaders were privileged to be joined by Army Chief Lieutenant General David Morrison who shared his journey of change and inclusion. Also, to help us explore the complex topic of bias and raise awareness of personal blind spots, our senior leaders together with our Diversity and Inclusion Steering Committee attended a thought provoking workshop led by Dr. Helen Turnbull, an internationally recognized thought leader in the field of inclusion, diversity and unconscious bias.

Our Diversity and Inclusion Committee will maintain the same three key priorities in FY15, with increased focus on enhancing the cultural and disability diversity of our workforce.

In addition to the initiatives above, and in support of our strategic focus on industry advocacy and thought leadership, we also sponsored the Workplace Gender Equality Agency's (WGEA) Elevate Series in FY14. WGEA's mandate is to shift the dial on gender equality in Australian workplaces, and we were very proud to partner with WGEA and UTS Business School to deliver a series of 'Design Thinking' events to encourage innovation in gender inclusion and bring fresh perspectives to a long debated complex issue. Outputs from the series will inform WGEA's education curriculum and advisory services. Sponsorship of this series supports our contribution to thought leadership with regard to gender equality and builds our brand in the market to attract female talent.

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Continue to expand the diversity mix of our workforce to be more reflective of the communities in which we operate** | Ongoing | We continue to enhance the cultural diversity of our workforce, with strategic focus on our residential sales teams and our retail assets |
| **Increase the percentage of women in management roles, towards our target of 45 per cent by 2017** | Achieved | We exceeded our FY17 target with 45.4% of managerial roles held by women at the end of FY14 |
| **Further embed a culture of inclusion and flexible work practices** | Ongoing | We continue to promote flexible work arrangements to enhance workplace diversity and inclusion. |

**FY15 Priorities**

- Enhance the cultural and disability diversity of our workforce
- Increase the percentage of women in management roles towards our new target of 50%% by 2020
- Deliver training in diversity and inclusion to further embed an inclusive culture

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and  risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Health and Safety

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Health and Safety

Our people are our greatest asset and their safety and wellbeing are of paramount importance. Stockland is committed to providing a safe and healthy workplace for everyone who works with us or attends our workplace.

Our aim is to promote a culture in which health, safety and welfare are core considerations in all that we do, fostering the continuous improvement of our safety performance over time. Achieving this requires commitment to, and accountability for, health, safety and welfare outcomes across all levels of the business, and by our business partners.

In addition to workplace health and safety, we also place a great focus on employee health and wellbeing. Stress and anxiety significantly impact job performance, employee satisfaction, and retention, ultimately affecting organisational goals and objectives.

## 3. Management Approach

### Employee Health and Wellbeing

We provide various health services to our employees, including annual optional flu vaccinations for all employees and a comprehensive annual executive health assessment for all General Managers and Executive Committee members. Corporate affiliations provide additional health benefits including comprehensive health insurance, fitness programs and gym discounts, and optical services.

We also strongly encourage flexible working arrangements, and promote this during employee induction and new manager training. The Stockland Flexible Working Policy outlines the range of flexible work options available, including:

- Flexible starting and finishing times
- Part-time working
- Job-share
- Working from home
- Extended leave without pay
- Personal carers leave
- Option to purchase an additional two weeks leave (PAL or Purchased Additional Leave)

Employees are provided with updates throughout the year with tips on managing stress and information about stress management programs. We offer a variety of initiatives to reduce stress and foster employee health and wellbeing both at home and at work, including:

- **Work|Life links** - an independent national telephone information and resource service that assists employees to balance work/life commitments by providing information and support regarding any type of dependent care, health and lifestyle service.
- **Employee Assistance Program** ('EAP') - a free, confidential, independent, and professional counselling service available to all our employees and their immediate family members to support wellbeing, by addressing and resolving work or personal issues.

### Workplace Health and Safety (WHS)

Stockland's health and safety management system is designed and structured based on ASNZ4801. A multi layered approach to managing WHS and Operational Risk has been developed and implemented across all business units in both operational and development undertakings. This multi layered approach is a network of periodic internal and external audits, workplace inspections, incident investigations, insurer property and general liability risk audits, and numerous other compliance and risk management initiatives. This approach also extends to our contractors and service providers including tenants, residents and members of the public.

# Health and Safety

Our integrated Operational Risk Strategy ensures key operational risks and opportunities are proactively managed. The Operational Risk strategic plan incorporates health and safety with a key focus on system implementation and risk capability/culture. The plan is based on three key performance areas: engaging and empowering risk capability; building risk resilience; and embedding risk management systems. (See Governance and Risk DMA for more information). The frameworks and principles which underpin the three key performance areas are aligned with ISO 31000:2009

## Contractor Safety and Performance

As our construction activities are conducted by our contractors, we also require principal contractors on all our major projects (e.g. shopping centre redevelopments) to have an accredited safety system. This is verified in the tender review process.

We engage our supply chain on health and safety matters in key areas including the direct and indirect procurement process, development and implementation of project-level Safety Management Systems, project inductions, risk reviews and WHS performance monitoring. Through these processes, Stockland communicates WHS expectations clearly and works with our supply chain to monitor performance and manage health and safety risks.

A critical step in our Contractor Management process has been the introduction of Cm3, an online prequalification system for all directly engaged contractors conducting physical work onsite. Cm3 significantly assists Stockland to mitigate risk and ensure contractor WHS performance.

## Roles and responsibilities

Stockland's Chief Operating Officer assumes responsibility for Health and Safety at an executive level, and oversees the work of both the Human Resources and Operational Risk teams.

Human Resources manages our employee health and wellbeing activities, while Operational Risk oversees the active management of all classes of operational risk including the development, implementation and monitoring of Work Health and Safety for our employees and contractors.

## 4. Review and Evaluation

Our externally administered employee survey called 'Our Voice' is completed by our employees on an annual basis. The survey is confidential and administered by Towers Watson. The results from the Our Voice survey relating to employee perceptions of health and safety are reviewed and analysed by Human Resources with feedback provided to the business. Action plans are subsequently developed to implement improvement strategies.

With regard to workplace health and safety (WHS) specifically, a national Operational Risk audit program that incorporates WHS has been developed to ascertain the level of compliance with Operational Risk procedures. Progress against audit actions items is monitored and tracked regularly by the Operational Risk team. Phase 2 of the national compliance program includes a site self-assessment tool for all operational assets.

To analyse employee wellbeing, Human Resources draws on a number of data sources. These include usage rates of the EAP (generally less than 5%), carers/personal leave rates (although we do not differentiate between sick leave for individual employees compared to carers leave for looking after children), scores and comments in the Our Voice survey, particularly the Wellbeing Index, and anecdotal feedback from HR Managers, managers and employees.

# Health and Safety

## 5. FY14 Update

### Workplace Health and Safety

#### Health and Safety Metrics

|  | FY14 | FY13 | FY12 | FY11 | FY10 |
|---|---|---|---|---|---|
| **Total average workforce[1]** | 1695 | 1,736 | 1,384 | 1,330 | 1,243 |
| **Total hours worked (million)** | 2.97 | 3.03 | 2.42 | 2.32 | 2.17 |
| **Independent contractors*** | - | - | - | - | - |
| **Number of lost time injuries** | 18 | 17 | 18 | 5 | 13 |
| **Lost time injury (LTI) frequency rate**** | 6.1 | 5.6 | 7.4 | 2.2 | 6 |
| **Number of injuries requiring medical treatment**** | 14 | 11 | 13 | 8 | 12 |
| **Medical treatment injury (MTI)  frequency rate**** | 4.7 | 3.6 | 5.4 | 3.7 | 5.5 |
| **Frequency rate (LTI and MTI) ****** | 10.7 | 9.2 | 12.8 | 5.9 | 11.5 |
| **Occupational diseases instances** | 0 | 0 | 0 | 0 | 0 |
| **Fatalities** | **0** | **0** | **0** | **0** | **0** |
| **Lost days (total for the recorded lost time injuries)** | 817 | 417 | 2573 | 70 | 87 |
| **Average lost day rate (Severity rate)****** | 45.3 | 24.5 | 14.3[4] | 14 | 6.6 |

\* contractors working on-site to whom Stockland is liable for the general safety of the working environment
\*\* the number of injuries per million person hours worked[2]
\*\*\* not including lost time injuries
\*\*\*\* not including injuries requiring first aid treatment only
\*\*\*\*\* average number of days lost per lost time injury

(1) Total average workforce uses monthly employee totals rather than end of financial year figure used in Our People metrics. The total average workforce was updated in FY13 to include Aevum Payroll employees.
(2) Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.
(3) FY12 metric has been updated to include additional lost days incurred in FY13 for lost time injuries reported in FY12.
(4) Severity rate for FY12 has been updated to include additional lost days incurred in FY13 for lost time injuries reported in FY12.

### Average lost day rate
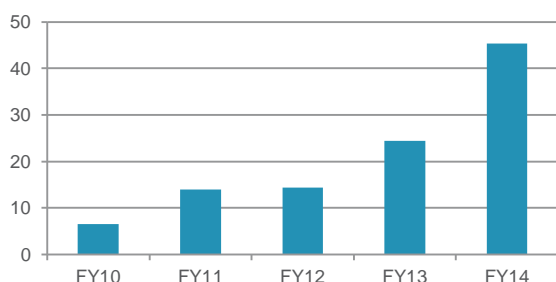


### Lost Time Injury Frequency Rate
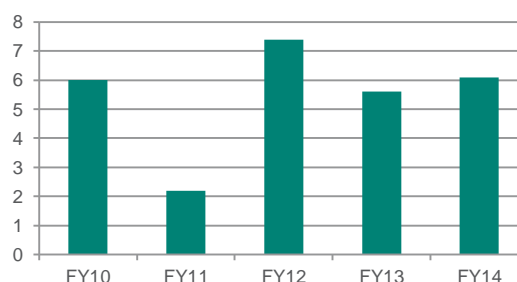


We had a total of 18 lost time injuries (LTI's) in FY14. The total number of lost days (817) and associated severity rate (45.3) has increased significantly since FY13. This increase is largely attributed to four specific LTI's which have collectively incurred 689 lost days in FY14. Remedial activities have been implemented progressively throughout the year including refresher training in workers compensation and injury management, manual handling training, an increased focus on incident reporting and the engagement of injury management specialists to assist in the management of work related injuries (including stress).

Of the 817 lost days incurred in FY14, 88% (or 721 lost days) are attributed directly to the Aged Care business. A strategic review of Aged Care was undertaken in FY14 resulting in the selection of Opal Aged Care to own and operate Stockland's Aged Care portfolio. This divestment should considerably reduce our lost days and severity rate in FY15.

### Breakdown of lost days



- Aged Care
- Other

# Health and Safety

**Breakdown by gender and region**

| | Men | Women | | NSW | Act | Qld | Vic | WA |
|---|---|---|---|---|---|---|---|---|
| **FY14** | | | | | | | | |
| **Number of lost time injuries** | 6 | 12 | | 9 | 1 | 3 | 4 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 299 | 518 | | 220 | 1 | 4 | 591* | 1 |
| **FY13** | | | | | | | | |
| **Number of lost time injuries** | 9 | 8 | | 4 | 0 | 4 | 8 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 289 | 128 | | 44 | 0 | 99 | 272 | 2 |
| **FY12** | | | | | | | | |
| **Number of lost time injuries** | 6 | 12 | | 10 | 1 | 0 | 7 | 0 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 156** | 101** | | 220** | 2 | 0 | 35 | 0 |
| **FY11** | | | | | | | | |
| **Number of lost time injuries** | 5 | 0 | | 2 | 0 | 1 | 1 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 70 | 0 | | 50 | 0 | 17 | 1 | 2 |

\* FY14 metrics include 558 lost days related to three long standing lost time injuries reported in FY13 but continued to lose time in FY14. Two of the employees have ceased Stockland employment.

A national procedure for Workers Compensation and Injury Management was developed and implemented in FY14 to facilitate effective management of claims and injuries in line with state-specific regulatory requirements. The procedure incorporates the outsourcing of injury management to specialists who assist in the management of work related injuries including stress and the return to work processes. Training in the national procedure has been delivered to key stakeholders via an online training module.

Over the past 2 years there has been an increasing trend of manual handling and musculoskeletal related injuries. Manual handling and Hazard Identification training will be provided by Recovery Partners to employees with a greater exposure to manual handling related activities and high risk work.

**Case Study:** Stockland Safety Superhero campaign launches in Victoria

In FY14, the Victorian team launched a Stockland Safety Superheros campaign placing safety and accountability at the top of the agenda. The main purpose of the campaign is to improve general awareness of safety within the workplace, be it on our development sites or in our offices and assets.

Part of making Stockland a great place to work includes ensuring we maintain a safe environment for everyone. Workplace risks that are not deemed high risk can often be overlooked, so the campaign aimed to make employees more proactive and vigilant. Besides existing safety measures such as regular dialogue with project teams, contractor audits and presentations at monthly business breakfasts, this campaign seeks to take things one step further and create a cultural change that can really be felt.

After testing a few concepts with the Victoria team, the Stockland Safety Superhero campaign was born. The campaign focuses on embedding safety behaviours across all business activities, including how we interact with key suppliers and stakeholders. As a business, we remain vigilant and focused on reinforcing a culture of safety in everything we do, but we always do more, and this campaign is about encouraging personal accountability.

As a constant reminder, the Victoria team received a new mouse pad featuring the Superhero, and a message of the month is published and displayed on posters around the office. By refreshing our safety message every month, we will keep safety top of mind. Being more aware should also translate into employees 'walking the talk' resulting in a reduced number of incidents and issues in our workplaces.

The campaign is intended to be implemented nationally through FY15

# Health and Safety

Our FY14 annual employee engagement survey delivered positive WHS feedback results this year:

- 98% believe their area is a safe place to work (10 points higher than national norm)
- 95% believe Stockland does a good job of ensuring workers' health and safety wherever we operate (5 points higher than national norm, 2% improvement from last year's result)
- 97% aware of responsibilities to ensure that all areas under their control are a safe place to work.

These results have all improved in comparison to last year's scores, demonstrating continual improvement.

An online ergonomic assessment and training tool (ErgoAssess) was launched in FY14 which assists our employees to better manage their workstation setup, providing a safer work environment. Implementation of ErgoAssess also demonstrates best practice safety for office based employees and demonstrates compliance with WHS harmonisation laws.

## Contractor Safety and Performance

A gap analysis was undertaken in FY13 to review compliance with our Contractor Management procedures across the businesses. This review included verification of the existing procedures to ensure these critical processes are embedded consistently across the business. Action items identified in the report were addressed in FY14. A number of additional contractor management tools and guidelines have been developed to manage this key risk area including a Contractor Non-Conformance Procedure and refresher training in Contractor Management procedures.

In FY14, Cm3 was linked to the Stockland procurement processes which mandate Cm3 pre-qualification for contractors in scope and does not allow purchase orders to be raised unless compliance is demonstrated. Cm3 has been implemented across the Residential and Commercial Property business and is currently being rolled out to Retirement Living.

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**Case Study:** Accountability: The Calleya team puts safety first

At Calleya, our newest residential development in Western Australia, Accountability has taken centre stage to bring in safety measures to ensure everyone onsite is aware and accountable for their behaviour/actions. The Calleya team partnered with the Georgiou Group (a tier 1 civil contractor) in FY14 on a program called 'Safety is My Way' to ensure that best practice safety is followed on site.

As part of the Georgiou safety culture, individual team members are encouraged to promote safety such as identifying hazards during normal daily activities. Safety is discussed at each pre-start morning meeting and weekly toolbox meetings are held to discuss specific safety topics in detail. The initiative aims to constantly raise awareness of the many policies and procedures in place on the project to ensure safety.

Every month, Georgiou assesses the nominations for the Safety is My Way program and determines which members of the team have exhibited exemplary behaviour as safety champions. A representative from the Stockland Calleya team presents the awards. In addition to the awards, we also donate vouchers to support the initiative which can be used in any retail outlet located at Stockland Bull Creek.

The initiative has had a positive impact on the entire Calleya team and we really appreciate Georgiou Group's proactive drive to make our workplace a safe place to work. It's great to see our value of Accountability reinforced every day through this program and our focus on safety as a core value.

"We are delighted to be partnering with another contractor that has safety as a core value. By embracing a safety culture we are not only being more efficient by reducing time lost from injuries, but we are also making a positive impact on the industry in which we operate and on the wider community."
- Senior Project Manager, Calleya

"We all have a responsibility to build a safe and healthy workplace and we're all responsible for safety in our day-to-day activities. It's fantastic having a formal program in place, which recognises members of our team who go that extra mile and models safe behaviour at work." – National Project Manager

# Health and Safety

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | |
|---|---|---|
| **Employees** | | |
| **Implementation of Health and Wellbeing strategy** | Not Achieved | This has not yet been implemented |
| **Contractors** | | |
| **Develop an audit process to ensure ongoing management and verification of Cm3 compliance.** | Achieved | An automated link between JDE and Cm3 has been established with reports developed in JDE to verify compliance with Cm3 |
| **Deliver the Cm3 implementation strategy for Retirement Living operations and link to the procurement process** | Achieved | We are currently in the second phase of three of the Cm3 roll out to Retirement Living, and will complete implementation in FY15. |
| **Streamline our online contractor induction process to improve efficiency and interface.** | Ongoing | We reviewed our online induction process and will implement new online induction in FY15 |
| **Deliver the contractor module (IRIS) which includes facilities for contractors to report incidents and monthly reporting and will automatically track our contractor WHS performance.** | Ongoing | The specifications and requirements have been completed and signed off for the contractor module and development is expected to commence in FY15 pending budget approval. |

**FY15 Priorities**

**Employees**
- Implementation of Health and Wellbeing strategy
- Achieve target LTIFR of 5.2

**Contractors**
- Develop a Contractor Portal to facilitate contractor WHS pre-qualification, induction and incident reporting.

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Human Rights

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Human Rights

In accordance with the UN 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 in the eight fundamental Conventions of the International Labour Organisation[1].

We operate wholly within Australia, a country with a long history of democratic government, judicial independence and high standards of governance, with legislative regimes relating to human rights including labour standards, privacy and non-discrimination.

Our human rights policies and procedures appropriately reflect our commitment to not only respect but also promote human rights in our business activities and stakeholder relationships. We do not tolerate behaviour that is in breach of the law or our corporate policies.

## 3. Management Approach

Stockland respects and promotes human rights through our corporate policies, programs and initiatives, project and asset guidelines and toolkits, and broader governance and stakeholder management methods.

Corporate policies that reflect and support our commitment to respecting and promoting human rights include:

- Human Rights Policy
- Code of Conduct and Ethical Behaviour
- Anti-Discrimination and Harassment Policy
- Fraud and Corruption Policy
- Conflicts of Interest Policy
- Whistleblowing Policy
- Diversity and Inclusion Policy
- Health and Safety Policy
- Procure to Pay Policy
- Government and Stakeholder Engagement Policy
- Sustainability Policy
- Privacy Policy
- Reconciliation Action Plan

These policies promote and respect fundamental rights such as:

- Right to equality
- Freedom from discrimination
- Right to a safe work environment
- Right to family life
- Right to rest and leisure
- Right to fair remuneration
- Freedom of association
- Right to collective bargaining
- Right to social security
- Right to political participation
- Right to privacy
- Freedom of thought, conscience and religion
- Rights of indigenous peoples

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[1] These conventions address freedom of association, collective bargaining, forced labour, minimum age, worst forms of child labour, equal remuneration and discrimination (employment and occupation).

We also focus on proactively promoting human rights through our business activities and other initiatives, including (for example):

| Right to own property | Providing affordable house and land packages |
|---|---|
| **Right to work (and rights of the child)** | Offering a range of employment support activities for school students living in and around our communities (See Community Investment DMA) |
| **Right to family life** | Providing flexible working conditions for our staff (See Diversity and Inclusion DMA) |
| **Right to an adequate standard of living** | Focusing on housing and product quality and affordability (see Customer Engagement DMA) |
| **Right to education** | Supporting and delivering lifelong learning opportunities (See Community Development DMA and Human Capital Development DMA) |
| **Right to physical and mental health** | Supporting and delivering programs to promote health and wellbeing (See Community Development DMA and Health and Safety DMA) |
| **Right to participate in cultural life of the community** | Supporting and delivering community programs which enhance sense of belonging and vitality. (See Community Development DMA) |

The following systems and procedures are used to actively identify, assess and implement responses to human rights related issues across our business.

## Due diligence process

We have various due diligence processes that need to be undertaken at different stages of the project lifecycle, and relating to specific business activities. These incorporate the consideration of specific human rights in the assessment process and enable us to identify, prevent and mitigate potential human rights impacts.

- **Stakeholder relations -** Regular assessments of human rights related risks or impacts relating to employees, customers or communities are conducted via annual surveys
- **Project development -** Due Diligence Reports prepared for project development require the identification of risks and opportunities, including evaluation of likelihood and degree of impact, relating to various key human rights related aspects including infrastructure and servicing; contamination; sustainability; stakeholder; archaeological; heritage; aboriginal and cultural.
- **Assets / Projects -** Assessments of human rights related risks and opportunities relating specifically to community development objectives and outcomes at project/asset level are conducted annually in accordance with the sustainability policy and with reference to community development and environment toolkits.
- **Operations -** We conduct regular assessments of human rights related risks and impacts relating to our operations, particularly the Health, Safety and Security of our employees and customers, supported by regular management and site-based audits and reviews.
- **Supply Chain -** our suppliers are prequalified against predetermined human rights related criteria which they must meet in order to be eligible for consideration in the procurement process. Issues or non-conformances are dealt with if/as they arise, with correctional plans implemented and administered to address them.
- **Investments -** As signatories of the UN Principles of Responsible Investment, we incorporate human rights-related issues into stakeholder investment analysis and decision-making processes as well as into our ownership policies and practices.

## Grievance mechanisms

- **Grievance Procedure -** If an employee has a concern regarding his/her employment, and is unable to resolve the concern in an informal way, the employee has the option of raising that matter through our Grievance Procedure.
- **Whistleblowing Policy -** A Whistleblowing channel is available for reporting any improper conduct. This channel can be used if the normal business channels are not appropriate or if the employee wishes to report the improper conduct anonymously
- **Dispute Resolution Policy -** This policy ensures that investor grievances are dealt with in the most appropriate manner, and that senior management are informed  so that processes can be improved and risks contained.
- **Customer Complaints Handling Procedures -** This procedure outlines how customer and community complaints received by Stockland employees or contractors are to be identified, addressed, remediated and reported. We rely on strong complaints handling processes to strengthen customer satisfaction, dispel risks, and identify opportunities to improve the quality of our processes and services.
- **Privacy Complaints Procedure -** Any member of the community may raise a concern over the way their information has been handled through our Privacy Officer. This procedure is outlined in our Privacy Policy available on our website.

# Human Rights

## Roles and Responsibilities

Stockland's Chief Operating Officer (COO) assumes responsibility for human rights at group level. This responsibility is shared by the Executive Team, including the Managing Director and CEOs, who assume responsibility for respecting and promoting human rights within their teams, business units, and activities.

The National Manager Sustainability is responsible for ensuring the effective implementation and evaluation of the community development initiatives which promote human rights of our customers and communities and reports directly to the COO.

The General Manager Human Resources is responsible for ensuring the effective implementation and evaluation of policies and programs to promote labour-related human rights within our direct workforce, and reports directly to the COO.

The General Manager Project Management and Direct Procurement is responsible for ensuring the effective monitoring and evaluation of human rights related issues across our supply chain and for encouraging the responsible practices of our contractors and their respect for human rights.

The General Manager Operations and Process Improvement is responsible for developing and maintaining an effective framework for encouraging respect for human rights and responsible practices in our indirect supply chain.

Respect for human rights is considered the responsibility of all employees and is driven by policies, procedures, practical toolkits, and shared best practices.

## 4. Review and Evaluation

As we have only just formalised our Human Rights Policy and approach, there will be ongoing review and evaluation over the coming six to twelve months to ensure that we have successfully implemented the policy and that associated procedures are effectively respected in accordance with our overarching commitment to respect and promote human rights.

We will review and evaluate our approach via honest and open engagement with our stakeholders, and through targeted surveys which enable us to track how we are performing against key human rights related criteria. These surveys are invaluable as they enable us to assess stakeholder perceptions of our performance. We appreciate that human rights is about individuals, and acknowledge that their perceptions are equally as important as any objective and/or quantitative data relating to our performance against particular indicators or criteria.

Current measures for evaluating our human rights performance include:

- Incidents of non-compliance with the Human Rights Policy and associated policies during the reporting period
- Nature of the key human rights risks and impacts identified in the reporting period and measures taken to prevent, mitigate or remediate.
- Number of stakeholder grievances relating to human rights raised and percentage remediated during the reporting period through formal grievance mechanisms.

We will continue to develop and refine our approach over the coming years.

## 5. FY14 Update

In FY14 we developed a formal Human Rights Policy to highlight and communicate the policies, processes and procedures in place across the business which ensure our commitment to respecting and promoting human rights in our activities and stakeholder relationships.

Given the diverse nature of our business and operations, we are unable to provide a percentage or total number of operations that have been subject to human rights reviews and/or impact assessments in FY14. However, in addition to our standard due diligence processes which are undertaken at different stages of the project lifecycle, and/or relate to specific business activities, in FY14 we also undertook several human rights related reviews across the business. Some of these are covered below, with more information available in our People, Communities, Customers and Supply Chain DMAs.

**Code of Conduct**

There were five substantiated breaches of our Code of Conduct in FY14 and all were issued formal warnings. There were no terminations.

**Corruption**

In FY14 the Federal Government announced the establishment of a Royal Commission into Trade Union Governance and Corruption with a particular focus on the practices in the construction industry. To further support our due diligence in this area, Stockland engaged directly with its critical suppliers to gain confirmation of the processes they have in place to manage and notify allegations of corrupt activities and to re-confirm that they comply with the requirements of the Federal Building Code 2013.

In FY15 we will review and refresh of our Fraud and Corruption policy to address recent developments in our operating environment and also clearly state our position and approach to dealing with associated risks and issues both in our own activities, and in our relationships with key business partners.

**Indigenous Rights**

In FY14 we formally demonstrated our commitment to Indigenous Rights, with the launch of our Reconciliation Action Plan (RAP). Our Reconciliation Action Plan reflects our responsibility to respect the rights of Indigenous peoples, and serves to ensure we embrace the varied and rich cultures of Aboriginal and Torres Strait Islander peoples and communities. It sets out a series of business-wide and department-specific actions and commitments to build relationships and respect for Australia's First Peoples and to promote learning and sharing of knowledge and opportunities to work  with the world's oldest continuous living culture.

The RAP outlines our commitments in relation to ensuring all our employees are able to increase their awareness and understanding of Aboriginal and Torres Strait Islander cultures, to strengthening our relationships with Indigenous communities, businesses and organisations, to acknowledging and promoting respect for Aboriginal and Torres Strait Islander cultures at significant sites and investigating opportunities to increase Aboriginal and Torres Strait Islander employment.

In FY15 we will complete the RAP Impact Measurement Report Questionnaire and submit our RAP progress report to Reconciliation Australia.

There were no incidents of violations involving rights of indigenous people in FY14.

**Case Study:** Celebrating the launch of our Reconciliation Action Plan during National Reconciliation Week

In FY14, we officially launched our first Reconciliation Action Plan (RAP). Our RAP outlines a set of organisation-wide actions to enable us to better embrace and celebrate a vision of a nation which values Aboriginal and Torres Strait Islander peoples' heritage as the original custodians of Australia.

The RAP was developed over two years by Stockland's RAP Working Group comprised of individuals from across all levels of management, in consultation with Aboriginal organisations such as Jumbana designs and Reconciliation Australia. It outlines our key commitments across a number of areas including employment, procurement, cultural awareness, recognition and understanding. Each area is aligned to specific actions, responsibilities, timelines and targets and assigned to the relevant Stockland business unit owners.

During Reconciliation Week 2014, our Executive Committee, RAP Action Group, Indigenous business partners and representatives came together at the Hilton Hotel to celebrate this important representation of our commitment to Reconciliation. With key addresses from our Managing Director Mark Steinert, our Chief Operating Officer Michael Rosmarin and Karen Mundine, General Manager, Communications & Engagement at Reconciliation Australia, we proudly celebrated this important first step in our journey towards creating meaningful change in the lives of Australia's first peoples.

The launch began with a traditional Welcome to Country, delivered by traditional owner and custodian Michael West. Michael addressed the audience with a discussion of the importance of sharing personal stories and experiences with Indigenous and non-Indigenous people on the journey towards Reconciliation, whilst inviting members of the audience to read out messages of Reconciliation from a traditional message stick created by Michael and Aboriginal artist Graham Toomey.

Michael and Graham also helped us in creating our very own Reconciliation Artwork as a symbol of our commitment to Reconciliation. Our Executive Committee were the first to add their thumb prints to the canvas to give a 'thumbs up' for Reconciliation. The painting, which combines the messages of Reconciliation with our values of Care, Accountability, Respect and Excellence will be finished by all Stockland employees adding their thumbprints to the painting.

In line with one of our RAP commitments to provide opportunities for employees to build relationships through a celebration of National Reconciliation Week, each Stockland Employee Roadshow began with a traditional Welcome to Country, including local Indigenous song and dance performances.

At Stockland Merrylands, students from Merrylands High School Aboriginal Dance Group and Hilltop Road Public School performed a traditional Gamilaroi Welcome dance, celebrating an important part of traditional Aboriginal culture with the Merrylands community. An art exhibition of decorated 'sorry' plates in different languages by students from Hilltop Rd Public School and Auburn Community Development Network (ACDN) was also displayed. Shoppers at Stockland Nowra were captivated as sixteen Aboriginal dancers from Nowra East Public School and Doonooch Dancers in traditional dress performed a song and dance through the mall using a traditional didgeridoo and clapping-sticks, as shoppers stopped to

clap along and listen to the music reverberating through the centre.

Aboriginal community leader Gerry Moore congratulated Stockland Nowra for their role in organising the Reconciliation Week performance. "Stockland approached us as a way of strengthening the relationship between Aboriginal and non-Aboriginal people," Mr. Moore said. Representatives from Habitat Personnel and Nowra Youth Services were on hand to speak with people about what they could offer in the community. Mr. Moore praised the Nowra community for embracing Aboriginal people. "It's a great sign when one of the biggest employers in this town invites our mob to be showcased here," he said.

We will continue to engage with our local Indigenous business partners and community groups in delivering on our RAP commitments into FY15

### Privacy

In FY14 we updated our Privacy Policy, which sets out how Stockland collects, uses, discloses and manages personal information, and hence protects the privacy of our customers, and implemented a range of procedural changes and controls to secure our customers' personal information.  The policy also outlines the process by which complaints regarding breaches of privacy are to be made, processed and remedied. For more information on this, refer to our Customer Safety and Security DMA.

We had two complaints regarding customer privacy early in FY14, both relating to salespeople who had left the company and retained customer information. The issue was promptly addressed in both cases, with confirmation that the salespeople involved had subsequently deleted all Stockland customer data.

### Collective Bargaining

We support the right to exercise freedom of association and collective bargaining and have not identified any operations or suppliers in which these rights are at risk.

In FY14, 23.5% of our employees were covered by collective bargaining agreements, including employees in the Aged Care business, all of which were on the enterprise bargaining agreement.

Consultation requirements regarding notice periods for significant operational changes are set by modern awards which apply to certain staff. While the collective bargaining agreements do not specify a minimum timeframe, they do state that notice of change must be given as early as practicable.

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

With the sale of the Aged Care business in July 2014, the percentage of our employees covered by collective bargaining agreements will fall to approximately 8% in FY15.

### Discrimination

We had no incidents of discrimination in FY14. In addition to our internal anti-discrimination and harassment initiatives (see Diversity and Inclusion DMA), all our security contractors are required to undertake tailored online training modules in non-discrimination and security practices as part of their formal induction.

### Supply Chain

In FY14, all of our development contractors were prequalified against predetermined human rights related criteria. This criteria must be met in order to be eligible for consideration in the procurement process (see Supply Chain Management DMA)

We conducted additional reviews of our key development contractors with regard to corruption (see Corruption section above) and also of our potential security and cleaning contractors regarding labour conditions as part of our new contract tender and procurement process. More information on these and other initiatives undertaken in FY14 can be found in our Supply Chain Management DMA.

### Grievances

In FY14, we had less than five grievances raised through our Employee Grievance Procedure and three issues raised through the whistleblowing channel, all of which resolved within the reporting period. There were no human rights related grievances raised through our Dispute Resolution mechanism or through our Customer Complaints handing procedure. There were two grievances raised regarding privacy (as documented in Privacy section above) both of which were resolved.

# Human Rights

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance |
| --- | --- |
|  |  |

**FY15 Priorities**

- Zero incidents of non-compliance with the human rights policy and associated policies in FY15
- Effective remediation of all human rights grievances raised via formal grievance mechanisms
- Further enhance our understanding of the human rights risks and impacts along our value chain.

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and  risk |
| | 2. | Stakeholder engagement |
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| | 7. | Biodiversity |
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| | 17. | Community connectivity |
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| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Community Investment

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Community Investment

Community Investment at Stockland refers to our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through supported employee engagement. The Community Investment programs and initiatives in place at Stockland are designed to enhance our involvement with, and contribution to, the communities in which we operate and society more broadly. Our Community Investment program is based on two key program areas: Giving and Volunteering.

Formerly known as Giving and Volunteering/Community Involvement, our Community Investment program was designed by employees for employees. The program empowers our employees to support the communities in which we operate, as well as enabling employees to support those charities and causes they have a personal passion for.

Research has shown employees who participate in workplace giving and volunteering initiatives are more likely to be engaged at work, with flow on productivity impacts. As such, we view our Giving and Volunteering program as both an employee benefit and a key driver of employee engagement.

By offering aligned and skilled volunteering opportunities, increasingly in conjunction with our existing Community Development programs, our employees have the opportunity to exercise existing skill sets, learn new skills, visit our assets and interact with customers and residents, all while contributing to the communities in which we operate.

## 3. Management Approach

Community Investment at Stockland refers to our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through supported employee engagement.

Our Community Investment program is strategically aligned with our three Community Development focus areas: Health and Wellbeing, Lifelong Learning and Prosperity and Sense of Belonging and Vitality (see Community Development DMA). This approach contributes to strengthening our relationships with existing community development partners and maximizes the value of the initiatives delivered for society, for our employees and for the business.

Our approach is to deliver a balanced mix of philanthropic, corporate social responsibility and shared value community programs and initiatives that are scalable and replicable across asset classes.

Our Community Investment program has traditionally supported two core program areas: Giving and Volunteering.

### Giving

**Workplace Giving** allows employees to donate to a charity of their choice from their pre-tax income. Stockland then matches each contribution dollar for dollar, up to a maximum of $5,000 per employee. Stockland absorbs the administrative costs of the program so it does not cost the charity to participate. This allows charities to direct their funds to where they are most needed and also gives them a consistent and reliable source of income. Significantly, 100% of the donation is directed towards the charity

**Corporate Donations** are made in response to specific events and societal needs, with Stockland donating to various charities and not-for profit organisations throughout the year. This may be in response to natural disasters or to support an employee who is meaningfully involved in a charity/community group.

### Volunteering

Stockland's Volunteering program provides our employees with the opportunity to volunteer in activities in our communities that are valued and that have a clear and positive impact. There are three key areas in which employees can volunteer their time and increasingly their skills:

- **Team Volunteering** activities are tailored to the needs of our communities and local charity groups at any given time. Team volunteering can not only  provide much needed support to our local communities, it also serves as a powerful team building exercise, and gives all our employees a chance to connect with our customers and communities. We encourage all our employees to participate in at least one team volunteering day each year.

# Community Investment

To ensure the relevance and effectiveness of our team volunteering activities, we partner with community groups around our projects and assets to address key social issues specific to that community and to actively promote Health and Wellbeing, Lifelong Learning and Prosperity, and Sense of Belonging and Vitality in alignment with our Community Development focus areas.

- **Student mentoring** provides a way for individual employees to volunteer their time and skills as part of a convenient, facilitated program. We provide opportunities for our employees to mentor both Primary and High School aged students through our partnership with the Australian Business and Community Network (ABCN). This partnership of national business leaders helps to coordinate mentoring and coaching programs for students from disadvantaged schools.

  Current mentoring programs have been tailored to address the issues as identified by the ABCN and our local communities. The core focus areas are disadvantaged youth and creating pathways to employment through training and development.

- **Personal Volunteering** is also supported at Stockland, with all employees encouraged to take up to two days Personal Volunteering leave per year, in addition to their Team Volunteering activities. Volunteers can choose the charity of their choice or receive guidance from the Giving and Volunteering Team.

## Roles and Responsibilities

Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for Community Investment and reports directly to the Managing Director. Our Community Investment approach, targets and performance tracking are overseen by our Board Sustainability Committee.

Stockland's National Sustainability Manager, supported by the Community Investment Coordinator and National Community Development Manager, has responsibility for ensuring the effective implementation and evaluation of Stockland's Community Investment approach, and is supported by a team of sustainability and community specialists. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of Community Investment outcomes. Stockland Managers are responsible for ensuring that Community investment is considered and implemented by teams.

## 4. Review and Evaluation

Stockland continues to use the London Benchmarking Group (LBG) to measure and benchmark our community investment. LBG captures all of the data relating to our community investments and also allows us to put a dollar figure on our time, monetary support and in-kind donations to charities and community groups.

We work with our employees across our Commercial Property, Residential and Retirement Living businesses to gather data relating to our community investment and development activities. We collate and analyse this data to inform any modifications to our approach and also to communicate the outcomes of our activities to our stakeholders.

We also undertake reviews of programs, partners and participation rates to measure and report the effectiveness of our approach.

## 5. FY14 Update

In FY14, Stockland invested over $2.2 million in our local communities and in support of selected charities. The total value of our community investment includes our financial and time contributions through both our Community Investment and Community Development initiatives.[1]

| Community Development * | | |
|---|---|---|
| Asset and Project based initiatives | | $1,317,342 |
| National Partnerships | | $297,835 |
| Community Grants | | $95,880 |
| | Total | $1,711,057 |
| **Community Investment** | | |
| Workplace Giving | | $128,756 |
| Corporate Donations | | $82,683 |
| Volunteering** | | $263,210 |
| | Total | $474,649 |
| **Total Value of Community Investment** | | **$2,185,706** |

\* All figures in this table still subject to LBG verification

\*\* Calculated based on LBG standard values

For more information on our Community Development initiatives, refer to our Community Development DMA

### Total Community Investment Spend



- Workplace Giving
- Corporate Donations
- Volunteering

1  For further information on our total community investment please refer to our Community Data

# Community Investment

## Community Investment Strategy

Throughout FY14, our Community Investment program has continued to seek stronger alignment with our three key strategic Community Development focus areas (Health and Wellbeing, Lifelong Learning and Prosperity, and Sense of Belonging and Vitality) in a bid to drive greater value for our communities, our employees and for the business.

During FY14 we have sought to further tighten our Community Investment Strategy by identifying a single focus area (from within our Community Development focus areas) in which to direct our support and galvanize the energy of our employees. This process has included gathering knowledge and data around a number of important areas:

- What are the crucial areas of need within our communities?
- Which of these areas are lacking funding/support?
- Which of these areas make the most business sense for Stockland?

A strategic single focus will allow Stockland to align activity, increase impact and maximise cut through. Consolidation to one or two key national partnerships will also create long-term volunteering opportunities. This process is nearing completion and we look forward to investing in a significant partnership in FY15.

### Giving

#### Workplace Giving

In FY14 Stockland employees donated $64,378 to a total of 116 Individual charities via our Workplace Giving program. Stockland matched the donations so a total of $128,756 was donated.

In FY14 a total of 21% of employees participated in our Workplace Giving Program, an increase from 13.6% employee participation in FY13. This compares favourably to the Australian average of 7-8% (Charities Aid Foundation)

#### Corporate Donations

Throughout FY14, Stockland has made a small number of corporate donations to specific charities and community groups. These donations have generally been made to support an employee who is involved in community work or may be undertaking fundraising for a charity.

For example, Stockland donated $5,000 to the Rural Fire Service (RFS), in thanks for their support in keeping communities safe during a fire alert in Sydney in 2013 as well as acknowledgement for an employee who is actively involved in the RFS as a volunteer. Stockland also donated $1,000 to a Special Needs School to support an employee whose child had been a student at the school. Lastly, Stockland donated $1,000 to support employees involved in the St Vincent de Paul CEO Sleepout.

In times of natural disaster Stockland supports the local community affected either through a monetary donation, provision of in-kind support or, where appropriate, volunteering our time to help repair the environmental landscape.

### Volunteering

Volunteering remained a key focus of our Community Investment program in FY14, with employees volunteering for numerous organizations throughout the year including schools, charities for the homeless, and environmental groups.

In FY14, 30% of employees participated in our volunteering program (either as part of a team volunteering day, by becoming a student mentor or by utilising their Personal Volunteering leave). This is an improvement on FY13 when 27% of employees volunteered their time.

#### Team Volunteering

In FY14, 13 Teams from across the business participated in a dedicated Team Volunteering Day. Through team volunteering 332 employees contributed 2634 hours to supporting the communities in which we operate. Support was provided to a number of charities and community groups including:

- **High schools / Primary schools** – six of our teams volunteered at a range of High Schools and Primary Schools in NSW and Victoria during FY14. Activities included general gardening duties such as weeding, planting native plants, establishing a herb garden and building outdoor furniture for the students to use. In Victorian, the entire team volunteered across three days to renovate and garden at three different Primary Schools located in disadvantaged communities.
- **The Salvation Army** - many of our employees also volunteered at the Salvation Army's Street Level Mission in Surry Hills which supports homeless and socially isolated people living in inner Sydney. Volunteers supported the Centre by preparing and serving the lunchtime meal for up to 80 people as well as helping out in the second hand store.
- **Elderly citizens** – some of our employees used their time volunteering to support elderly citizens in our community by weeding and pruning their gardens.

# Community Investment

**Student mentoring**

In FY14, 152 Stockland employees participated in a student mentoring program via our partnership with The ABCN. Programs Stockland has supported include:

- **Focus** is a female to female mentoring program that aims to support young women develop their leadership skills and aspire to senior roles in business and the community. Students work in small groups with senior female mentors who act as role models. Sessions include an introduction to leadership styles, realising strengths and creating a leadership picture.

- **Aspirations** is designed for high school students to broaden their awareness of career options and help them make informed decisions about their choices and pathways beyond school. Aspirations focuses on Year 11 as this is a critical stage for students in determining what type of further education they will pursue, or whether they will continue with school at all. It enables students to engage in the workplace and build an understanding of the types of skills that are required in a modern work environment. Working in small groups, the sessions include interview techniques, developing essential employability skills and exploring post-school options.

- **1:2:1** is a primary school numeracy and counting program designed for primary school children who require assistance with the development and understanding of basic mathematical skills. The students have limited opportunities to build on their numeracy outside of school and would benefit from one-to-one attention with a mentor to help build confidence and self-esteem.

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Refreshed Giving and Volunteering strategy will be rolled out in the business in FY14.** | Ongoing | We sought to tighten our Community Investment Strategy by identifying a single focus area in which to direct our support. |
| **By FY15, increase our volunteer participation rate to 50%** | Ongoing | In FY14, our volunteer participation rate increased to 30% from 27% in FY13 |
| **By FY15, increase our Workplace Giving participation rate to 20%** | Achieved | In FY14 we exceeded our target, achieving a Workplace Giving participation rate of 21% |

**FY15 Priorities**

- Complete community investment review and launch new strategy in FY15.
- Achieve volunteering rate of 65% by FY17
- Achieve Workplace Giving Rate of 25% by FY17
- Assess each partner against the CSI framework in FY15.

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Community Development

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Community Development

As one of Australia's largest diversified property groups, Stockland is well placed to have a positive and lasting impact on the communities in which we operate. We strongly believe there is "*a better way to live*" and strive to create sustainable and vibrant places to live, work and recreate that thrive now and into the future.

Our proprietary liveability research, industry studies and resident surveys across our Residential and Retirement Living businesses indicate that strong, thriving communities are an important consideration for people looking to invest in a home or residence. They also indicate that people living in stronger, healthier communities have greater life satisfaction and above average wellbeing.

Satisfied residents and customers are more likely to refer and recommend our communities, villages and retail centres and our research indicates that referred leads are more likely to convert to sales. Our focus on community development to create stronger, healthier communities therefore supports increased financial return for our business.

Our successful delivery of community development infrastructure and social initiatives is underpinned by engagement with key stakeholders ranging from community members, industry, all levels of government, corporate and social partners from concept through to project operation. This ensures that we deliver additional value for our shareholders, build respect and ownership of Stockland assets, and empower our communities to shape and influence their future.

## 3. Management Approach

Community development is a key priority in Stockland's Sustainability Strategy. While we are committed to meeting our regulatory requirements, our minimum standards for delivery of community development are informed by industry best practice. We believe going beyond regulation and good practice is critical if we are to deliver on our purpose of creating a better way to live and more desirable communities and assets for our customers and residents.

We leverage several tiers of management to successfully and consistently deliver on community development. The Stockland Sustainability Strategy identifies key quantitative and qualitative targets for the delivery of community development, which are then supported through minimum standards and guidance through the Sustainability Policy and Community Development Toolkits.

Our Sustainability Policy sets minimum performance requirements against key focus areas and we provide each business unit with a tailored Community Development Toolkit. Toolkits provide detailed guidance on minimum infrastructure and social sustainability standards expected of all projects. They also contain information on internal and industry resources or partnerships that are available for all projects to leverage in order to achieve their community development targets, and identify the objectives, initiatives and programs that will support delivery of these targets.

### Focus Areas

We have identified three core focus areas to drive community development through our Residential, Retirement Living and Retail business units:

- Health and Wellbeing
- Lifelong Learning and Prosperity
- Sense of Belonging and Vitality

These focus areas have been developed through a rigorous consultation and research process, and assist in a focused and consistent delivery of Community Development initiatives across the our property portfolio.

### Health and wellbeing

Our focus and commitment to the health and wellbeing of our communities is aligned with the Federal government's priority to reduce obesity, and with research that illustrates the value communities place on parks, open spaces and recreational infrastructure. We seek to ensure our communities can access fresh, healthy food and participate in active living practices.

**Objectives:**

- Deliver infrastructure that enables physically active lifestyles for all ages;
- Provide programs that support positive physical and mental health for all ages;
- Optimise community safety and security through smart design and activation of community spaces;
- Ensure community amenities and services are accessible to all ages and abilities; and
- Create safe, pleasant and accessible shopping and working environments.

Infrastructure that supports community health and wellbeing includes active public transport options, parks and recreational facilities, walking paths and cycle ways.  These elements form part of all Stockland masterplans. Leveraging Stockland community infrastructure, we seek to activate communities with health and wellbeing programs such as exercise and recreational groups, and health services (see National Partnerships).

## Lifelong learning and prosperity

Our focus on lifelong learning and prosperity is aligned with the Federal government's commitment to quality education.  It is also supported by customer research, such as our Liveability Survey, identifying high quality education and access to employment as major drivers of personal wellbeing and satisfaction.

**Objectives**

- Provide support  for local and sustainable employment for residents;
- Access to formal and informal opportunities for quality education and skills development for all life-stages;
- Enhance the economic prosperity of residents, retailers, customers, local community and our stakeholders; and
- Enhance environmental awareness of our customers, residents and local communities.

Infrastructure that supports sense of belonging and vitality includes the effective design and delivery of  schools, libraries and learning hubs, local employment facilities and co-working spaces. To further support our communities we seek opportunities to implement a range of community learning and education activities (see National Partners).

## Sense of Belonging and Vitality

Stockland's commitment to creating a sense of belonging and vitality in our communities is aligned with the Federal government's priority to improve mental health through a reduction in social isolation, and is informed by research which indicates that residents in our communities desire greater community connections.  Stockland's community development program seeks to support this by fostering self-sustaining social cohesion.

**Objectives**

- Deliver infrastructure which supports social recreation, participation and engagement;
- Provide programs which support social recreation, participation and engagement;
- Use place making to embed a strong community sense of place through community design; and
- Foster community ownership, pride, cohesion and connectedness.

Infrastructure that supports a sense of belonging and vitality includes community centres, hubs, public art, place making initiatives, and multi-use formal and informal spaces.  For greatest impact, we seek to engage with community groups on all projects, and encourage participation in the visioning, design and development process.  We also look to activate our community infrastructure through programs and events centred on inclusion, cultural celebration, arts, and investment (see National Partners).

## Asset level Application

In accordance with the Sustainability Policy, and utilising the appropriate Community Development Toolkit, every asset or project across Stockland's property portfolio is required to complete a Community Development Plan (Residential/Commercial Property) or Village Asset Plan (Retirement Living), addressing the community development focus area objectives.

A simple four step process guides the creation of each Community Development or Village Asset Plan:

- **Understand:** We research our communities to better understand them using Community Needs Assessment, market and social research, demographic data, customer satisfaction insights and the National Liveability Index.
- **Engage:** Identify and engage with stakeholders to determine what is important to the local community.
- **Create**: Use Community Development Toolkit to create a property specific Community Development Plan for delivery of infrastructure and social programs.
- **Deliver** infrastructure and implement social programs within our communities. Track and report results.

# Community Development

The Community Development Toolkits provide Project Teams with recommended infrastructure and social sustainability initiatives which will support achievement of Stockland's Sustainability targets. For each infrastructure or social initiative teams must identify:

- Infrastructure or social initiative to be undertaken in order to meet the Stockland minimum standards
- Budget allocation required
- Timing for implementation
- Key stakeholders required to successfully deliver or implement the initiative
- Responsible team leader to drive the successful delivery
- Targeted Social and Commercial outcomes

Typically, every Stockland project or asset will have a combination of infrastructure and social sustainability initiatives. Social sustainability initiatives are developed in partnership with members of Stockland's communities, with the goal of supporting community capacity and enabling them to become progressively self-sufficient over time. This approach supports vibrant and engaged communities after Stockland has exited a project.

All project teams are provided with the most current Sustainability Policy, Community Development Toolkit and a template to complete their Community Development or Village Asset Plans on an annual basis. In addition, a variety of human and technological resources are provided to support project teams in the delivery of infrastructure and social initiatives.

Project and asset teams are assisted by the National Sustainability Team. The National Sustainability Team is comprised of sustainability professionals, with Community Development experience specifically related to Residential, Retirement Living and Commercial Property developments. The National Sustainability Team provides direct assistance in the creation of Community Development and Village Asset Plans, and is also available as an ongoing resource to call on for guidance and assistance.

## National Partnerships

Project and asset teams are also supported by a suite of National, State, Regional and Local Partnerships that they can draw upon for advice, resourcing and implementation needs.

National partnerships are managed by the National Sustainability Team, and are selected based on core assessment criteria, including:

- Deliver long term sustainable community benefits, including once Stockland has exited the community;
- Have aligned principles with our Community Development Policy, including objectives, targets and measures of success;
- Have a broad reach to support our assets;
- Substantiate, and have the capacity to deliver on high community needs;
- Drive Shared Value for Stockland and our communities, commercially and socially;
- Provide measured reporting to meet our stakeholder needs;
- Be highly engaged, and deliver simple and effective programs to achieve agreed outcomes; and
- Provide genuine and inspiring opportunities, engaging Stockland staff and connecting with our communities.

Stockland's National Partnerships and Resources include:

| Health and Wellbeing | Parkrun | Community led running group |
|---|---|---|
| | National Heart Foundation | Community led walking group |
| | Jamie's Ministry of Food | Partner led cooking schools |
| Lifelong Learning and Prosperity | Beacon Foundation | Partner led education and employment program for at risk youth |
| | Smith Family and National Partnership Broker Network | Partner led school, business and community partnership development |
| | Salvation Army Employment Plus | Partner led training and employment program for local unemployed people |
| | Mission Australia | Partner led training and employment program for local unemployed people |
| | ABCN | Employee volunteering school mentor program |
| | Stockland Inspirations | Stockland led education and program for students |
| | Local education institutions | |
| Sense of Belonging and Vitality | Touched by Olivia | Partner led design and consultation service to improve the delivery of all ability inclusive play spaces |
| | Community Grants Program | Stockland led community grant program assisting local community groups |
| | Reconciliation Action Plan | Stockland led program seeking to address the gap in employment and engagement with Aboriginal communities and persons |
| | Community Connections | Non Profit consultancy for community development |
| | Creating Communities | Non Profit consultancy for community development |
| | Renew Australia | Creative space and small business incubation |

# Community Development

Stockland's suite of Partnerships can provide teams with expert advice, and assistance in the planning, and successful execution of Community Development initiatives.

## Roles and Responsibilities

Our Community Development approach, targets and performance tracking are overseen by our Board Sustainability Committee. Accountability for Community Development delivery sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. An Employee Sustainability Committee also provides guidance to direction. Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for Community Development performance and reports directly to the Managing Director.

Stockland's National Sustainability Manager, supported by the National Community Development Manager, has responsibility for ensuring the effective implementation and evaluation of Stockland's Community Development approach, and is supported by a team of sustainability specialists.  This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of our Community Development Toolkit. Stockland Development and Asset Managers are responsible for ensuring that Community Development is effectively delivered and managed at project and asset level,

Members  of our executive team, including the MD, and COO and CEOs, as well as project and asset managers and  functional staff, have KPIs relating to Community Development.

## 4. Review and Evaluation

### Community Development Annual Evaluation and Reporting

All projects and assets are required to submit their Community Development or Village Asset Plans to the National Sustainability Team on an annual basis, as part of the review and update process.  During this time, project and asset teams also report on the successful delivery of initiatives over the course of the previous Financial Year.  This includes what initiatives were successfully implemented, total budget spend, and the commercial and social outcomes achieved for the business.  This provides transparency to the business, and ensures a Shared Value approach is being achieved across Stockland's property portfolio.

The National Sustainability Team collates all data from each Community Development or Village Asset Plan, and tracks the progress of Community Development against the Sustainability Strategy targets.  This data also forms a key component of Stockland's Annual Report.

### Community Partnerships Evaluation

Each National Partnership is consistently reviewed and evaluated in accordance with the CSI Framework to ensure successful application, community uptake, and investment value is achieved. Each Partner is also required to provide the National Sustainability Team with consistent reporting, including number of participants involved in a given initiative, frequency, and where applicable source verbatim feedback.

This detailed reporting ensures Stockland is focused on connectivity initiatives specific to community interests, and is contributing to the value of a Stockland project or asset.

The outcomes of the national partnerships review and evaluation, which extends to reviewing project specific infrastructure and social community development initiatives, directly informs the revision of our Sustainability Policy and Community Development Toolkits, and indirectly informs the National Liveability Index, Residents Voice Survey and use of Stockland Exchange.

### Community Engagement

Stockland uses business specific tools and resources to directly engage with community members throughout the year.  This provides us with confirmation on where we are successfully delivering community development initiatives in accordance with our Sustainability Policy and Community Development Toolkits, and allows us to refine our processes when opportunities for improvement are identified.

### Residential

National Liveability Index

The National Liveability Index is a comprehensive survey used to measure resident satisfaction with infrastructure, education and employment opportunities, and quality of life specific to the Stockland community in which the respondent lives.

Close to 2000 residents completed our Liveability survey at 11 residential Stockland communities in 2012. Results from the Liveability Survey have informed Stockland's approach to community connectivity across the Residential business portfolio. Examples of survey questions asked include:

- Have you ever recommended "Project Name" as a place to live/buy property to any of your friends, family or anyone else you know?

- How would you rate your overall satisfaction with road safety within "Project Name"?
- How would you rate your overall satisfaction with the children's play areas and equipment?
- Thinking about your personal wellbeing, how satisfied or dissatisfied are you with feeling part of the community?

Survey results indicate that residents who feel a greater connection to their local area, and note a higher rate of knowing their neighbours, are more likely to report higher levels of personal wellbeing. Insights such as this allow the Residential Business to focus on specific community connectivity initiatives, including:

- Promote social inclusion and engagement through interactive interest programs;
- Foster community ownership, pride, community cohesion and connectedness;
- Use place making to embed a strong community sense of place through community design and
- Deliver infrastructure which supports social recreation, participation and engagement.

The intention is to undertake the National Liveability Survey across the entire Residential portfolio on an annual basis, beginning in FY15. This will enable greater transparency, management and response to community development and connectivity within our Master Planned communities.

**Retirement Living**

Residents Voice Survey

The Residents Voice Survey is a comprehensive survey, typically completed annually by over 6000 residents, used to measure resident satisfaction prior to and post moving into a Stockland Retirement Village.

Results indicate that residents who feel a stronger sense of connection to others, primarily achieved through participation in social and recreational activities; and supported by high quality services within the Village are more likely to report a higher satisfaction with quality of life after taking up residence in a Stockland Village. Insights such as this allow the Retirement Living Business to focus on specific community connectivity initiatives, including:

- Providing social hubs where our residents can meet and participate in varied social activities;
- Delivering infrastructure which supports social recreation, participation and engagement;
- Providing programs which support social recreation, participation and engagement; and
- Fostering community ownership, pride, community cohesion and connectedness.

**Commercial Property**

Stockland Exchange

Stockland Exchange is an online platform that allows direct engagement to occur with Stockland retail customers. Engagement is generally sought through satisfaction surveys, seeking customer feedback, and maintaining high levels of communication with our local community to ensure we are responsive to their needs and interests.

Stockland Exchange provides us with a two way portal for fast and effective feedback and ideas direct from our communities on aspects of our assets. We can utilise it to inform design of community infrastructure, provision of programs and initiatives required and wanted by the community, and provide us with a feedback loop to ensure that what we have delivered is evaluated and reviewed to meet or exceed community and customer expectations.

## 5. FY14 Update

| | |
|---|---|
| **Asset and Project based initiatives** | $1,317,342 |
| **National Partnerships** | $297,835 |
| **Community Grants** | $95,879.98 |
| **Total $** | **$1,711,057**[1] |

**Investment in Community Development**



[1] All figures in this table still subject to LBG verification

# Community Development

## Asset level programs and initiatives

The following results have been recorded as part of each project's Community Development or Village Asset Plan, and collated by the National Sustainability Team.

The results provide a comprehensive view of all the Community Development initiatives successfully implemented at project and asset level throughout FY14.  Results are recorded by business unit ( Residential, Retirement Living and Commercial Property), and against our three key focus areas.

Community Development initiatives implemented in FY14:

**Total Initiatives by Business Unit**
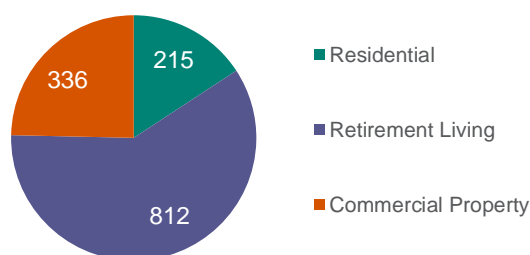


215 Residential
812 Retirement Living
336 Commercial Property

**Total Initiatives by Focus Area**



453 Health and Wellbeing
178 Lifelong Learning and Prosperity
732 Sense of Belonging and Vitality

**Commercial Property Initiatives by Focus Area**



135    79    122

**Residential Initiatives by Focus Area**



63    60    92

**Retirement Living Initiatives by Focus Area**



255    39    518
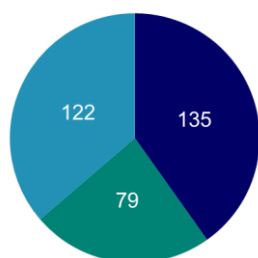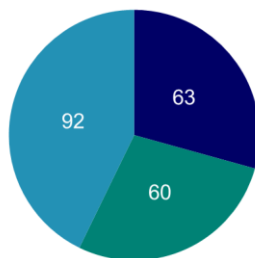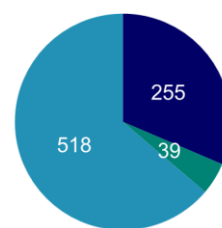
For further  information on our asset level programs and initiatives refer to our Community Data pack

## National Partnerships

During FY14 we continued to expand our national community partnership portfolio. We continued to work with our key community partners and roll out their programs in more locations across our portfolios. Some highlights include:

Beacon Foundation
FY14 represented the third year of our partnership with Beacon Foundation. This year, the partnership has seen the involvement of 61 school staff in programs across six local schools, with active engagement of 283 local businesses and the delivery of over 83 career development activities, impacting a total of 1135 young people.

The Beacon Foundation Partnership tracks the progress of students who participate in the Stockland programs.  The reported success rate, recorded eight months after completing the program, reports 98% of students maintaining full engagement in education, work or training for the year ending 2013. This is especially impressive when compared to the Australian average of 87.1% of 16-17 year olds from low SES areas being fully engaged.[2]

In FY15 we will look to deliver an additional schools program for our Commercial Property portfolio and our first Residential Beacon Foundation programs at  Marsden Park (NSW) and Vale (WA).

parkrun
Operating weekly at 8 of our residential communities and 4 shopping centre locations,  parkrun is building a strong following of local runners utilising our local parks each week to increase their health and well-being and social connection. There were 545

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[2]  Beacon Foundation Partnership Report Jan – Dec 2013

runs held at our sites in FY14, with 11,624 registered runners and over 1,139 finishers (as at May 2014). We will be surveying parkrunners' well-being in FY15 to understand its impact upon our communities.

## Heart Foundation

Heart Foundation walking groups continue to walk through 11 of our retail centres weekly, with some centres walking 3 days a week. A loyal following of 1,789 walkers from our local communities are now staying healthy and building new social connections each week. A total of 10,538 walks have been made across our assets in FY14.

The Heart Foundation reports that every 1 per cent increase in the proportion of sufficiently active adults could result in 122 fewer premature deaths and 1,764 years of life gained.[3] Physical inactivity accounts for 6.6 per cent of Australia's major health problems and accounts for at least $400 million in direct health care costs.

## Work Inspiration and National Partnership Broker Network

FY14 saw an expansion of the Stockland Inspirations program in local schools and through our retail centres. In FY14 we presented to approximately 1000 students in six of our local schools with our asset teams providing hands on, practical experience at our centres for 35 Year 10 students, showcasing careers available in the operation and development of Stockland assets, and with our retail tenants and construction partners. We look forward to hosting at least another 100 students on our sites over the coming months.

The pilot program had positive results among participating students:

- 94% agreed or strongly agreed that they learnt about different ways careers can develop.
- 57% agreed that doing Stockland Inspirations has encouraged them to set goals for their future.
- 92% agreed or strongly agreed that the program increased their awareness of different options for future work.
- 75% agreed or strongly agreed that taking part in Stockland Inspirations increased their motivation to do well at school.[4]

Through understanding the importance of school, community and business partnerships, it will now be a requirement within the Community Development Toolkit for each Stockland property to have at least one school partnership in place.

## Timehelp

The Timehelp program is a direct initiative of our Retirement Living business and is designed to connect two generations - young people and retirees – for education, well-being and community benefits.

In FY14, we continued to deliver positive mentoring experiences to primary school children at our Donvale Retirement Village. Five schools in the Manningham region are currently involved with the Timehelp program and our support has enabled the local council to provide further funding for the program.  School students benefit from mentoring in subjects such as mathematics, literacy, computer technology, and English as second language as well as integration and general classroom support.

Results provided by the Timehelp program indicate enhanced learning outcomes, improvements in student self-esteem, confidence and social skills; and an increase in positive attitudes towards the older generations.

*Additional community development initiatives were launched in FY14  with a specific focus on enhancing Community Connectivity.  Specific information on these initiatives can be found in our* Community Connectivity DMA.

**New Partnerships**

During FY14, we welcomed new community partners Jamie's Ministry of Food, Touched By Olivia Foundation and Mission Australia to work with us to provide health education to our communities, improve accessibility and inclusion at our properties and increasing local employment and training opportunities at our development sites.

## Jamie's Ministry of Food

Opening in November 2014 at Stockland Wetherill Park, the Jamie's Ministry of Food kitchen will provide local community members with the opportunity to learn the basic skills to prepare cheap and healthy meals for their families in a social environment providing the opportunity to connect to others around food. With over 60% of Australian adults being overweight or obese[5], the kitchen will provide hundreds of locals with the opportunity to change their eating behaviours through education and practical experience.

## Touched By Olivia Foundation

To help us deliver on providing inclusive play spaces that reflect the local community for people of all ages and abilities across our portfolio, Stockland welcomed the Touched By Olivia Foundation as a national community partner in FY14.

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[3] HL – walking – fact sheet (www.heartfoundation.org.au/.../HL-walking-factsheet.pdf)
[4] Stockland Inspirations Program - Illawarra Pilot 14 November 2013
[5] Australian Bureau of Statistics: Australian Health Survey 2011 - 2013

Throughout the year Touched by Olivia has successfully delivered Stockand's first inclusive play space at our Forster Shopping Centre. Our first inclusive play space was launched in May at Stockland Forster, where a new and vibrant facility that incorporates sensory and accessible play spaces caters to children of all abilities. A range of play groups and parents groups are now using the play space weekly.

In addition, the National Sustainability team has worked collaboratively with Touched by Olivia to adaptively reuse a pop-up café, for launch early in the new FY at Five Dock, supporting employment training for persons with a disability. Furthermore, two Commercial Property projects have reached concept stage for the design and delivery of an inclusive play space, and the Residential business has committed to its first collaborative delivery of a Touched by Olivia playground with their local council.

### Mission Australia

During FY14 we established a partnership with Mission Australia across development sites in our Commercial Property portfolio.

Mission Australia partnered with our Stockland Hervey Bay team and local TAFE and training service providers to facilitate local employment with our existing and new centre retailers. In January 2014 we saw over 3,000 local job seekers line up through the centre and out the doors for our first employment expo showcasing our retailer businesses. Results of the program so far include six successful full time placements within retailers such as Donut King, Bright Eyes and Stockland's Centre Management Office and recruitment for 40 full and part time job vacancies committed by our retailers is currently underway.

Collaboration between Mission Australia and the other three job service providers in the catchment area has been pivotal in ensuring that all job seekers benefit from this great opportunity. Mission Australia continues to work closely with the local TAFE providing Certificate II qualifications in retail operations and scheduling additional courses to meet the increase in demand from the employers, moving into the busy festive season recruitment cycle.

Mission Australia have also been working hard with our builder partners Brookfield Multiplex at our Stockland Wetherill Park development, to facilitate connections between local job seekers and our sub-contractors and existing and new retailers. We are making great progress with phase one of the construction at Wetherill Park with four local job seekers commencing in early July as construction labourers. Four job seekers are being considered for the seven committed apprenticeship positions, with a further 15 positions in formwork labouring and formwork carpentry to be advertised in FY15.

Engagement and collaboration with Job Service Providers in the catchment area is crucial to the success of the program. Our local TAFE has reserved seven spots in the mid-year intake for the roof plumbing and carpentry apprenticeships, and future retail traineeships are being identified as the redevelopment of Wetherill Park progresses to the next phase.

We look forward to continuing to expand these partnerships across more of our properties and developments in FY15 and beyond.

## National Community Development initiatives

### Community Engagement

**Stockland Exchange**

In FY14 we worked closely with the Research team to develop the new online community portal, Stockland Exchange. The online portal provides Stockland with a direct two way communication channel for customer feedback and consultation. From FY15 we will use Stockland Exchange to deliver the Stockland Liveability survey, enabling us to retrieve data from more customers faster, at regular intervals, for less cost and with fewer resources. These results will continue to inform the design, development and operation of our assets.

For example, at our McKeachies Run residential development, the National Sustainability Team assisted the project team in leveraging results from the National Liveability Survey and the Stockland Exchange online platform to engage with members of the community. At the "Have a Go Sports Day" event to launch the newly built community sports fields, the team sought feedback from residents on their preferred social engagement initiatives for the coming financial year, in accordance with the community development focus areas. Data was collected from the event through a community survey, and is currently being used to inform the FY15 community development objectives for McKeachie's Run.

**Commercial Property "Community Brand" Retailer Satisfaction Survey**

During 2014 the Retailer Satisfaction survey was updated in order to allow for data capture of retailer perceptions of Stockland, and our delivery of Community Development. Whilst the questions will become more detailed in FY15, results of the initial survey indicate that retailers rate Stockland's brand highest in terms of association with Community and for delivering Local Feel. Over half of our retailers agreed that Stockland Shopping Centres created spaces where communities thrive.

# Community Development

**Retirement Living "Residents Voice" Survey**

Through FY14 the National Sustainability Team worked with the Research and Retirement Living teams to gain a better understanding of how satisfied our residents are with the community elements of the village and their personal well-being . By updating the annual Residents Voice survey we were able to gain insight into how best to cater to residents' needs to deliver future infrastructure and programs. We received an overall satisfaction rate of 90%.  In FY15, we will further develop these metrics to reach greater comparability to the National Wellbeing Index.

| Element | Focus Area | Response (% 7-10 satisfaction score) |
| --- | --- | --- |
| *Health and Wellbeing* | Physical Health | 69% |
| | Emotional Wellbeing (health) | 84% |
| | Personal relationships/ social life of the village | 85% |
| | Feeling safe | 93% |
| | Number of social activities to participate in | 80% |
| | Satisfaction with accessibility features | 87% |
| *Lifelong Learning and Prosperity* | Satisfaction with the opportunity to try new things & learn | 73% |
| *Sense of Belonging & Vitality* | Satisfied with sense of community | 86% |
| | Satisfied with opportunity to connect with others | 85% |

## Reconciliation Action Plan (RAP)

Through FY14 the National Sustainability Team drove the evolution and launch of Stockland's first Reconciliation Action Plan (RAP).  With consultation across the business through our Reconciliation Action Group, and in conjunction with our Reconciliation partners Reconciliation Australia and Jumbana Group, we launched our RAP in May and June 2014 at our state Employee Roadshow events.

At each event a local elder performed a traditional Welcome to Country, as well as local Indigenous performances, catering and business showcases. Our RAP actions will be reported on each year to Reconciliation Australia and within our annual reporting suite as part of our commitment to Reconciliation.

See RAP Case Study in Human Rights DMA  for more information.

## Youth Protocol Toolkit

Stockland launched its first Youth Protocol Toolkit at Nowra during FY13-14, a proactive and collective agreement with local youth groups, local youth, council, police and other local businesses on how best to engage with youth in and around Stockland Shopping Centres.

The project aims to provide Centre Management teams, retailers and local businesses advice on how to proactively engage with young adults who utilise Stockland Shopping Centres and providing agreement on acceptable behaviour expectations for youth. Results at Stockland Nowra have shown a greater increase in positive engagement between retailers, Centre Management staff and local youth.

## Social Sustainability Targets

Following extensive internal engagement and approval by Exco and the Board, the National Sustianabiltiy Team developed strategic targets for FY17, including the introduction of social sustainability targets under each Community Development focus area. A set of key deliverables have been identified to support delivery of the targets and included within the Community Development Toolkits to provide guidance at asset level.  Progress against these targets will be tracked and reported to Exco and the Board.

## Community Grants Program

In FY14 we launched our Community Grants Program, designed to streamline our financial contributions to local communities in alignment with a clear merit and needs based system.

The program was launched in our Commercial Property business across 19 shopping centres. Local community organisations were invited to submit an application for a maximum financial grant of $5000, to be awarded based on merit, need, and alignment

# Community Development

to our community development focus areas. The public were invited to vote for their chosen finalists. The following provides a summary of results from the program:

- 372 applications were received, across 19 centres
- 81 grants were awarded to local community organisations; and
- $95,880 was invested back into the local community as a result of the program.

The Stockland Community Grants Program is programmed to launch in Stockland's residential business early in FY15.

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**Case Study:** Success for our Community Grants Program

In FY14, we launched our inaugural Community Grants Program, providing financial support of up to $5,000 to local community groups which provide community infrastructure, programs and services to the local communities of 19 of our retail centres.

Designed to provide a standard and simple process for groups to apply for financial support, the program was open to all community based and not for profit organisations in the communities in which we operate. In seeking a grant, applicants were required to respond to a range of criteria aligned to our community development focus areas of health and wellbeing, lifelong learning and prosperity and a sense of belonging and vitality.

The response to the program was overwhelming, receiving 372 applications from education, disability services, health, sporting, community and cultural groups. Over 7,500 public votes were received in deciding the 81 local groups who were awarded grants for their contributions to the community.

The program's flexibility and scope was essential in driving these high levels of engagement, with each centre team able to award a grant to more than one community group for varying dollar amounts. Finalists were selected by a panel of Stockland staff and publicised on Stockland shopping centre websites and social media to the general public, with a final public voting process open for two weeks to decide on the winners. This public voting process allowed groups to publicise their achievements and worthiness to the wider public, and allowed our asset teams to engage with so many different and exciting community groups and members, helping to create a sense of shared celebration and experience.

In a heart-warming example of the unwavering commitment to the local Tooronga community, Camberwell Hockey Club, who gained the winning 34% share of public votes, graciously transferred their votes to another Stockland Tooronga finalist, Blind Sports and Recreation Victoria. Maurice Gleeson, President of Blind Sports and Recreation Victoria (BSV), thanked Camberwell Hockey Club for their generosity. "We are very humbled by both the Camberwell Hockey Club and Stockland Tooronga for the opportunity to receive this grant. BSV provides much needed opportunities for blind and vision impaired people to lead an active, healthy lifestyle through sport and recreation". The grant went towards the organisation's "Walking with Willpower" project, designed to reduce social isolation of blind and vision impaired people around Tooronga by matching them with a friendly volunteer for weekly walks and shopping centre visits.

Once the grants were distributed, the feedback from applicants, winners and the wider community alike was outstanding. Sporting teams and guide groups were able to replenish their uniforms and camping gear, disability services were able to provide appropriate toys and facilities for children with Autism, school grounds and teaching supplies were upgraded, career days, training expos and personal development excursions were held, safe cots and prenatal supplies were provided for young families and spaces excursions for seniors in the community funded through the program.

The Stockland Community Grants program will be continued in our Commercial Property business and rolled out to our Residential and business in FY15.

# Community Development

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Continue to utilise the CSI framework to evaluate existing and potential partnerships.** | Ongoing | Revised and aligned our business tools to facilitate utilisation of the framework for all partnerships moving forward |
| **Investigate opportunities to utilise an online platform for next round of communities to be surveyed.** | Achieved | Established Stockland Exchange to be used as an online tool to survey our communities |
| **Explore new methodologies for capturing the value of our community investments, including building on work undertaken in partnership with CSI and Net Balance.** | Achieved | Exploring potential for an SROI study across our retail portfolio to inform strategic decision making. Appropriate centres across a range of geographies will be selected to participate. |
| **Parkrun will be rolled out to a further seven communities.** | Partially Achieved | We established 6 new parkrun events in and around our communities. |
| **Establish one new national Health and Wellbeing partnership** | Achieved | We established a partnership with the Touched By Olivia Foundation and delivered our first inclusive play space at Stockland Forster. |
| **Establish one new healthy and fresh food partnership.** | Achieved | We established a partnership in NSW with Jamie Oliver's Ministry of Food and are exploring opportunities to expand this partnership into WA and QLD. |
| **Roll out Davidson Institute online financial literacy program nationally.** | Ongoing | We did not roll out the Davidson Institute online financial literacy and are assessing future continuation of this initiative |
| **Expand Mission Australia partnership** | Achieved | Our partnership with Mission Australia has expanded across our Residential and Retail portfolios. |
| **Continue to roll out key education programs across the business** | Achieved | We continued our work with the Beacon Foundation and the School-Business-Community Partnership Brokers, and also embedded local school partnerships as a key initiative for all projects and assets. |
| **Continue to investigate opportunities for our communities including one new Arts and Culture partnership.** | Achieved | We initiated a partnership with an Indigenous consultancy to deliver cultural awareness training, and launched our Link and Learn initiative to promote resident participation in local community art and culture programs |
| **Launch Community Grants program** | Achieved | Stockland Community Grants Program was launched in 19 of our retail centres across Australia. |

**FY15 Priorities**

**Commercial Property**
- Participants of health and wellbeing programs to have wellbeing score above the National Wellbeing Index average of 72-76.
- 5% increase in the number of participants in learning, mentoring, employment, training opportunities.
- Customer satisfaction score for community elements.

**Residential**
- Maintain above 80% resident satisfaction in Community Design Elements influencing health and wellbeing.
- Average residents well-being scores above National Wellbeing Index average of 72-76.
- Maintain above 80% resident satisfaction in Community Design Elements.
- 80% resident satisfaction in Community Perceptions.
- 80% Stockland Liveability Index Score

**Retirement Living**
- Maintain wellbeing of residents above Australian national average National Wellbeing Index of 72-76.
- 5% increase in resident participation in learning, mentoring and training opportunities.
- Maintain satisfaction score for sense of community

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and risk |
|---|---|---|
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Community Connectivity

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Community Connectivity

At Stockland, we believe that strong physical and social connectivity has a positive impact on the overall wellbeing of the people who live, work and play in our communities. This includes not only access to transport, infrastructure and essential services, but also a connection to the community and broader sense of belonging and vitality.

As a business, we understand how important it is for physical and social infrastructure to be delivered at the same time as homes – to ensure connections and services are available for our residents from day one. This is a key factor in decision-making for our customers, and therefore also for us when developing or adding to our portfolio.

Providing infrastructure and social initiatives, informed by genuine community engagement early in the development process, fosters a stronger sense of belonging, social connection and use of local facilities. It can also have a positive impact on local employment and education, helping communities work well together and prosper into the future.

Our aim is to consistently deliver social and physical infrastructure that supports connected and vibrant communities. Our Shared Value approach ensures that we do this in a way that maximises return on investment, business reputation and stakeholder and shareholder value.

## 3. Management Approach

We engage with all levels of government during the planning and delivery phases of our projects to make sure we are able to align with their activities and meet local community connectivity needs. Proximity to main roads, public transport and essential service infrastructure like hospitals, water, and electricity networks is fundamental to creating thriving communities.

Decisions regarding land acquisition and development planning are made with careful consideration of the local, state and national governments' strategic plans and objectives. Stockland works carefully to plan its portfolio of developments in alignment with government identified growth areas, and looks at government targets for population growth, transport, infrastructure and social service provision in order to base development decisions on the broader regional development context.

Stockland is committed creating communities with quality community infrastructure, where residents feel safe, can meet and connect with other community members, and participate in a healthy and enjoyable community lifestyle.

Community Connectivity also depends on social connection to people and place, which we promote at each stage of development through our Community Development activities. Our Community Development program has three focus areas: Health and Wellbeing; Lifelong Learning and Prosperity; Sense of Belonging and Vitality. Each focus area has specific objectives relating to community connectivity, with minimum standards for infrastructure and social program delivery provided in the business-specific Community Development Toolkits used at project and asset level.

Examples from the Residential Guidelines being updated during FY14 and FY15 include:

| Focus Area | Objective | Infrastructure | Social Program |
|---|---|---|---|
| **Health and Wellbeing** | Access to community amenities and services is accessible to all ages and abilities | <ul><li>All residents are within a 5 minute walk, or 250 meters of open space</li><li>An 8-80 approach must be taken with regard to walkability</li><li>All community amenities must be within 500-1000 meters of all dwellings, employment and education</li><li>Active transport modes, including walking, cycle and public transport must be prioritised</li><li>Design community facilities for universal accessibility (incl. built form, playgrounds, parks)</li></ul> | <ul><li>Implement a minimum one active transport program and/or service (walking bus, cycle map)</li><li>Inform and connect residents to existing local council and community health programs (website, newsletter, Welcome Pack)</li><li>Activate open spaces/parks with regular ongoing programs.</li></ul> |

# Community Connectivity

| Focus Area | Objective | Infrastructure | Social Program |
|---|---|---|---|
| **Lifelong Learning and Prosperity** | Access to quality education and skills development for all life-stages | • Educational infrastructure to be delivered early and co-located with other community facilities<br>• Co-working spaces set up within community centres and retail centres<br>• Affordable housing collocated with education facilities. | • Support resident access to facilities for small businesses, social enterprises, community groups and students (e.g. modern library, learning hub, co-working spaces) |
| **Sense of Belonging and vitality** | Foster community ownership, pride, community cohesion and connectedness. | • Include place-making initiatives into all major community infrastructure assets (e.g. public art made by the community, aboriginal or culture heritage features)<br>• Deliver community facilities that enable community self-management, socialisation and ongoing engagement (e.g. community garden, men's shed libraries) | • Support local community groups that meet key interest areas of the local community (e.g. crafts, local sports team, music groups)<br>• Implement a Community Directory that enables the promotion of local community news, events and programs, and community facilities available. |

This holistic approach to Community Connectivity ensures we maximise every opportunity to deliver vibrant and connected places.

## Roles and Responsibilities

Accountability for community connectivity from a Community Development perspective sits with various Exco members, including the CEOs of Commercial Property, Residential and Retirement Living. Stockland's Chief Operating Officer assumes ultimate responsibility at a group level for Community Development performance and reports directly to the Managing Director.

Stockland's National Sustainability Manager, supported by the National Community Development Manager, has responsibility for ensuring the effective implementation and evaluation of Stockland's Community Development approach. The Community Development team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of infrastructure and programs which promote community connectivity. (For more information refer to our Community Development DMA)

Regional Development Managers and Development Managers are responsible for monitoring and managing the infrastructure and planning related developments at local and state level, including the negotiation of Infrastructure Agreements with local councils in development planning phases. Our development teams are supported at group level by our Government Relations team, which actively monitors policy developments and engages and collaborates with state and national government on infrastructure and planning related matters. We work with industry bodies to ensure our assets and developments have the infrastructure and services required to support thriving and connected communities. (See Stakeholder Engagement DMA for more information on our Government Relations team).

## 4. Review and Evaluation

The management approach to community connectivity, and the mechanisms for evaluating effective delivery, are consistent with Stockland's overall approach to Community Development. Business-specific tools and resources are used throughout the evaluation process, and include the National Liveability Index, Stockland Exchange, and Residents Voice Survey. This is in addition to regular project reporting and forecasting requirements.

A review and evaluation of national partnerships has been undertaken, which considered project specific infrastructure and social community development initiatives. This review has directly informed our Sustainability Policy and Community Development Toolkits and indirectly informed the National Liveability Index, Residents Voice Survey and use of Stockland Exchange.

All Stockland Community Development *Focus Areas* are founded in creating connected and vibrant communities. For more information on the review and evaluation of our Community Development activities, please refer to our Community Development DMA.

In relation to physical infrastructure, we review our management approach to community connectivity with reference to changes to government strategic plans or large scale transport, urban renewal or infrastructure projects.

We engage with all levels of government and industry bodies in relation to infrastructure needs across our projects and communities. We also respond to government-led consultation processes on planning policies to ensure we contribute to discussions that will impact the connectivity of our communities now and in the future.

## 5. FY14 Update

**South West Rail Link Extension Corridor – consultation process**

Access to public transport is a major factor in creating well-connected communities. This year we were provided an opportunity to input to future transport planning for one of Sydney's major growth centres.

The NSW Government, via Transport for NSW, is currently undertaking planning for a future public transport corridor to extend the soon-to-be-opened South West Rail Link. With our Willowdale community located at East Leppington – just 1.6 km from the new rail line – we were invited by Transport for NSW to participate in the consultation process. Our comments, together with those received from the community and other stakeholders, are being considered together with further investigations to refine specific rail alignment options.

We will also participate in the second phase of the consultation which will focus on the specific alignment options. This is scheduled for FY15.

**Community Hubs**

During FY14 the National Sustainability Team worked with the Residential business to develop a Sustainability / Community Hubs model, to support expansion of the successful Community Place at our Selandra Rise development.

A Stockland Community Hub will be a residentially designed and constructed home, which operates as a sustainable demonstration home and interactive community facility within new master plan developments.  The aim of the project is to increase community knowledge of sustainability within the home environment, increase levels of engagement between residents and ultimately community connectivity.

During FY14 planning commenced for a Stockland Community Hub  at Willowdale, NSW.  This Hub has the support of the local Council, Planning Institute of Australia, and local Non Profit groups.

The model has been designed to enable expansion to other Residential developments, with an additional six projects across Australia currently seeking guidance for delivery.

**Link & Learn**

Link & Learn is a community connectivity based program launched in our Melbourne Residential developments during FY14.

Link & Learn encourages residents within Stockland communities to connect with one another through a series of activities and events, while gaining new skills.  The program provides Stockland communities with an ongoing monthly calendar of activities and events that cater to a wide range of lifestyles. The program gives residents the opportunity to meet their neighbours and make new friends, while also learning some exciting new talents.

Regular activities include fitness groups and boot camps, first aid courses and dog training classes. Meanwhile, special events such as cooking classes will help you and your new neighbourhood friends fine tune those culinary skills.

Link & Learn will be expanded to other states and Residential developments in FY15.

**Education Strategy**

In FY14, our Community Development team worked collaboratively with the Education Action Group, comprised of stakeholders from each of the business units and Leadership teams, to develop an education strategy, ensuring key principles were achievable, measurable and integrated into business strategy.

In FY15 we will finalise the development of our education strategy, designed to influence early delivery of education facilities and improve education outcomes at a community level through partnerships with local schools and businesses. This strategy is supported by results of our Liveability research which identifies opportunities to improve customer satisfaction, sales and referral rates through improved education infrastructure and service provision. Stockland's major Residential projects will be the first to deliver the education strategy initiatives.

# Community
# Connectivity

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**Case Study:** Stockland Forster launches new sustainable and inclusive playspace

In FY14, Stockland Forster launched its new myfunland inclusive play space to a strong crowd of local families, retailers and community members. The exciting,  new play area delivers an accessible, inclusive and sustainable space for children, families and friends to enjoy. The new look myfunland was designed by the multi-award-winning landscape and play space designer Ric McConaghy, in consultation with the Touched by Olivia Foundation.

Touched by Olivia is a not for profit organisation that brings communities, government and corporate Australia together to enable children and parents of all abilities and ages to play comfortably side-by-side by providing inclusive play spaces. The play spaces are specifically designed  to ensure children of multiple abilities can play together, catering for both physical disabilities as well as vision, hearing and mobility impairments and spectrum disorders like Autism.

The new play space at Stockland Forster is designed with the local community in mind, reflecting its coastal location through its feature whale sculpture with its wide mouth to accommodate children in wheelchairs. Throughout the play area, many low level tactile elements have also been built for kids to touch and explore.

To celebrate this exciting new playspace, shoppers were treated to a live reptile show by Croc Stars, a 2 hour performance from the Sydney Youth Orchestra and activities including fairy floss, face painting, a play dough table, sand art, an extreme bubble machine and a pirate-themed treasure chest.

The new playground is a great example of our commitment to sustainability, with a mixture of reused, recycled and locally sourced materials used in construction. Timber from existing step seating, refurbished signage, rockers and sculptures were reused and materials donated to a local school for the entrance into their new Stephanie Alexander garden. Materials from metal workers, timber supplies, carpentry specialists, paint shops, specialized metal painting, hardware supplies and concrete suppliers were sourced locally instead of from overseas, including the rope climb sourced from Newcastle and custom play equipment from Victoria. The construction team even rented a local house for the duration of the project to minimise transport and travel costs and fuel consumption.

Stockland Forster has recently been awarded two of the highest NABERS environmental performance ratings possible with a 6 star rating for energy and a 5 star rating for water.  This means the centre uses nearly 80% less energy and 55% less water than the predicted average for a comparable shopping centre.

The following video provides an insight into how our customers found the new space:
https://www.youtube.com/watch?v=u2CFqZsIDAA&feature=youtu.be&a

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## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | FY15 Priorities |
|---|---|---|
| | | • 5% increase in participants in learning, mentoring, employment and training opportunities;<br>• Maintaining customer satisfaction in community elements scores across Commercial Property and Retirement Living; and<br>• Increase the National Liveability Score in Residential from 75 to 80 by FY17. |

# Community Connectivity

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
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| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
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| | 17. | Community connectivity |
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| | 19. | Customer safety and security |
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# Customer
# Engagement

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Customer Engagement

Our commitment to our customers is consistent across our Group portfolio and is reflected in the products we offer and in the way we engage, value and respect our diverse range of customers. Our customer base includes the shoppers, retailers, and office, business and logistic park tenants across our commercial assets, as well as the people who live in our residential and retirement living communities.

In addition to engaging with our customers to understand and respond to their changing needs, customer engagement also involves  monitoring, measuring and improving our customers' experiences and perceptions of our brand, product, and services.

Understanding and responding to our customers' changing needs is critical to the sustainability of our business, and exceeding their expectations to maximise customer satisfaction is critical to our broader success.

## 3. Management Approach

Customer Engagement methods and objectives vary across business units due to the different requirements and considerations of our diverse customer base. At Stockland we review customer engagement through insights that improve experience.

1. **Customer Insights** – researching the attitudes and behaviours of current and potential customers to inform strategic decisions regarding portfolio mix, and/or the design, delivery and operation of new and existing projects and assets. This enables Stockland to develop products and services which respond to customer needs and in turn generate more sustainable returns for the business.

2. **Customer Experience** – tracking the experiences of our customers across business units and asset classes to evaluate areas for improvement in service delivery and in the design and/or operation of our assets. This includes annual surveys and regular ongoing engagement with our customers to ensure quality service and prompt issues management.

| How do we engage | Why do we engage |
| --- | --- |
| **GROUP** | |
| **All consumer groups** | |
| In FY14, Stockland launched its very own research community, Stockland Exchange. At present, we have over 2500 members who are customers of our shopping centres, residential and retirement villages. The community is used to conduct research across our projects and assets and to better understand customer needs | Having our own research community enables us to quickly and cost effectively consult our customers to facilitate decision-making and ensure that the communities we build meet our customer needs. |
| **COMMERCIAL PROPERTY** | |
| **Retail tenants** | |
| Annual satisfaction tracking research:<br>- Stockland proprietary approach<br>- Monash University 'Ten Sat' Survey | To better understand the drivers and motivations for lease renewal, and respond to those concerns which impact most heavily on retailer retention. |
| We also survey retailers as they move in, exit or renew a lease in one of our centres. | To provide a mechanism to enable us to identify issues as they arise and monitor the leasing experience of our renewing tenants. |
| **Shoppers** | |

# Customer Engagement

| | |
|---|---|
| We conduct quarterly shopper satisfaction audits Nationally with our Stockland Exchange community | To enable us to monitor satisfaction with and perceptions of our shopping centres and identify opportunities to better meet customer needs through offering the right product mix and engaging shopping environments. |
| We operate a comprehensive Mystery Shopping Program across all our retail assets annually. | To provide an operational assessment and measure of centre facilities, maintenance and customer service, |
| We engage with shoppers indirectly through market research studies. | To better understand their views, perceptions, and behaviour. |
| We use transactional data to analyse the spending habits of our shoppers and those that live in our centres' trade areas | To inform our tenancy mix and retail development planning. |

### Logistics and business park tenants

| | |
|---|---|
| We conduct annual surveys with tenants across our office, business and logistic park assets | To assess tenant satisfaction and inform the development of more efficient and effective strategies to maximise service delivery to and retention of our tenants. |

## RETIREMENT LIVING

### Prospective Village Residents

| | |
|---|---|
| Early in FY15 we will be conducting  sales experience research with enquiring residents and those who have recently placed a deposit with us | To better understand the sales experience and prospective customer needs to ultimately increase conversion. |

### Village Residents

| | |
|---|---|
| We conduct an annual satisfaction survey called Residents' Voice . | To monitor how our customers feel about life in their Stockland retirement village. |
| We also conduct a 'Welcome Home' survey with residents when they move in. | When our residents have high satisfaction levels, they are inspired to share their experiences and this has a positive influence on prospective residents. |
| In FY13 we also launched our Resident Feedback Program | Opportunity for residents to provide us with feedback at any time on village life |

## RESIDENTIAL

### Prospective Residents

| | |
|---|---|
| We conduct ongoing research with prospective customers under our Customer Pulse programme. | To better understand the sales experience and prospective customer needs to ultimately increase conversion. |
| We have also introduced surveys with customers at the point when they settle their contracts with us. | To continually monitor the customer experience, identify areas for improvement and minimise cancellations. |
| We also undertake Mystery Shopping research. | To ensure a consistent delivery of our customer service standards and help identify training and development opportunities for our sales teams. |

### Community Residents

| | |
|---|---|
| Direct and indirect engagement through assessments of the broader housing market, our current customer base, and residents living in our developments. | To understand and better respond to changing customer values and behaviours, so that we can continue to offer a viable pathway to home ownership. |
| A key element of our Residential customer engagement is our proprietary Liveability research which we continue to develop and administer across our residential projects. | To identify the specific elements that most significantly enhance customer satisfaction. Ensuring customer satisfaction is a key priority for our Residential business as referrals play a significant role in driving sales across our communities. |

# Customer Engagement

Stockland Complaints Management Policy encourages customer feedback as a valuable way to identify opportunities to improve the quality of our products and services. A strong complaints handling process can strengthen customer loyalty and satisfaction, and protect our reputation.

Customer feedback is channelled through our National Contact Centre, where information is collated and allocated to the customer champions nominated within each business unit to manage and resolve in accordance with service level agreements. Monthly reporting is generated to understand areas of key improvements within our business, and strategic recommendations are made.

In order to understand and respond to our diverse customers' changing needs, it is critical for us to maintain consistent systems and processes for engaging with customers across all our businesses. Each business has a formal Customer Relations Management System in place to enable the documentation, management and investigation of customers' grievances, feedback and enquiries.

The information collated is reported on a monthly basis offering insights into the volume and type of customer concerns. In addition to our feedback process this is collated for the benefit of strategic recommendations regarding business improvements and resourcing capabilities.

Innovation plays a key role in how we engage as it not only increases the accessibility and effectiveness of customer engagement, but also facilitates and streamlines engagement processes.

## Roles and Responsibilities

Ultimate responsibility for Customer Insights at group level lies with the Group Executive for Strategy and Stakeholder Relations. National Manager Research - Customer Insights is responsible for managing company-wide research and analysis into customers, and for feeding the results of this research into strategic recommendations. Our Market Insights team, who also report into Group Executive for Strategy and Stakeholder Relations, are responsible for analysing industry data and translating this into product and pricing strategy.

Ultimate responsibility for Customer Experience at group level lies with the Chief Operating Officer. The General Manager Group Marketing is responsible for ensuring that customer service and experience across all business units is effectively managed and that any issues raised are addressed promptly.

Each of our business units has customer-focused KPIs designed to continually improve customer engagement, and all customer facing employees are evaluated on their customer service. To enable a high level of performance we also maintain a considerable investment in research and training.

## 4. Review and Evaluation

All customer research is methodically presented to each business unit and respective project/community on a monthly basis at the Project Control Group (PCG) meeting. This meeting is held among all key stakeholders, including operational teams and management whereby insights are collected from customer research and other supporting documentation, which provide input into adjustments required to managing customer experience. All adjustments are considered with a view to rolling out across all projects to improve overall customer engagement.

## 5. FY14 Update

### Material Issue

#### Customer Responsiveness

At Stockland, we are constantly thinking about and researching changing customer needs to ensure that the latest thinking feeds into our business strategy. The key issues relating to customer responsiveness and Stockland's key developments in this space are highlighted below:

| Customer Issue | Our response |
| --- | --- |
| **COMMERCIAL PROPERTY** | |
| **Retail Tenants** | |
| Increasing prevalence of online retailing. | We continue to monitor the impact of online retailing by category and centre. This informs our product mix and responsiveness to changing spend patterns. |

# Customer Engagement

| Customer Issue | Our response |
|---|---|
| Increasing cost pressures (rent and wages) driving up cost of doing business. | We monitor the affordability of our commercial terms with retailers by tracking occupancy costs. This allows us to identify retailers at risk of suffering rental stress and manage conversations with retailers at risk accordingly. Initiatives put in place to manage energy and water efficiency and waste management assists in reducing the impact of rising cost pressures on our tenants. |
| Subdued consumer sentiment and spending impacting on retailer sales turnover. | We continually monitor consumer sentiment, centre traffic and sales by centre, category and retail group. This analysis feeds into all aspects of our business including development, leasing, property management and marketing. Many of our marketing initiatives are designed to increase traffic to our centres and hence support retailer sales. |

**Shoppers**

| | |
|---|---|
| Increased perceived cost of living meaning less income available for discretionary retail spending. | We monitor actual and perceived cost of living expenses. Our centres are skewed towards non-discretionary retail which is less influenced by changes in consumer sentiment. |
| Shopper enjoyment is increasingly important to attract shopping centre visitation given convenience and cost drivers of purchasing online | We conduct quarterly tracking of customer enjoyment and ease of shopping across our centres to ensure that we can address issues and identify opportunities to improve. We also work with local community organisations to activate our centres through community involvement. We consult with our customers to understand what they would like to see in their centre and bring a local community focus to each asset. |

**Logistics & Business Park Tenants**

| | |
|---|---|
| Logistics customers seeking efficient and well located properties | Concentrate on acquiring and developing high quality new assets as well as repositioning some of our existing properties to meet current market expectations and standards. |
| Logistics customers increasingly seeking flexible space with the ability to grow and contract advantageously. | Continue to build scale together with improving our professional relationships with our tenants, so that we can address their further operational plans and space requirements. |
| Customers value the ability to deal directly with landlords. | Develop a high quality in-house property management team to improve the quality of management and add value to our properties and customers. |

**RETIREMENT LIVING**

**Residents**

| | |
|---|---|
| Perceived increases in cost of living. | We are undertaking research with all residents (via Resident's Voice Program) to better understand their perceptions of value and help address these concerns. We also track affordability through the Liveability research we undertake within our residential communities. Increases in energy costs in particular are a concern for our Retirement Living customers. Knowing this we now have programs in place looking at how we can improve energy efficiency and offer less expensive supply options. |

**Prospective Residents**

| | |
|---|---|
| The DMF model of purchasing into a retirement village is not well understood and is a barrier for many potential retirees. | We are currently exploring the housing needs of future retirees and different product and finance options. We also require that prospective resident seek independent financial advice. |
| General misunderstanding of what a Retirement village is and how it differs from a nursing home. | We are undertaking research to better understand perceptions, associations and expectations of Retirement Village Living and will use these insights to clarify our offer in the broader market place |

**RESIDENTIAL LIVING**

**Residents**

| | |
|---|---|
| Ensuring that adequate and acceptable levels of infrastructure and social connection are present in greenfield communities. | Our Liveability research provides us with a mechanism of monitoring resident perceptions on these measures in our Residential business. In Retirement Living, our Residents Voice survey captures residents thoughts and concerns with regard to connectivity and accessibility. |

# Customer
# Engagement

| Customer Issue | Our response |
|---|---|
| Perceived increase in cost of living (utilities and travel costs key issues). | In planning new projects in urban growth areas, we are accessing energy modelling tools (CCAP Precinct) to help us to identify what design and technology initiatives will be most efficient at reducing energy and carbon emissions and travel times and costs for our residents. |
| **Prospective Residents** | |
| Affordability of housing and ensuring that we build the right product in the right location at the right price. | When planning product and pricing for all our residential projects, we pay close attention to the types of households that are projected to be formed in each area, and their likely household income. We take into account what we believe to be each segment's purchasing capacity and design a product mix that caters for a range of household incomes and family types.

In FY14, we announced our Medium Density strategy to provide more affordable housing options in the middle ring and take account of increasing demand in these areas. We are actively pursuing opportunities for 'completed homes' and medium density product options within our existing sites, as well as apartments and other product options outside our existing landbank. |

Cost of living has been identified as a particular issue for customers, regardless of customer type, though concerns turned out to be less prominent than expected in 2014, with the carbon tax and electricity contributing much as expected to the Consumer Price Index (CPI). Inflation remained well behaved and between the Reserve Bank of Australia's target band of 2-3%. The Australian Bureau of Statistics' cost of living indexes are at 2.1% for employee households, well below the average for the past 15 years. Wage inflation, while falling, remains above 2.5% for the private sector, and closer to 3% for the public sector, and the cost of finance (interest rates) fell during FY14 indicating that there was no overall deterioration in purchasing power.

The outlook for FY15 is similarly benign, with CPI expected to remain between 2-3% and the carbon tax repealed by the new federal government.

## FY14 INITIATIVES

### Customer Insights

In FY14, we launched Stockland Exchange – our very own research community of customers and prospective customers. As of end FY14, we have over 2500 members who are shoppers, residents and prospective residents of our residential communities and retirement living villages.

Stockland Exchange enables us to engage with our community and get their opinions on what we are doing and planning to do in a timely manner. We have well over 40 examples of how the community is being used to inform decision making.

In FY14, a number of new customer engagement initiatives have been implemented; namely:

- Launch of Stockland Exchange – our own research panel (see Case Study)
- Quarterly shopper experience research across centres through our Stockland Exchange community
- Residential Post Settlement Sales Experience research
- Retirement living sales experience survey

**Case Study:** Stockland Exchange: a new way to engage with our customers

In FY14 we launched Stockland Exchange, our own research and insight community providing an opportunity for our customers to share their thoughts and help us design better shopping centres and communities. It is an online platform where our shoppers, residents, prospective residents, communities and customers will be able to engage with us on a regular basis. As of end FY14, we have over 2500 members who are shoppers, residents and prospective residents of our residential communities and retirement living villages.

Members of the community are invited to complete fun surveys or quick polls, take part in discussions, share their opinions and photos with us and receive relevant offers. In return, we listen to their views, share our research results, and demonstrate the impact of their inputs on our activities.

Members of Stockland Exchange are representative of our customers by region, life stage and other key demographics.

# Customer Engagement

But unlike standard consumer panels, the questions we ask are about our members' daily lives. We know from experience that our customers care deeply about how they can contribute to creating better places to shop, work and live so are pleased to be able to give them such a strong voice.

Stockland Exchange will deliver considerable benefits to the business. By engaging in meaningful conversations and conducting ongoing and interactive studies, it can help us get to the heart of how our customers think and feel, and why they do the things they do. It provides the opportunity to monitor our customers opinions over the long-term. By asking consumers questions over time, we can track individual behaviour changes and trends with a granularity and precision that was previously unavailable.

In the short-term, Stockland Exchange is a great platform to share relevant marketing offers or to perform pulse checks to gain quick, relevant feedback from our customers. It places our customers at the centre of our business decisions, allowing us to stay abreast of, and respond to, lifestyle shifts.

Research and insight from Stockland Exchange will improve our commercial outcomes as it provides more data to support strategic decision making. The ability to test communications, value propositions, offers, promotions or even creative material means that we can react quickly to changes in the market in response to what our customers say. It will also promote greater knowledge sharing across our business units and departments. By housing all  our research and insights in one place it makes it more accessible, easier to share and more readily available as a reference in decision making processes.

In FY15, we will be undertaking brand reputation and measurement research which will measure Stockland's performance relative to our peers and other industry leaders and identify the key drivers of our reputation.

## Customer Experience

We are currently undertaking brand and reputation measurement research to enable us to monitor brand awareness, consideration and imagery with our broad customer target groups and provide a benchmark for us to determine improvements on these key measures post communications launch.

We will continue this research in FY15 with a view to measuring our performance relative to our peers and other industry leaders, and identifying the key drivers of our reputation.

Other strategic initiatives in FY14 to enhance customer experience include:

- Streamlining the Customer Relations Management systems across our three business units.
- Design consultation with our retail tenants to ensure a smooth journey from concept to trade (See Case Study)

## Case Study: New Tenancy Design Guidelines - Improving our retailers' journey from concept to trade

Stockland's Tenancy Design and Delivery team work to uphold the design and ensure the quality of our retail tenancy fitouts from pre-lease to trade. Consultation with our tenants starts even before the contract has been signed, and the team work closely with the retailers and their designers and builders to ensure a smooth journey from concept to trade.

In FY14, the Tenancy Design and Delivery team launched a new set of online interactive design guidelines that encompass Stockland's design principles and processes with a focus on:

- Designing for impact
- Designing for the environment
- Designing for everyone

### Designing for impact

Design and branding is crucial for our customers, retailers and investors alike. Housing the most up-to-date brands in our centres enhances asset value and encourages more traffic to our centres, which means more shoppers for our retailers.

The new guidelines allow our retailers' brands to remain consistent and fresh across all our centres. The online interactive format aims to inspire and encourage the retailer to think carefully about the way their brand will look and feel. More than a

mere list of retailer dos and don'ts, the guidelines draw on our experience in the retail sector and help retailers create maximum impact for their store.

The style guide provides recommendations on store layout, revealing how to maximise visual appeal and create a striking shopfront. There are sections on signage and graphics, ceilings, flooring, walls, lighting, merchandising, fixtures and equipment, security, sound and seating. The guidelines are designed to support not only the more experienced retailer but also independent retailers who might be new to the industry and new to Stockland centres.

**Designing for the environment**

Being environmentally sustainable is another key element of the new design guidelines. We help our retail tenants incorporate environmentally sustainable design (ESD) into their fitout by simplifying the key ESD concepts and highlighting their responsibilities.

Our mandate is to achieve a minimum 4 star Green Star Design and As Built rating across all our development projects. We have a role to play in supporting and encouraging our retailers to achieve good environmental design outcomes in their fitouts whether it is in a development or in an operational centre. We believe the new interactive style guidelines will support them with this and simplify the process.

**Designing for everyone**

Stockland adopts a best practice approach not only with ESD but also in terms of having facilities accessible by all. The new guidelines have incorporated a DDA (Disability Discrimination Act) section to promote and highlight the retailers' responsibilities with regard to asset accessibility.

A four stage process flowchart guides the retailer through the various stages from concept to trade. This includes a step-by-step breakdown of the processes and responsibilities of all those involved in constructing the fitout itself, be it onsite inductions, onsite conduct, or site inspections to ensure quality workmanship in compliance with building standards.

The Stockland Retail Design & Fitout Guidelines were piloted on our Hervey Bay redevelopment and are being rolled out nationally to new and existing tenants across our operational retail assets. Aligned to our Virtual Customer Asset Directory (VCAD), launched in FY13 (see VCAD Case Study), the new electronic format of the guidelines places us ahead of our industry competitors and sets the benchmark for retail tenant engagement.

# Customer Engagement

## 6. Targets and Progress

| FY14 Priorities | | FY14 Performance |
|---|---|---|
| **Continue to use the LFR (Leasing Forecasting and Finance Reporting) and VCAD (Virtual Customer Asset Directory) tools in alignment with our CRM system to capture valuable retailer data and insights.** | Achieved | LFR and VCAD were successfully delivered in FY14 and will continue to be enhanced through FY15. LFR is being expanded to projects to provide a consistent forecasting experience for all Leasing Income across the stable portfolio and developments. |
| **Complete and undertake tenant survey across 239 office and industrial assets in FY14**<br><br>**Tenants - Establish a target on the back of survey results.** | Achieved | We completed a tenant survey across our assets in FY14, and are reviewing the approach and survey design to take into account plans to internalise management of these assets. |
| **Retailer Satisfaction Target: 75%** | Achieved | Our retailer satisfaction in FY14 was 80%* and we rated joint first on service/satisfaction |
| **Shopper Satisfaction Target: 90%** | Achieved | We exceeded our Mystery Shopper target (93% in FY14) and launched quarterly shopper satisfaction audits via Stockland Exchange. |
| **FY14 Customer Pulse Target: 80% (Satisfaction of Lead and Deposit customers with the sales experience in our Residential business)** | Ongoing | The average customer satisfaction score across Lead and newly Depositing customers for FY14 was 78%. |
| **Explore ways to streamline the Livability survey process so that it is more accessible to our communities and can be conducted more frequently.** | Achieved | We have developed a new process for collecting Livability data across all our communities on an annual basis, and will launch this process in FY15. |
| **Implement Feedback Program across all our Retirement Living villages in FY14.** | Achieved | Feedback program has been implemented, still awaiting results |
| **Village Resident Satisfaction Score FY14 Target: 8.5** | Achieved | We met this target (8.5 in FY14) and further increased the proportion of residents completing the survey |
| **Provision of medium density solutions to provide ongoing affordability options** | Achieved | We are pursuing opportunities for 'completed homes' and medium density product options within our existing sites as well as apartments and other product options outside of our existing landbank. |

**FY15 Priorities**

- Achieve retailer satisfaction target of 77% and maintain our leadership position on retailer satisfaction.
- Set customer experience benchmarks for the retail portfolio and each centre
- Achieve satisfaction target of 80% across Lead and Deposit customers in our Residential business
- Achieve National Liveability Index target score of 85% across our residential communities by FY17.
- Maintain satisfaction score of 8.5 amongst retirement village residents.
- 20% of Medium Density homes to be developed in accordance with Liveable Housing Australia guidelines by end FY16.

## 7. Appendix A

Complete list of documents in DMA Series:

| | | |
|---|---|---|
| **Governance** | 1. | Governance and  risk |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Customer Safety and Security

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Customer Safety and Security

Our commitment to our customers is consistent across our Group portfolio and is reflected in the products we offer and in the way we engage, value and respect our diverse range of customers. Our Work Health and Safety Policy outlines Stockland's commitment to providing a safe and healthy workplace for everyone who works with us or attends our workplace including our customers, contractors, employees and visitors. Central to this commitment is our focus on ensuring the safety and security of our customers at each stage in the asset lifecycle.

## 3. Management Approach

The Stockland Operational Risk Integrated Management System is a national system applicable to all our employees and business units. The information within this system defines our approach to managing operational risk at Stockland and encompasses policies and procedures relating to public safety and security.

Customer Safety and Security is also managed at critical points throughout the design, development and construction stages of the Project Lifecycle (D-Life), and also throughout our group-wide business activities, as indicated below:

| | |
|---|---|
| *Projects and assets* | Integrating customer safety into the **design** of our projects and assets. |
| | Ensuring customer safety and security throughout the **development and operation** of our projects and assets. |
| *Group-wide activities* | Safeguarding customer privacy and security across all our **interactions and engagements** with customers. |

### Projects and assets

In the Design phase, all major projects in Commercial Property, Retirement Living and Residential undergo Safety in Design Reviews in order to identify and mitigate potential health and safety impacts. In Construction and Operations, regular audits and inspections are carried out across all our projects and assets in order to identify opportunities for improved health and safety systems and process performance. In addition, Health and Wellbeing initiatives and objectives form part of each Business Unit's Sustainability Policy, which sets standards and objectives for each phase in project development. Customer Safety and Security considerations differ across business units, with safety aspects for retirement living being quite different to those for residential communities, retail centres, and industrial assets.

In Residential, we are committed to delivering communities where our residents and visitors feel safe at all times, and recognise that exceeding regulatory standards and fostering strong perceptions of safety drives brand recognition and competition for our projects. Residents' perceptions of safety were surveyed as part of our Liveability Index in FY13, highlighting how feelings of safety contribute to resident satisfaction, enhance the community value proposition and drive customer referrals.

We have a range of measures in place in regards to public safety and security. The current security and loss prevention methodologies within Commercial Property include traditional security measures of monitoring (CCTV and security guards) supplemented with emergency management procedures that continue to be reviewed and improved. The residential and retirement living assets generally have different control measures due to their risk profile, however they still face some common risks including uncontrolled or unauthorised access with risks to residents and damage to property.

Internal gap analysis audits and external insurance property and general liability audits are undertaken on an annual basis to measure compliance with Operational Risk policies and procedures including public safety and emergency response planning. In addition to this self-assessments are undertaken by each assets in order to ensure compliance against the Operational Risk Integrated Management System (ORIMS). Spot checks of the self-assessment checklists are then undertaken by the People & Asset Specialists.

# Customer Safety and Security

## Group-wide activities

Stockland has a Privacy Policy and associated controls and procedures to ensure that customer privacy is respected and their security is safeguarded. These controls and procedures help us meet our customers' expectations around how their information should be managed and protected, and ensure we meet our legal obligations under the Privacy Act 1988. This allows Stockland to build trust with customers while maximising the effectiveness of our marketing to prospects, leads and customers.

Our Privacy controls and procedures include:

- **Privacy Policy** made available to individuals and on our external website.
- **Privacy Collection Notices,** which outline how we use and manage the individual's personal information, provided at the time of collection.
- **Opt ins and Opt outs**: through which we are informed of an individual's desire to receive further marketing information, or of their preference to be contacted in a specific way (e.g. email/post).
- **Detail updates** which provide individuals with the facility to change their name, address, phone or other personal information.
- **Mechanism for requesting** to access or delete personal information.
- **Mechanism for complaints** regarding privacy and related concerns.
- **Privacy Officer** is appointed to manage privacy related matters.
- **Controls over access to systems which hold** personal information.

All marketing and advertising practices and processes are conducted in accordance with Australian Consumer Law, as clearly communicated by the Australian Competition and Consumer Commission (See ACCC website).

## Roles and Responsibilities

Ultimate responsibility for Customer Safety and Security lies with the Chief Operations Officer. The Chief Executive Officer of each business unit is equally responsible for the safety and security of customers across their respective asset classes.

The General Manager of Operational Risk provides oversight and assurance of the health and safety concerns across all asset classes, the General Manager Project Management and Direct Procurement manages relationships with our key contractors to ensure a focus on customer safety and security is maintained in project construction (see Supply Chain Management DMA), while the General Manager of Operations and Process Improvement provides oversight for processes which ensure security of customer information.

# 4. Review and Evaluation

As part of an integrated compliance program, internal gap analysis audits and external insurance property and general liability audits are undertaken on an annual basis to measure compliance with Operational Risk policies and procedures, including a review of public safety and emergency response planning at an asset level. All risks identified through the audit program are electronically recorded, monitored and tracked to ensure compliance and identified gaps are addressed in a risk prioritised order.

# 5. FY14 Update

## MATERIAL ISSUE

### Customer Perceptions of Safety and Security

We are committed to delivering residential communities where our residents and visitors feel safe at all times. In FY14 we continued to survey our residential communities through the Liveability Index to assess our residents' perceived feelings of safety within their local area, and to inform how we might continue to improve our approach to safety at Stockland.

Strong performance was seen across the surveyed communities, and results were communicated back to residents. Booklets issued to our communities outlined the Liveability Index results for safety, and also included a "What Can You Do" section to provide residents with a guide on how they can contribute to improved safety in their community, and who to contact should they need further information or support.

The Residential Community Development Toolkit was also updated in an effort to maintain strong results for safety within our communities. Stockland's Link & Learn program is now a core component of the Toolkit, and is focused on

# Customer Safety and Security

strengthening connections between residents.  In FY15 we will look to expand the Link & Learn program consistently across all Stockland communities to continue building Stockland's reputation for safe communities.

Other initiatives undertaken to further support safety include working within the community to promote and facilitate the formation of programs and self-managed initiatives, including the creation of a Walking School Bus Toolkit  to  support road safety for school aged children within our communities, and developing a series of standards relating to design, development, streets, homes, public places, schools and living which we will look to finalise and implement in FY15.

## FY14 INITIATIVES

### Projects and Assets

A public safety review was undertaken in FY14 across Commercial Property retail assets. The objective of the review was to evaluate the effectiveness of the existing public safety, security and emergency management methodologies in place throughout Stockland retail assets. Stockland's diverse asset profile has both unique and common public safety and security risks. High concentrated volumes of people and ease of access make Stockland assets potentially vulnerable to not only local threats such as fire, criminal activity and public liability risk, but also risks considered global threats such as terrorist activity, active shooter and civil unrest incidents. To address this, additional methodologies in emergency management response were developed across the retail portfolio, including the development of a Stockland Specific Emergency Response Plan that covers standard emergencies (e.g. fire evacuation) as well as the global threats of active shooter, civil unrest and terrorism. This plan is being rolled out throughout FY15 with the assistance of a specialist emergency response consultant. In addition, a range of desktop scenarios are under development which are to be tested at site level in order to increase response awareness across the entire centre team.

A CCTV review has been undertaken to examine the location of CCTV cameras in relation to public liability and security incident locations. Based on this review, a new strategy is being developed to ensure adequate CCTV is provided throughout the assets for the purposes of public safety and security. This strategy will be implemented in FY15.

An active area audit was undertaken at all Retail assets nationally in FY14 to investigate the level of protection between  vehicle routes and pedestrian areas. The audit identified assets with a potential risk of vehicle interaction with pedestrian areas. Bollards and barriers were installed at the identified assets to mitigate the risk.

An initiative relating to the improvement of slip resistance within the retail assets was implemented. The initiative involved working to apply a significantly improved floor treatment across a number of assets, increasing wet and dry slip resistance, and improving public safety through pro-active prevention of slips, trips and falls.

### Group-wide activities

New privacy legislation came into effect on 12 March, 2014 with substantial penalties up to $1.7m for any breach. This initiated a review of Stockland's approach to collecting and managing customer personal information, and the way we conduct our sales and marketing activities and consider, amongst other things, whether we are:

- Collecting only the personal information that is reasonably necessary for our business activities at the time of collection.
- Setting clear expectations with individuals as to how we will use their data, and ensuring we have their consent.
- Providing opt-in / opt-out (subscribe / unsubscribe) options on all of our marketing materials.

Our Compliance team worked with all teams across our organisation to prepare for this legislation. In addition to updating our Privacy Policy and making it publically available, we developed supporting procedures and held targeted training, as well as an online training module for all employees, to ensure that everyone was aware of the actions required of them in relation to customer privacy.

The new policy is available at http://www.stockland.com.au/privacy-policy.htm and our key procedural enhancements are outlined in the Management Approach section of this DMA.

Stockland has a responsibility to minimise loss by responding to emergency events and recovering in a timely manner to business interruptions and to ensure the safety of our customers. To continuously improve how we manage  this risk, a review of existing Emergency Response and Business Continuity Plans was undertaken in FY14. Subsequently, a project to develop and implement more robust and comprehensive plans was completed in a phased and risk prioritised approach. As part of this project, Emergency Response and Business Continuity Plans have been developed for all Stockland assets and key corporate functions.

# Customer Safety and Security

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | FY15 Priorities |
|---|---|---|
|  |  | • Finalise and implement Stockland specific emergency response plans across assets. |
|  |  | • Review CCTV capabilities across all retail assets and develop a CCTV standard for the installation of CCTV throughout all retail assets. |
|  |  | • Continue to assist National Operations in monitoring the effectiveness of the slip resistant floor treatment, throughout the retail portfolio. |
|  |  | • Finalise and implement a series of safety standards across projects and assets. |

## 7. Appendix A

Complete list of documents in DMA Series:

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| | 20. | Asset ratings and certification |

# Asset Ratings and Certification

## 1. Introduction

This document forms part of our Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines. The DMA series is designed to support and complement our annual corporate reporting by providing a detailed overview of our approach to managing key sustainability issues of significance to our business, our industry and our stakeholders. (See Appendix A) The series will be reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process.

## 2. Asset Ratings and Certification

Asset ratings and certifications are a key means of assuring and demonstrating the quality of our projects and assets. These ratings serve as justification that key social and environmental aspects have been considered in project and asset design, development 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 to regularly track and improve on our performance across our various asset classes.

Assets that are highly rated and can demonstrate a higher level of performance are more attractive to customers and investors. Not only do they guarantee a certain level of energy efficiency, and therefore cost savings over the long term, they also incorporate various design features which promote social inclusion and enhance health and wellbeing. Buildings with high environmental ratings often demonstrate higher return on investment over time. (Refer IPD research).

## 3. Management Approach

We use various product rating and certification tools to ensure the sustainability performance of our projects and assets. These tools are applied at different points in the project lifecycle, and differ depending on asset class.

| Rating / Certification Scheme | Stage of Lifecycle | Asset Class |
|---|---|---|
| Green Star | Design, Development, Operations* | Office, Retail, Retirement Living, Residential* |
| NABERS** | Operations | Office, Retail |
| NatHERS | Design | Retirement Living, Residential |
| Livability | Operations | Retirement Living, Residential* |

\* Under development
\*\* National Australian Built Environment Rating System

### Green Star

Green Star tools are used across all our business units in both the design and development stages of the project lifecycle. We have been a member of the Green Building Council of Australia (GBCA) since 2004 and an active participant in the shaping of policy and the development of the Green Star rating tools.

Some of our key contributions include:

- Green Star Accredited Professionals on staff who act as assessors and chair various Green Star rating assessment and credit review panels.
- Signatory to the 'Green Star Business Partnership'
- Involvement in the development of new rating tools through Technical Working Groups: Green Star Retail Centre, Green Star Industrial, Green Star Communities and Green Star Performance.

We have a strong commitment to the use of rating tools across our assets and developments and an impressive list of Green Star ratings across multiple asset types. Green Star is now a standard policy on all shopping centre developments with minimum of 4 stars certification for 'Design' and 'As Built' ratings required.

We are proud to have:

- Australia's first and largest 6 star Green Star Interiors rating (Stockland Sydney Head Office)
- Australia's first Green Star rating in a Retirement Living building (Affinity Clubhouse WA)
- Australia's first Green Star rating for a Retirement Living village (Selandra Rise, Vic)
- WA's first 6 star Green Star Office Design rating (2 Victoria Avenue Perth)

- WA's first 'trifecta' of Green Star ratings in one building (2 Victoria Avenue Perth)

We are also demonstrating industry leadership through the application of ratings in new asset types:

- Caloundra South community is a participant in the Green Star Communities Pilot
- Participation in the development and beta testing of Green Star Performance with Stockland Merrylands being nominated for involvement in the Pilot rating.

We are committed to being a Green Star Thought Leader and are excited by the opportunity to support the GBCA in the update of the Green Star rating tools. This commitment is upheld by Stockland's highest governance bodies, with our Managing Director sitting on the Board of the GBCA.

## NABERS

NABERS is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. It uses measured and verified performance information to assess the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. This performance is converted into a rating scale of one to six stars, with 6 being market-leading performance.

The NABERS rating system has been in place for over ten years, and continues to drive sustainability performance improvements in the built environment while delivering financial and reputational benefits for property owners, managers and tenants.

Stockland undertakes NABERS ratings on the base building across all its office assets, with tenancy ratings only undertaken on Stockland occupied space. NABERS ratings are undertaken on selected retail assets, and we have a target in place to rate all assets by FY17.

## NatHERS

The Nationwide House Energy Rating Scheme (NatHERS) is a national framework for the purpose of regulating how Australian homes are rated for their thermal performance. A NatHERS thermal performance rating basically assesses the amount of mechanical heating and cooling (e.g. air conditioners) that will be required to keep your home at a comfortable temperature.

Each state has minimum standards around thermal performance based on specific NatHERS ratings. NSW is slightly different in that it uses BASIX (Building Sustainability Index) as a measure of energy use in the home, however thermal performance forms a part of a BASIX rating.

The rating scale is from 1 to 10, with 10-star rated homes being the most thermally efficient and having minimal heating and cooling requirements. We have worked with builders over the last couple of years to build homes that go beyond the 5-6-star rating mandated by governments across Australia.

## Liveable Housing

As the largest residential property developer in Australia, with an overarching commitment to Liveability, it is important that we take a genuine lead in delivering 'Liveable Homes', improving industry standards and making Liveability a reality.

Liveable Housing Australia has introduced a three tiered performance range for liveable housing design: Silver, Gold and Platinum. This LHA certification, an industry benchmark, promotes good design principles and can add to the long-term value of homes in our communities.

The Liveable Housing Design Guidelines describe 16 easy living design elements based on simple principles such as minimum width corridors and more generous bathrooms. Each element details the performance expected to achieve Silver, Gold or Platinum level accreditation. The Livable Housing Design Quality Mark is issued to accredited building projects by LHA that are assessed at the design and as-built stages of the development.

For our Retirement Living business, applying these design principles is all about consistently delivering homes with easy living features and comfortable spaces which can accommodate the changing needs that life stages bring. It's what makes a difference to our customer's day-to day lives and what sets our homes apart.

> *"Working in partnership with builders to meet Livable Housing Design Guidelines is important to the growth of our Residential and Retirement Living businesses. It allows us to focus on creating great communities where our customers are confident that their home has been designed to enhance their lives now and in the future."* **-Mark Steinert, CEO and Managing Director**

# Asset Ratings and Certification

## 4. Review and Evaluation

We review our management approach to asset ratings and certifications on a regular basis to evaluate effectiveness and make any necessary adjustments.  The requirements for achieving ratings and certifications are embedded in our strategies, targets, policies and toolkits to assist decision making.

### Green Star

Our minimum standards for Green Star are to achieve a minimum of 4 stars 'Design' and 'As Built' ratings on all shopping centre developments.  The mechanism for evaluating the effectiveness of this approach is to work closely with the project design and delivery teams to ensure the target is being met in design briefs and delivered contractually.  Part of the review process is to understand the challenges of achieving credits. Having delivered several 4 star Green Star projects now, we are able to benchmark where we are scoring points on projects in each category and where it is difficult or costly.  This helps us make decisions about the viability of doing certain initiatives and avoiding 'reinventing the wheel'.

Green Star allows us to build our shopping centres using a nationally recognised environmental rating tool.  We know what 4 stars means and what the environmental impact of our new shopping centres is and we can model how they will perform in operation.  It gives us greater certainty and consistency in design and helps us set minimum standards.  It's early days and we still have a lot to learn about bringing Green Star rated shopping centres into operation and seeing the operational, investment, leasing and tenant benefits, but we are positive about these as the market for green shopping centres matures.

Green Star allows us to communicate the benefits of sustainable design to stakeholders and as a way to inform design standards for the future.  As we learn valuable lessons from our projects,  we can make decisions on technologies, materials or design features which may have once been cost prohibitive,  become commercial over time.  We can then amend our designs and minimum standards to meet new targets and objectives.  For example, LED lighting was once cost prohibitive, however the technology has improved, costs have come down and are now a common feature in all our developments.

### NABERS

We undertake NABERS energy and water ratings annually on all of our office buildings and in FY14 have made further progress in undertaking ratings across a broader selection of our shopping centres.  We use the ratings to benchmark the performance of the assets individually and as a portfolio and compare this with our peers.

The NABERS office rating tool is mature in the market and the annual renewal of ratings is routine.  It has taken time for the NABERS Retail rating tool to mature in the market  following some issues with the benchmarks used to compare performance and we deliberately held back on committing to ratings until the issues were resolved.  We have now completed several rating cycles for our shopping centres and are gaining a better understanding of how the tool works and how our centres compare and are impacted by the variables used to input into the rating.  We will continue to expand the selection of shopping centres that undertake ratings, so that all eligible centres are rated routinely over the next three years.

## 5. FY14 Update

### Green Star

**Commercial Property**

Stockland Hervey Bay achieved a 4 Star rating in the Round 1 assessment under the Green Star Retail Centre 'Design' rating tool.  The project was awarded 47 points, which meets the requirements of a 4 star rating and is consistent with our minimum standards for all Retail developments. This is a significant achievement for the project as very few Green Star submissions achieve a rating without going to a Round 2 assessment.  By achieving the rating in Round 1, this frees up resources to focus on targeting the 'As Built' rating once the centre is completed.

**Retirement Living**

During FY 14 our Affinity project in WA was awarded a 5 star "As built" rating for its clubhouse.  The "As built" rating followed the achievement of a 5 star design rating during the previous year.

Our Selandra Rise retirement Village in Victoria was awarded a 4 star rating under the Green Star custom tool for Retirement Living during the year. It was the first Retirement Village to be awarded a green star rating. An important element of this project was the learning and demonstration to our business of how a Green Star rating can be achieved on a horizontal residential development.

# Asset Ratings and Certification

## Case Study: Selandra Rise - Australia's first 4 Star Accredited Green Star Retirement Village

Selandra Rise Retirement Village in Victoria has been awarded Australia's first 4 star Green Star certification for a retirement village. This is the first Green Star rating for an entire village in Australia. It follows the awarding of a 5 star Green Star rating to the Affinity village clubhouse in September last year.

The certification was awarded under the Green Star Retirement Living Custom Tool which rates how well the village – including homes, community centre and open spaces – has been designed to perform. This means considering energy, water, waste materials, planting pallet and transport options to make the village a better place to live and reduce cost of living through lower energy and water bills, thus minimising levies. The homes will require less heating and cooling due to ceiling and wall insulation, glazing, and good home orientation. They will also use less water through water-saving reticulation systems, which further reduce the villages' environmental impact.

We had been working closely with the Green Building Council of Australia to develop the Green Star rating tool for an entire retirement village and used these principles to guide the design for Selandra Rise.

**How we achieved our 4 star Green Star rating:**

- 7 star homes which maintain a comfortable temperature with less air conditioning and heating
- Using materials with lower environmental impacts
- Home energy meters that help residents understand how much energy they are using
- Efficient taps and other water fittings
- High availability of greener travel and public transport options
- Recycled water for toilets and gardens
- More efficient lighting such as energy efficient LED lighting and better access to natural sunlight
- High performance glass to maintain constant temperatures
- Highly efficient air conditioning systems
- Use of natural gas for cooking and hot water

The 7 star energy rated villas and apartments will have the comforts and conveniences that retirees need while saving them money on day-to-day living costs. Residents at our Selandra Rise 7 star energy rated villas and apartments will save an average of over $700 a year on day-to-day living expenses.

| Home savings | Savings per year |
|---|---|
| - 47% - 7 star  and high efficiency a/c,<br>- 43% associated with Fluorescent/LED rather than incandescent lights<br>- 5% associated with cooking savings i.e. using gas rather than electricity<br>- 5% associated with use of ceiling fans rather | $565.00 |
| Cross flow ventilation | $30 |
| Natural lighting | $60 |
| High efficiency dishwashers – energy reduction | $19 |
| High efficiency taps, toilets, shower heads – reduce water use | $24 |
| High efficiency dishwashers – water reduction | $5 |
| **TOTAL** | **$703.00/year** |

Selandra Rise Retirement Village, which will include 214 seven star energy rated villas and apartments designed to create a healthy and active lifestyle for retirees, is located within our broader Selandra Rise masterplanned community. A strategic partnership between the Growth Areas Authority, the Planning Institute of Australia, Stockland and the City of Casey, Selandra Rise demonstrates an integrated approach to health and planning. Central to the many features of the development is Selandra Community Place, an interactive display home that demonstrates a variety of sustainable initiatives for improving the environment, health and wellbeing of Selandra Rise residents and the wider community. Selandra Community Place is as an eight-star, zero energy home and some of the techniques and materials displayed include solar orientation, double glazing, insulation and air sealing.

# Asset Ratings
# and Certification

**Residential**

Stockland's Caloundra South project is currently in the assessment and review process with the Green Building Council to achieve a Green Star Communities rating. No ratings have been awarded under this tool at the time of preparing this report and we are anticipating a final rating being awarded for the project in Q1 of FY 15. The communities tool demonstrates a more holistic approach to sustainability by awarding points not only for environmental initiatives as has been the traditional focus for Green Star tools, but also in categories representing design, social, community and economic focussed areas.

**Green Star Performance**

The Green Building Council of Australia has now completed its suite of Green Star rating tools with the launch of the Green Star Performance rating tool. This tool uses the same familiar categories but is different to other Green Star tools as it measures the operational performance of existing buildings. Any building type with or without a Green Star Design or As Built rating can now achieve a Green Star rating based on the actual performance of the building in operation.

Stockland has been involved in the development and beta testing of this rating tool since 2010 and is now participating in the pilot phase, with Stockland Merrylands to be the first Stockland asset to have a Green Star Performance rating.

## Stockland Asset Ratings

### Green Star

| | Design Rating | As Built | Green Star Tool |
|---|---|---|---|
| **Retail** | | | |
| **Stockland Highlands, VIC** | - | 4.0 | Retail Centre v1 |
| **Stockland North Shore, QLD** | 4.0 | 4.0 | Retail Centre v1 |
| **Stockland Townsville, QLD** | 4.0 | | Retail Centre v1 |
| **Stockland Merrylands (Stages 3 & 4), NSW** | 4.0 | - | Retail Centre v1 |
| **Stockland Shellharbour, NSW** | 4.0 | | Retail Centre v1 |
| **Stockland Hervey Bay, QLD** | 4.0 | | Retail Centre v1 |
| **Office** | | | |
| **Triniti, 39 Delhi Road, North Ryde, Building A** | - | 5.0 | Office v2 |
| **Triniti, 39 Delhi Road, North Ryde, Building B** | - | 5.0 | Office v2 |
| **Triniti, 39 Delhi Road, North Ryde, Building C** | - | 5.0 | Office v2 |
| **78 Waterloo Road, North Ryde** | 5.0 | - | Office v2 |
| **2 Victoria Avenue, Perth** | 6.0 | 5.0 | Office v2 |
| **Sydney Head Office, L22-29, 133 Castlereagh Street** | - | 6.0 | Interiors v1.1 |
| **Retirement Living** | | | |
| **Affinity Clubhouse, Norwood Avenue, Baldivis WA** | 5.0 | 5.0 | Public Building Pilot |
| **Selandra Rise Retirement Village, VIC** | 4.0 | | Custom |

# Asset Ratings and Certification

## NABERS

NABERS ratings have been completed for Calendar Year 2013 for the whole of the Commercial Property Office portfolio and a proportion of the Retail portfolio.

### Office

For the Office portfolio, the portfolio average for Energy in FY14 is 4.47 stars, up from 4.3 stars in FY13. Of the 18 ratings completed, there are eight 5.0 star rated buildings and four 4.5 star rated buildings. The standout is 133 Castlereagh St which has achieved a 5 star rating for the first time. For Water, the average in 2013 is 3.7, stars up from 3.5 stars in 2012. All buildings have a complying BEEC with the exception of 40 Cameron Ave which cannot be rated due to vacancy and has an exemption from having to obtain a BEEC.

### Stockland Assets

| | Energy Rating | | | | Water Rating | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2013 | 2012 | 2011 | 2010 |
| **NSW** | | | | | | | | |
| **110 Walker St, North Sydney** | **3.5** | 2.5 | 4.0 | 4.0 | **3.5** | 3.5 | 3.0 | 3.0 |
| **Picadilly Tower, 133 Castlereagh St, Sydney** | **5.0** | 4.5 | 4.5 | 4.5 | **4.5** | 4.5 | 4.5 | 4.0 |
| **Picadilly Court, 222 Pitt St, Sydney** | **5.0** | 4.0 | 3.5 | 3.5 | **4.0** | 3.0 | 3.5 | 3.5 |
| **135 King St, Sydney** | **3.5** | 3.5 | 3.5 | 3.0 | **3.0** | 3.0 | 3.0 | 2.5 |
| **175 Castlereagh St, Sydney** | **SOLD** | 4.5 | 5.0 | 4.5 | **SOLD** | 3.5 | 4.0 | 3.5 |
| **601 Pacific Hwy, St Leonards** | **5.0** | 5.0 | 5.0 | 4.5 | **4.5** | 4.0 | 4.0 | 3.5 |
| **77 Pacific Hwy, North Sydney** | **4.5** | 4.5 | 4.0 | 4.0 | **3.0** | 3.0 | 3.0 | 2.5 |
| **78 Waterloo Road, North Ryde** | **SOLD** | 5.5 | 5.5 | NA | **SOLD** | 5.0 | 5.0 | - |
| **16 Giffnock Ave, North Ryde** | **2.5** | 2.5 | 1.5 | 2.0 | **2.5** | 3.5 | 1.5 | 2.5 |
| **66 Waterloo Road, North Ryde** | **4.0** | 5.0 | 5.0 | 5.0 | **3.5** | 3.5 | 4.5 | 4.5 |
| **11-17 Khartoum Road, North Ryde** | **5.0** | 4.0 | 4.0 | 3.5 | **NA** | - | - | - |
| **Triniti, 39 Delhi Road, Building A** | **5.0** | 5.0 | 5.0 | 5.0 | **3.5** | 4.0 | 4.5 | 4.5 |
| **Triniti, 39 Delhi Road, Building B** | **5.0** | 5.0 | 5.0 | 5.0 | **4.0** | 3.5 | 4.5 | 4.0 |
| **Triniti, 39 Delhi Road, Building C** | **5.0** | 5.0 | 5.0 | NA | **3.5** | 3.0 | 3.0 | - |
| **Optus Centre, 1 Lyon Park Road North Ryde** | **4.5** | 2.5 | **-** | - | **3.5** | 3.0 | - | - |
| **ACT** | | | | | | | | |
| **40 Cameron Street, Belconnen*** | **-** | - | 2.5 | 2.0 | **-** | **-** | 4.5 | 1.5 |
| **VIC** | | | | | | | | |
| **541 St Kilda Rd, Melbourne** | **SOLD** | 2.5 | 2.5 | 2.5 | **SOLD** | 2.5 | 2.0 | 2.0 |
| **QLD** | | | | | | | | |
| **Waterfront Place, 1 Eagle St, Brisbane** | **4.5** | 4.5 | 4.5 | 4.5 | **4.0** | **4.0** | 4.0 | 4.0 |
| **Garden Square, 643 Kessels Rd, Upper Mount Gravatt** | **4.0** | 4.5 | 4.0 | 3.5 | **5.0** | **4.5** | 4.5 | 4.0 |
| **80-88 Jephson Street, Toowong** | **4.0** | 2.5 | 1.5 | 2.0 | **4.0** | **4.5** | 4.0 | 4.5 |
| **WA** | | | | | | | | |
| **Durack Centre, 263 Adelaide Terrace, Perth** | **4.5** | 4.5 | 4.5 | 4.0 | 4.0 | - | 6.0 | - |
| **2 Victoria Avenue** | **5.0** | 5.0 | 5.0 | 5.0 | **3.0** | **3.5** | 3.5 | - |
| | | | | | | | | |
| **Portfolio Average** | | | | | | | | |
| **Including Joint Ventures** | **4.47** | 4.3 | 3.9 | 3.9 | **3.7** | **3.4** | 3.7 | 3.4 |
| **Without Joint Ventures** | | | 3.9 | 3.9 | | | 3.8 | 3.4 |

# Asset Ratings and Certification

## Stockland Offices

| | Energy Rating | | | |
|---|---|---|---|---|
| | **2013** | **2012** | **2011** | **2010** |
| **Sydney Head Office, L22-29, 133 Castlereagh Street** | **4.5** | 4.5 | 6.0 | 5.0 |
| **Melbourne Head Office, L7, 452 Flinders Street** | **3.5** | - | 2.0 | 1.5 |
| **Perth Head Office, L1, 2 Victoria Avenue** | **-** | **-** | 5.0 | - |
| **Brisbane Head Office, L4, 99 Melbourne Street** | - | - | 3.0 | - |

## Retail

For the Retail portfolio, we have undertaken ratings on a broader selection of sites with 12 ratings completed for Calendar Year 2013. This cycle, we have 7 centres scoring 4.0 stars or better including a 5.0 (Caloundra), 5.5 (Glendale) and 6.0 star rated centre (Forster). The standout is Green Hills which improved by 3 stars after a zero the first time it was rated. The portfolio average for Energy is 3.6 stars which is the first time we have reported against an average. For water, we have 6 centres scoring 4 stars or better including two 5 star centres (Forster and Caloundra). For Water, the average in 2013 is 3.4 stars.

| | Energy Rating | | | | Water Rating | | | |
|---|---|---|---|---|---|---|---|---|
| | **2013** | **2012** | **2011** | **2010** | **2013** | **2012** | **2011** | **2010** |
| **NSW** | | | | | | | | |
| **Stockland Green Hills** | **3.0** | 0.0 | - | - | **3.0** | 2.5 | - | - |
| **Stockland Jesmond** | **4.0** | 3.0 | - | - | **2.5** | 2.5 | - | - |
| **Stockland Wetherill Park** | **4.0** | 2.5 | 3.5 | - | **4.0** | 2.5 | 2.5 | - |
| **Stockland Forster** | **6.0** | - | 6.0 | 5.0 | **5.0** | - | 4.0 | 3.5 |
| **Stockland Glendale** | **5.5** | 5.0 | - | - | **4.0** | 3.0 | - | - |
| **Stockland Baulkham Hills** | **3.5** | 3.0 | - | - | **1.0** | 0.0 | - | - |
| **Stockland Nowra** | **4.5** | 4.0 | - | - | **4.5** | 4.5 | - | - |
| **Stockland Bathurst** | **3.0** | 3.5 | - | - | **2.5** | 2.5 | - | - |
| **QLD** | | | | | | | | |
| **Stockland Caloundra** | **5.0** | - | 4.0 | - | **5.0** | - | - | - |
| **Stockland Hervey Bay** | **-** | - | 3.5 | - | **-** | - | 3.5 | - |
| **Stockland Rockhampton** | **3.0** | 2.0 | - | - | **3.0** | 1.5 | - | - |
| **Stockland Cairns** | **4.5** | 3.5 | - | - | **-** | 3.5 | | |
| **Stockland Townsville** | **3.0** | - | - | - | **-** | 3.5 | | - |

## NatHERS

Over the last couple of years, we have delivered a 7 star Display Village at our residential masterplanned community at Bells Reach and a 7 star retirement village at Selandra Rise. Other projects have included homes with higher star ratings, including 8 and 9 star homes at North Shore.

## Liveable Housing

During FY14 we focussed on introducing liveable housing into our projects at Allura Burbank, Macarthur Gardens, Willowdale (Medium Density & Retirement Living), North Lakes and Highlands. This financial year we will work closely on House and Land Packages.

We have already begun working with Metricon Homes to deliver LHA compliant design, and have found in the majority of a cases it is a matter of minor tweaking to current designs.

In February an internal Stockland LHA workshop was held with cross business DM's, Sales and Marketing, Sustainability, Cost Planning and Design to discuss the opportunities and key actions.

# Asset Ratings and Certification

## 6. Targets and Progress

| FY14 Priorities | FY14 Performance | | FY15 Priorities |
|---|---|---|---|
| | | | **Green Star**<br>• All shopping centre developments to achieve a minimum Green Star Design and As Built rating of 4 stars.<br>• All new Retirement Living villages to be Green Star rated to a minimum 4 stars Design.<br>• Test the new Green Star Performance Pilot tool on one shopping centre and in our operating retirement villages.<br><br>**NABERS**<br>• Office: 4.5 Star NABERS energy portfolio average by FY17 (currently 4.47) and NABERS water portfolio average of 4 stars(currently 4.0 stars).<br>• Retail: Conduct NABERS energy and water ratings on all eligible assets in portfolio by FY17 (currently all eligible NSW and QLD assets have been rated)<br><br>**NatHERS**<br>• Residential projects to demonstrate delivery of 7 star or above homes in our display villages<br><br>**Liveable Housing**<br>**Retirement Living**<br>• development pipeline and all new villages to meet 100% LHA Design Guidelines Silver standard<br>**Residential**<br>• Homes commissioned by us: (e.g. Medium Density) 40-50% LHA Silver Standard by FY16.<br>• Homes built in our display villages: at least 3 display homes in each village built to Silver standard.<br>• Working with our builder partners to create house designs which meet the LHA standards, so that by FY16 competitive LHA compliant home designs are available for most of our communities for most home types. |

## 7. Appendix A

Complete list of documents in DMA Series:

| Governance | 1. | Governance and  risk |
| --- | --- | --- |
| | 2. | Stakeholder engagement |
| **Supply Chain** | 3. | Supply chain management |
| | 4. | Materials |
| **Environment** | 5. | Energy and emissions |
| | 6. | Climate resilience |
| | 7. | Biodiversity |
| | 8. | Water management and quality |
| | 9. | Waste |
| **People** | 10. | Employee engagement |
| | 11. | Human capital development |
| | 12. | Diversity and inclusion |
| | 13. | Health and safety |
| | 14. | Human rights |
| **Communities** | 15. | Community investment |
| | 16. | Community development |
| | 17. | Community connectivity |
| **Customers** | 18. | Customer engagement |
| | 19. | Customer safety and security |
| | 20. | Asset ratings and certification |

# Environmental Data

## Background Notes

All figures in our Environmental Data relate to our Australian operations.

As a property owner and developer, acquisitions, divestments and development activity within a given year can significantly impact our environmental performance. The table below provides an overview of the activity profile for each of our businesses and how this affects our environmental data.

| | Activity Profile | Energy and Emissions | Natural Resources |
|---|---|---|---|
| **Commercial Property** | *Operating our retail, office and industrial assets.* | Unless there are significant changes to our portfolio, or key infrastructure upgrades/installations, changes generally reflect energy efficiency programs and initiatives.<br><br>**Scope 1:** Gas consumption, Refrigerants<br><br>**Scope 2:** Purchased electricity | Unless there are significant changes to our portfolio, changes reflect water efficiency programs and initiatives, tenancy mix, water leakages, or changes to asset management arrangements.<br><br>**Water:** Water consumption and intensity<br><br>**Waste:** Operational waste, development construction waste |
| **Residential** | *Development of our projects and communities, predominantly undertaken by our "Residential contractors".* | Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher.<br><br>**Scope 1:** Emissions from gas and fuel consumption reported by our contractors, and our direct gas consumption.<br><br>**Scope 2:** Emissions from electricity consumption reported by our contractors, and our purchased electricity. | Increased civil works activity has a direct correlation with increased water consumption. In periods where we are actively developing our assets, our water consumption, and particularly that of our Residential contractors, is higher.<br><br>**Water:** Water consumption reported by our contractors, and our direct water consumption.<br><br>**Waste:** Waste data reported by our contractors<br><br>**Biodiversity** metrics vary and reflect the specific characteristics of our project development sites. |
| **Retirement Living** | *Development of our retirement villages, undertaken by our "Retirement Living contractors"* | Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher.<br><br>**Scope 1**: Emissions from gas and fuel consumption reported by our contractors, and our direct gas consumption.<br><br>**Scope 2**: Emissions from electricity consumption reported by our contractors | Increased civil works activity has a direct correlation with increased water consumption. In periods where we are actively developing our assets, our water consumption is higher.<br><br>Increased finishing works (landscaping and village upgrades) also contributes to increased water consumption, and these works are generally undertaken by Retirement Living contractors.<br><br>**Water:** Water Consumption<br><br>**Waste:** Contractor waste |
| | *Operating our retirement villages.* | Unless there are significant changes to portfolio (e.g. the acquisition of Aevum in FY11 which nearly doubled the size of our Retirement Living business) annual changes generally reflect energy efficiency programs and initiatives, and climactic conditions (i.e. milder temperatures reduce energy demand).<br><br>**Scope 1:** Our direct gas consumption and (in some cases) that of our residents<br><br>**Scope 2:** Our direct consumption of purchased electricity and (in some cases) that of our residents. | Unless there are significant changes to portfolio (e.g. the acquisition of Aevum in FY11 which nearly doubled the size of our Retirement Living business) annual changes reflect water efficiency programs and initiatives.<br><br>**Water:** Water Consumption |

# Environmental Data

## 1. Energy and Emissions

### 1.1 Boundary and Methodology

We report our Scope 1 and Scope 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting Act (2007) (NGERA). We voluntarily report select Scope 3 emissions in accordance with the GHG Protocol Corporate Standard.

| Scope | Boundary |
|---|---|
| **Scope 1** | Direct emissions- i.e. emissions from fuels that are combusted on-site (including natural gas and diesel) as well as refrigerant leakage. |
| | Direct emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their gas and fuel consumption data as part of monthly reporting. |
| | Emissions from gas consumption across the office, retail, industrial, residential and retirement living assets for which we have operational control.  For those assets that have missing invoices estimates are provided |
| | Tenant gas usage is not included except where we are the tenant. |
| | Our emissions boundary also includes a decommissioned coal seam mine that produces an estimated 12.4tCO2-e per annum. This is captured under our Residential emissions. |
| **Scope 2** | Indirect emissions from the consumption of electricity only. |
| | Indirect emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their electricity consumption data as part of monthly reporting. |
| | Emissions from base-building electricity across the office, retail, industrial, residential and retirement living assets for which we have operational control.  For those assets that have missing invoices estimates are provided. |
| | Tenant electricity usage is not included except where we are the tenant. |
| **Scope 3** | Other indirect emissions, including car hire, air travel, and transmission and production losses from purchased electricity, gas and fleet fuel. |

**Notes:**

- Residential and Retirement Living data was not recorded for individual scopes in FY09. As such, in FY09 Scope and 2 emissions for Residential and Retirement Living were estimated and included in total emissions figure.
- In FY11, we improved the data collection for our Retirement Living and Residential businesses, which enabled us to shift from reporting estimates based on sampling to reporting actual performance data across all Retirement Living and Residential sites within our operational control. This led to an increase in our greenhouse gas emissions profile.
- Data is provided to us by third party contractors in accordance with National Greenhouse and Energy Reporting Act (NGERA) reporting requirements.

# Environmental Data

## 1.2 Emissions

### Total greenhouse gas emissions (kgCO2-e)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Scope 1** | **22,101,740** | 18,509,406* | 26,960,684 | 27,459,144 | 14,904,868 | 3,016,281 |
| **Scope 2** | **99,927,336** | 104,392,844* | 117,517,462 | 128,283,100 | 131,369,103 | 120,000,601 |
| **Total Scope 1+2 emissions** | **122,029,076** | 122,902,250* | 144,478,146 | 155,742,244 | 146,273,971 | 145,326,882** |

\* This is a restatement of last year's figures reflecting improvements in energy data extraction from invoicing

\*\* In FY09 Scope 1 and 2 emissions for Residential and Retirement Living were estimated and included in total emissions figure.

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Total greenhouse gas emissions (kgCO2-e)

### Total scope 1 emissions (kgCO2-e)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office gas** | **832,162** | 1,149,252 | 1,763,437 | 1,827,474 | 1,574,047 | 1,759,961 |
| **Industrial gas** | **1,437** | 6,789 | 10,707 | 7,540 | 36,037 | 20,597 |
| **Retail gas** | **97,454** | 97,823 | 129,603 | 52,558 | 29,216 | 40,455 |
| **Vehicle fleet** | **87,163** | 55,751[1] | 222,767 | 166,538 | 178,083 | 287,548 |
| **Refrigerants** | **2,380,426** | 2,476,630 | 1,919,215 | 1,094,926 | 1,108,671 | 907,720 |
| **Residential gas** (incl. coal seam mine) | **19,234** | 17,420 | 40,055 | 157,816 | 50,778 | - |
| **Residential contractors** | **18,142,265**[2] | 14,087,750 | 21,805,911 | 22,357,767 | 11,669,158 | - |
| **Retirement Living gas** | **376,722**[3] | 168,711[4] | 210,200 | 332,065 | 2,930 | - |
| **Retirement Living contractors** | **164,877** | 449,280 | 858,789 | 1,462,460 | 255,948 | - |
| **Total Scope 1 emissions** | **22,101,740** | 18,509,406 | 26,960,684 | 27,459,144 | 14,904,868 | 3,016,281 |

[1] Reduction (>50%) of Stockland's fleet.
[2] Figures reflect our activity profile: increased development activity on existing sites in FY14, and reduced activity in FY13 due to selldown of existing lot profiles.
[3] Increased figure due to all new retirement living villages being connected to gas.
[4] This is a restatement of last year's figure of 127,010kgCO2-e reflecting improvements in energy data extraction from invoicing
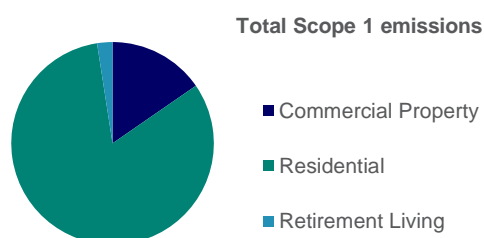


Total Scope 1 emissions

- Commercial Property
- Residential
- Retirement Living

**Residential** constitutes the largest proportion of our Scope 1 emissions due to contractor construction activity across our developments.

Projects in active development in FY14 include:

- Calleya
- Willowdale
- Allura
- Elara

See our Energy and Emissions DMA for further information on our FY14 performance.

# Environmental Data

## Total Scope 2 emissions (kgCO2-e)

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Corporate tenancies** | 1,405,640 | 1,483,751 | 1,426,852 | 1,818,240 | 1,511,979 | 1,558,899 |
| **Office** | 23,160,992[1] | 28,340,665 | 38,597,988 | 53,052,082 | 56,761,064 | 62,487,006 |
| **Industrial** | 2,997,736 | 3,443,281 | 2,758,342 | 3,088,275 | 3,261,711 | 99,391 |
| **Retail** | 57,957,403[2] | 58,635,635 | 63,459,512 | 61,702,581 | 63,205,479 | 55,855,304 |
| **Residential** | 1,852,475 | 2,506,780 | 2,203,250 | 2,668,804 | 4,435,837 | - |
| **Residential contractors** | 632,129 | 212,390 | 281,150 | 252,821 | 96,149 | - |
| **Retirement Living** | 11,870,046 | 9,755,062[3] | 8,776,277 | 5,689,929 | 2,096,884 | - |
| **Retirement Living contractors** | 50,915 | 15,280 | 14,091 | 10,368 | - | - |
| **Total Scope 2 emissions** | 99,927,336 | 104,392,844 | 117,517,462 | 128,283,100 | 131,369,103 | 120,000,601 |

[1] Decrease due to divestment of office assets and additional operational efficiency programs
[2] Increased energy efficiency across retail assets
[3] This is a restatement of last year's figure of 6,298,240kgCO2-e reflecting improvements in energy data extraction from invoicing
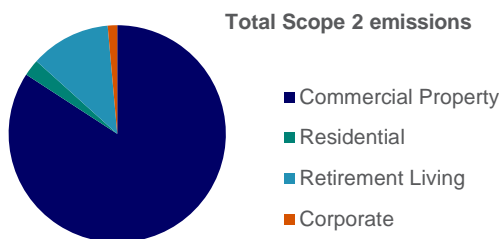


**Total Scope 2 emissions**

- Commercial Property
- Residential
- Retirement Living
- Corporate

**Commercial Property** constitutes our largest proportion of Scope 2 emissions and remains the focus of our strategic energy efficiency initiatives

See section 1.3 Emissions intensity for an indication of our reduction achievements in Commercial Property in FY14.

See our Energy and Emissions DMA for further information on our FY14 performance.

## Total Scope 3 (kgCO2-e)

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Total transmission and production losses from purchased electricity, gas and fleet fuel** | 19,860,930 | 19,572,199* | 22,246,487 | 21,275,232 | 23,159,819 | 19,718,223 |
| **Car hire** | 51,696 | 73,722 | 139,032 | 79,475 | 65,048 | 42,105 |
| **Air travel** | 3,643,550 | 3,803,154** | 1,340,777 | 1,859,621 | 1,241,197 | 1,070,393 |
| **Total Scope 3 emissions** | 23,556,176 | 23,449,075 | 23,726,296 | 23,214,328 | 24,466,064 | 20,830,721 |

* This is a restatement of last year's figure of 15,604,824kgCO2-e reflecting improvements in energy data extraction from invoicing

** This is a restatement of last year's reported figure of 1,635,111kgCO2-e. Transition to a third party travel management contractor has provided greater visibility over employee air travel.

# Environmental Data

## 1.3 Emissions Intensity

### Greenhouse gas emissions intensity (kgCO2-e/m2)*

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office** | **67.55** | 72.1 | 77.3 | 85.1 | 97.0 | 103.8 |
| Floor area (NLA) of buildings in intensity metric (m2) | 355,073 | 409,134 | 527,028 | 642,279 | 600,788 | 508,342 |
| % portfolio in intensity metric | 100% | 100% | 100% | 100% | 100% | 76% |
| **Retail** | **59.34** | 62.0 | 69.2 | 73.0 | 76.0 | 74.6 |
| Floor area (GLA) of buildings in intensity metric (m2) | 978,257 | 947,435 | 918,725 | 852,108 | 831,821 | 735,733 |
| % portfolio in intensity metric | 100% | 100% | 100% | 100% | 99% | 97% |
| **Commercial Property\*\*** | **61.52** | 65 | 72 | 78 | 85 | 87 |
| Floor area of buildings in intensity metric (m2) | 1,333,330 | 1,356,569 | 1,445,753 | 1,494,387 | 1,432,609 | 1,244,075 |
| % portfolio in intensity metric | 100% | 100% | 100% | 100% | 99.5% | |

\* Based on Scope 1 and 2 emissions, excluding all refrigerants
\*\* Combined Office and Retail
Note: NLA - Net Lettable Area; GLA - Gross Lettable Area



Emissions Intensity - Commercial Property

### Emissions intensity reduction (%)

|  | Target Progress | Annual Reductions | | | | |
|---|---|---|---|---|---|---|
|  | FY09-14 | FY13-14 | FY12-13 | FY11-12 | FY10-11 | FY09-10 |
| **Office** | **35%** | 6% | 7% | 9% | 12% | 7% |
| **Retail** | **20%** | 4% | 10% | 5% | 4% | -2% |
| **Commercial Property** | **29%** | 5% | 10% | 8% | 8% | 2% |

### Retail Like-for-Like

This metric allows us to compare the intensity performance of those assets we've held in our portfolio since FY09.

|  | FY14 | FY13 | FY12 | FY09 Baseline |
|---|---|---|---|---|
| **Emissions Intensity (kgCO2-e/m$^2$)** | **55.43** | 56.7 | 65.0 | 74.6 |
| Floor area (NLA) of buildings in intensity metric (m$^2$) | 836,015 | 808,354 | 782,310 | 735,733 |
| % portfolio in intensity metric | 85% | 85% | 85% | 97% |
| **Reduction in emissions intensity since FY09 (%)** | **26%** | 24% | 13% | |

# Environmental Data

## 1.4 Energy Consumption

### Electricity

### Purchased electricity (kWh)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Corporate tenancies** | 1,564,314 | 1,599,709 | 1,533,632 | 1,924,901 | 1,622,297 | 1,655,224 |
| **Office** | 27,627,604 | 32,651,857 | 44,138,176 | 60,025,840 | 63,370,687 | 68,639,145 |
| **Industrial** | 3,474,882 | 3,906,359 | 3,180,561 | 3,442,690 | 3,622,030 | 108,900 |
| **Retail** | 65,017,061 | 63,550,659 | 68,948,036 | 66,771,363 | 69,030,062 | 60,110,466 |
| **Residential** | 2,265,986 | 2,744,611 | 2,395,863 | 2,764,084 | 4,724,216 | - |
| **Residential contractors** | 619,789 | 193,050 | 245,594 | 249,272 | 89,785 | - |
| **Retirement Living** | 12,045,323 | 9,579,561* | 8,060,324 | 5,548,781 | 1,725,830 | - |
| **Retirement Living contractors** | 73,001[1] | 35,316 | 2,328 | 8,493 | 7 | - |
| **Total** | 112,687,960 | 114,261,122 | 128,505,514 | 140,735,424 | 144,224,914 | 130,513,736 |

[1] Increase due to increased finishing works activity
* This is a restatement of last year's figure of 5,685,422kWh reflecting improvements in energy data extraction from invoicing

### Electricity intensity (kWh/m2)

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office** | **77.8** | 79.8 | 84.7 | 93.1 | 104.8 | 109.8 |
| **Floor area (NLA) of buildings in intensity metric (m$^2$)** | 354,955 | 409,061 | 526,062 | 646,279 | 600,788 | 508,342 |
| **% of portfolio covered in intensity metric** | 100% | 100% | 100% | 100% | 100% | 76% |
| **Retail** | **66.45** | 67.1 | 75.0 | 78.9 | 83.0 | 80.1 |
| **Floor area (GLA) of buildings in intensity metric (m$^2$)** | 978,256 | 947,536 | 918,722 | 852,108 | 831,821 | 735,733 |
| **% of portfolio covered in intensity metric** | 100% | 100% | 100% | 100% | 99% | 97% |
| **Commercial Property*** | **69.47** | 70.9 | 78.5 | 85.0 | 92.1 | 92.2 |
| **Floor area of buildings in intensity metric (m$^2$)** | 1,333,211 | 1,356,597 | 1,444,784 | 1,498,387 | 1,432,609 | 1,244,075 |
| **% of portfolio covered in intensity metric** | 100% | 100% | 100% | 100% | 99.5% | 86.5% |

* Combined Office and Retail
Note: NLA - Net Lettable Area; GLA - Gross Lettable Area

**Electricity Intensity (kWh/m$^2$)**

# Environmental Data
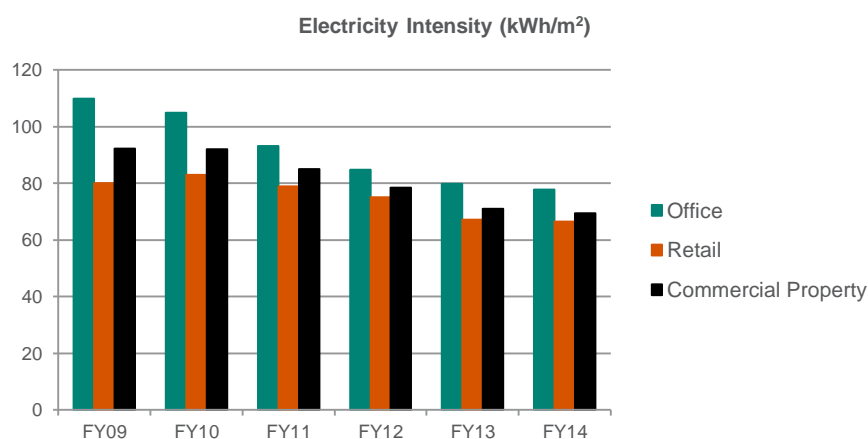
## Electricity intensity reduction (%)

| | Target Progress | Annual Reductions | | | | |
|---|---|---|---|---|---|---|
| | **FY09-14** | **FY13-14** | **FY12-13** | **FY11-12** | **FY10-11** | **FY09-10** |
| **Office** | 29% | 3% | 6% | 9% | 11% | 5% |
| **Retail** | 17% | 1% | 11% | 5% | 5% | -4% |
| **Commercial Property** | 24% | 2% | 10% | 8% | 8% | 0.1% |

## Retail Like-for-Like

This metric allows us to compare the intensity performance of those assets we've held in our portfolio since FY09.

| | **FY14** | **FY13** | **FY12** | **FY09 Baseline** |
|---|---|---|---|---|
| **Emissions Intensity (kgCO2-e/m$^2$)** | **63.77** | 63.0 | 72.3 | 80.1 |
| **Floor area (NLA) of buildings in intensity metric (m$^2$)** | 836,015 | 808,423 | 782,302 | 735,733 |
| **% portfolio in intensity metric** | 85% | 85 | 85 | 97% |
| **Reduction in emissions intensity since FY09 (%)** | **20%** | 21% | 10% | |

## Fuel Consumption

### Gas consumption[1] (MJ)

| | **FY14** | **FY13** | **FY12** | **FY11** | **FY10** | **FY09** |
|---|---|---|---|---|---|---|
| **Office** | **16,211,993**[2] | 22,389,489 | 34,251,647 | 35,602,367 | 30,665,244 | 34,287,190 |
| **Industrial** | **27,986** | 132,268 | 208,532 | 146,890 | 702,056 | 401,271 |
| **Retail** | **1,898,574** | 1,905,757 | 2,524,838 | 1,023,893 | 569,172 | 788,136 |
| **Residential** | **331,020** | 123,294 | 505,782 | 2,832,885 | 747,679 | - |
| **Residential contractors*****　 | **2,993** | 2,275 | 8,914 | 1,189 | 0 | - |
| **Retirement Living** | **7,119,574**[3] | 2,940,671* | 3,565,526 | 6,002,361 | 57,082 | - |
| **Retirement Living contractors** | **-** | - | 294 | - | - | - |
| **Total** | **25,592,140** | 27,493,754 | 41,065,533 | 45,609,585 | 32,741,233 | 35,476,597 |

[1] Includes natural gas and LPG
[2] Decrease due to divestment of office assets
[3] Increased figure due to all new retirement living villages being connected to gas
* This is a restatement of last year's figure of 2,073,654MJ reflecting improvements in energy data extraction from invoicing

### Total fuel consumption by type

| | **FY14** | **FY13** | **FY12** | **FY11** |
|---|---|---|---|---|
| **Diesel (L)** | **6,597,215** | 5,245,570 | 7,962,892 | 8,406,045 |
| **Bio-diesel (L)** | **236,637** | 285,219 | 419,912 | 301,821 |
| **Petrol (L)** | **155,275** | 116,360 | 180,146 | 293,004 |
| **Ethanol (L)** | **5,486** | 2,257 | 11,507 | 8,688 |
| **LPG (L)** | **81** | 180 | 37,480 | 178 |
| **Oil (L)** | **63,939** | 42,916 | 340,674 | 73,421 |
| **Grease (kg)** | **32,541** | 20,583 | 95,706 | 20,168 |

# Environmental Data

## Fuel consumption by type - Breakdown by source

### Residential contractors

|  | FY14 | FY13 | FY12 | FY11 |
|---|---|---|---|---|
| Diesel (L) | 6,509,370 | 5,126,549 | 7,788,730 | 7,865,518 |
| Bio-diesel (L) | 236,217 | 277,714 | 419,912 | 301,821 |
| Petrol (L) | 149,479 | 110,844 | 121,149 | 226,595 |
| Ethanol (L) | 4,971 | 2,085 | 6,345 | 5,190 |
| LPG (L) | 81 | 180 | 19,822 | 178 |
| Oil (L) | 63,714 | 42,703 | 54,617 | 70,203 |
| Grease (kg) | 32,494 | 20,396 | 16,008 | 20,168 |

### Retirement Living Contractors

|  | FY14 | FY13 | FY12 | FY11 |
|---|---|---|---|---|
| Diesel (L) | 59,951 | 103,601 | 134,431 | 519,416 |
| Bio-diesel (L) | 420 | 4,000 | - | - |
| Petrol (L) | 1,089 | 1,892 | 12,972 | 21,118 |
| Ethanol (L) | 39 | - | 130 | 590 |
| LPG (L) | - |  | 17,658 | - |
| Oil (L) | 225 | 213 | 286,057 | 3,218 |
| Grease (kg) | 47 | 187 | 79,698 | - |

### Fleet

|  | FY14 | FY13 | FY12 | FY11 |
|---|---|---|---|---|
| Diesel (L) | 27,894 | 15,420 | 39,731 | 21,111 |
| Bio-diesel (L) | - | 3,505 | - | - |
| Petrol (L) | 4,707 | 3,624* | 46,025 | 45,291 |
| Ethanol (L) | 476 | 172 | 5,032 | 2,908 |

\* Reduction (>50%) of Stockland's fleet.

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# Environmental Data

## 2. Biodiversity

### Biodiversity Impact and Management

|  | FY14 | FY13 | FY12 |
|---|---|---|---|
| **Portfolio** | | | |
| Total projects with masterplan approval[1] | **42** | 44 | 42 |
| Total land area (ha) | **7,303** | 7,210 | 6,733 |
| **Biodiversity Impact** | | | |
| Total projects with areas of significant biodiversity value[2] | **20** | 20 | 18 |
| Total land area of significant biodiversity value (ha) | **1,198** | 1,197 | 910 |
| Total area of land of significant biodiversity value to be cleared (ha) | **655** | 641 | 489 |
| **Biodiversity Management** | | | |
| Total projects with areas of significant biodiversity value that have a biodiversity management plan (%)[3] | **100** | 100 | 100 |
| Total area of land to be regenerated, re-vegetated, restored or rehabilitated (ha) | **358.5** | 342.5 | 190.5 |
| Total projects working with community and non-governmental organisations[4] | **1** | 12 | 10 |

[1] Our biodiversity results are representative of our residential projects that have received masterplan approval and/or were active developments as at 30 June 2014.
[2] As defined by the relevant state and Federal legislation
[3] All projects with areas of significant biodiversity value are required to have a biodiversity management plan. Data presented in FY13 and FY12 report reflects the percentage of projects with plans that were operational during the reporting period. Given that certain projects may have completed or not yet begun activities in their area of significant biodiversity value within that reporting period, biodiversity management plans that were either no longer or not yet operational were not captured. We have revised our methodology in FY14 to better reflect the nature of our management approach, and restated our FY12 and FY13 figures accordingly.
[4] We continue to work with community groups and NGOs across our projects, but in order to better understand the alignment of this work with biodiversity elements, the data collection process was changed slightly in FY14 to capture data on collaboration for biodiversity enhancement and project revegetation specifically

### Projects with areas of significant biodiversity value

|  |  | Development | Location | Size (ha) |
|---|---|---|---|---|
| Released to market | **NSW** | Brooks Reach | South Coast | 70 |
| | | McKeachies Run | Maitland | 110 |
| | | Murrays Beach | Lake Macquarie | 160 |
| | | Waterside | Penrith | 53 |
| | | Willowdale | East leppington | 350 |
| | **QLD** | Brightwater | Sunshine Coast | 215 |
| | | Hundred Hills | Murwillumbah | 44 |
| | | North Shore | Townsville | 930 |
| | | Ormeau Ridge | Ormeau | 121 |
| | | The Observatory | Kingsmore | 296 |
| | **VIC** | Allura | Truganina | 124 |
| | | Eucalypt | Epping | 157 |
| | | Highlands | Craigieburn | 880 |
| | **WA** | Amberton | Eglinton | 198 |
| | | **Calleya** | **Banjup** | **145** |
| | | Corimbia | Landsdale | 78 |
| | | Sienna Wood | Brookdale | 313 |
| | | **Vale** | **Aveley** | **537** |
| Development Pipeline | **QLD** | Caloundra | Caloundra South | 2,310 |
| | | **Bahrs Scrub** | **Logan** | **131** |

# Environmental Data

## 3. Water Management and Quality

### 3.1 Boundary and Methodology

We report our according to our 'operational control boundary under the National Greenhouse and Energy Reporting Act (NGERA)

Residential communities, apartments and Retirement Living water consumption results are provided by collecting and collating water use from invoices. Where invoices are unavailable or extend across financial years, estimates are provided for relevant periods. Water consumption by contractors operating on our development sites is compiled using invoice data and estimates, supplied by contractors through monthly Health, Safety and Environment reports. Data has been reported for 98 per cent of properties this year. These figures are based on a combination of contractor estimates and invoice data.

### 3.2 Water Consumption

**Residential and Retirement Living water consumption (kL)**

|  | FY14 | FY13 | FY12 | FY11 |
|---|---|---|---|---|
| **Residential** | **297,826** | 76,254 | 227,853 | 25,586 |
| **Retirement Living** | **162,930** | 152,065 | 391,734 | 4,156 |
| **Contractors -- Residential** | **351,046**[1] | 213,118 | 1,499,264[2] | 348,637 |
| **Contractors -- Retirement Living** | **216,910** | 60,648 | 6,356 | 12,308 |
| **Total** | **1,028,712** | 502,085 | 2,125,208 | 390,687 |

[1] Due to inconsistencies in contractor reporting, this is an estimated figure based on water consumption data provided by our contractors. We have limited confidence in this figure and will seek to improve our estimation methodology in the future
[2] Significant increase attributed to third party contractor data collection processes and inconsistencies in reporting units (kL / L)
**Note:** Figures reflect our activity profile – i.e. significant civil works activity in Residential and Retirement Living in FY12 and FY14. Reduced civil works activity in FY13 due to selldown of existing lot profiles.

|  | Potable | | | | Non-potable | | | |
|---|---|---|---|---|---|---|---|---|
|  | FY14 | FY13 | FY12 | FY11 | FY14 | FY13 | FY12 | FY11 |
| **Residential** | **16,562** | 17,944 | 22,170 | 22,836 | **281,264** | 58,310 | 205,683 | 2,750 |
| **Retirement Living\*\*** | **162,930** | 152,065 | 384,772 | 3,956 | **0** | 0 | 6,962 | 200 |
| **Contractors -- Residential** | **127,198**[1] | 176,995 | 1,264,907[2] | 157,716 | **223,849**[1] | 36,123 | 234,358 | 190,921 |
| **Contractors -- Retirement Living** | **188,000** | 60,468 | 5,956 | 12,256 | **28,910** | 180 | 400 | 52 |
| **Total** | **494,690** | 407,472 | 1,677,805 | 196,764 | **534,023** | 94,613 | 447,403 | 193,923 |

[1] Due to inconsistencies in contractor reporting, this is an estimated figure based on water consumption data provided by our contractors. We have limited confidence in this figure and will seek to improve our estimation methodology in the future
[2] Significant increase attributed to third party contractor data collection processes and inconsistencies in reporting units (kL / L)
**Note:** Figures reflect our activity profile – i.e. significant civil works activity in Residential and Retirement Living in FY12 and FY14. Lower figure in FY13 reflects reduced civil works activity due to selldown of existing lot profiles.

**Commercial Property water consumption (kL)**

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office and L&BP** | **271,905** | 299,122 | 347,865 | 478,646 | 502,191 | 552,248 |
| **Retail** | **1,077,563** | 928,198 | 818,058 | 807,636 | 880,490 | 746,485 |
| **Commercial Property** | **1,349,468** | 1,227,320 | 1,165,923 | 1,286,282 | 1,382,681 | 1,298,733 |



Commercial Property water consumption (kL)

# Environmental Data
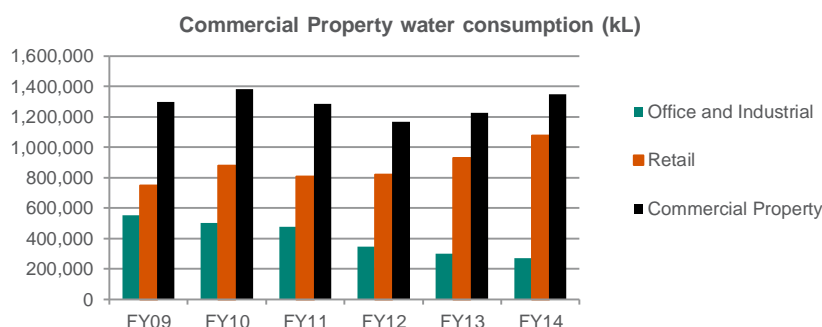
## 3.3 Water Consumption Intensity

Intensity figures in Commercial property are derived from the total water consumption for each asset class over the year divided by the total floor area. Retail and office assets without a full 12 months of data include estimates for the missing months

### Water consumption intensity (kL/m2)

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Office** | **0.63** | 0.63 | 0.63 | 0.72 | 0.81 | 0.89 |
| **Retail** | **1.10** | 1.03 | 0.94 | 0.95 | 1.05 | 0.93 |
| **Commercial Property*** | **0.976** | 0.91 | 0.82 | 0.85 | 0.95 | 0.92 |

* Consumption Intensity data calculated based on Office and Retail consumption figures only. Does not include Logistics and Business Parks.

**Water Consumption Intensity (kL/m2)**
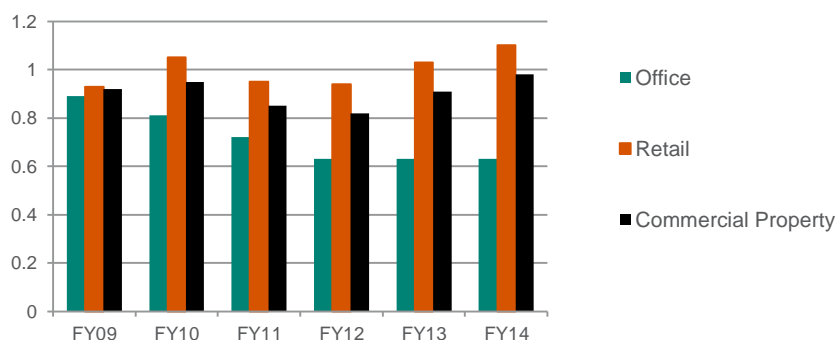


### Water consumption intensity reductions (%)

| | Target Progress FY09-FY14 | FY13-14 | FY12-13 | Annual Reductions FY11-12 | FY10-11 | FY09-10 |
|---|---|---|---|---|---|---|
| **Office** | **29%** | 0% | 0% | 13% | 11% | 9% |
| **Retail** | **-18%** | -7% | -10% | 1% | 10% | -13% |
| **Commercial Property*** | **-6%** | -7% | -10% | 3% | 10% | -4% |

* Consumption Intensity data calculated based on Office and Retail consumption figures only. Does not include Logistics and Business Parks.

# Environmental Data

## 4. Waste

### 4.1 Boundary

We report against the same National Greenhouse and Energy Reporting Act (NGERA) 'operational control' boundary that we use for energy and water. We report on all properties within this boundary, with the exception of some properties where our tenants run their own waste contracts. We also report on a small number of additional properties that fall out of our NGERA boundary, but where we manage the waste contract for service provision purposes. Data provided by waste contractors is based on estimates (bin volumes converted to tonnes rather than weighed).

### 4.2 Operational waste

**Operational waste (tonnes)**

| | Retail | | | | | | Office | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
| **Total Waste** | **16,809** | 14,890 | 13,808 | 12,907 | 12,058 | 8,546 | **1,607** | 1,810 | 2,697 | 3,644 | 2,781 | 4,038 |
| **Total waste to landfill** | **11,549** | 10,443 | 9,793 | 9,275 | 8,956 | 7,203 | **763** | 538 | 972 | 1,189 | 947 | 1,401 |
| **Total waste recycled** | **5,260** | 4,446 | 4,015 | 3,632 | 3,101 | 1,343 | **944** | 1,272 | 1,725 | 2,455 | 1,834 | 2,637 |
| **Diversion from landfill (%)** | **31** | 30 | 29 | 28 | 26 | 15 | **53** | 70.3 | 64 | 67 | 66 | 65 |
| **% portfolio reporting** | **95\*** | 95* | 95* | 95* | 100 | 81 | **100** | 100 | 100 | 100 | 100 | 90 |

\* At our Hervey Bay and Caloundra retail centres (acquired in FY11) waste is managed by local council - we are not provided with data for these assets.



Retail - operational waste (tonnes)
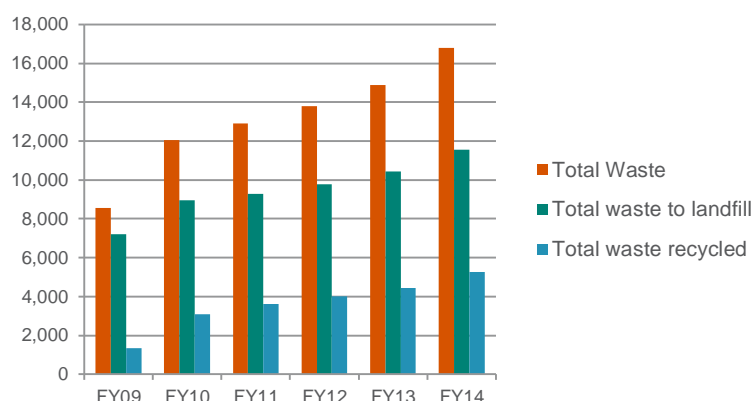


Retail - diversion from landfill (%)
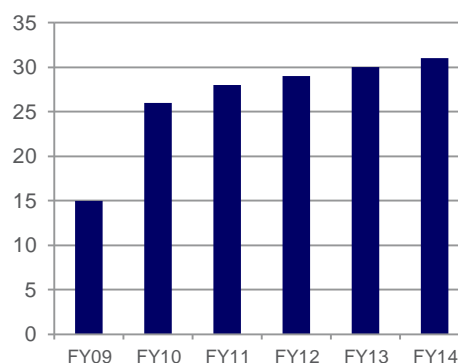


Office - operational waste (tonnes)
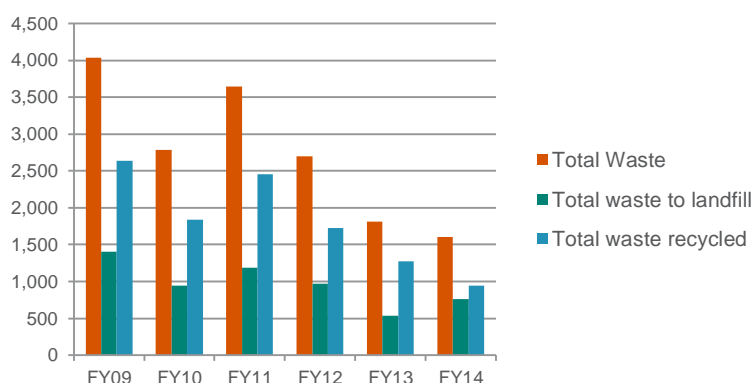


Office - diversion from landfill (%)
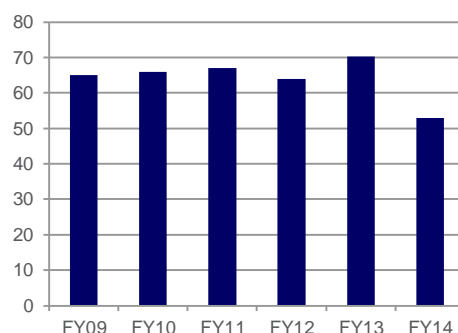
## 4.3 Development waste

### Commercial Property

Our Commercial Property development construction waste is calculated based on total number of projects for which we are the developer. Active waste is tracked through the builders, as for these sites the principal contractor has active control.

There were no significant office developments in FY12, FY13 or FY14.

### Development construction waste (tonnes) - Retail

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Total waste** | **4453** | 7284 | 8,596 | 58,558 | 663 | 1,146 |
| **Waste recycled** | **3778** | 6583 | 6,971 | 52,322 | 552 | 994 |
| **Waste to landfill** | **924** | 704 | 1,625 | 6,236 | 111 | 152 |
| **Diversion from landfill (%)** | **85%** | 90% | 81% | 89% | 83% | 87% |
| **Developments included (%)** | **100%** | 100% | 100% | 100% | 50% | 20% |



Retail - development waste (tonnes)
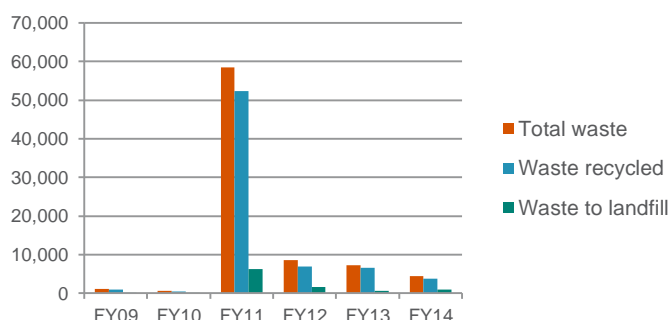


Retail - diversion from landfill
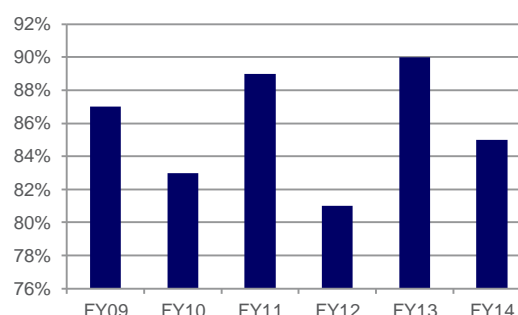
### Residential and Retirement Living

All Residential and Retirement Living waste data was provided by contractors operating on Stockland sites during the reporting period. Data is estimated by contractors or obtained from waste receipts and invoices. Data is manually collected from monthly Health, Safety and Environment reports submitted to Stockland by our contractors.

### Residential and Retirement Living contractor waste (tonnes)

|  | FY14 | FY13 | FY12 | FY11 | FY10 |
|---|---|---|---|---|---|
| **Total waste** | **80,135** | 82,503 | 137,748 | 334,899 | 112,884 |
| **Waste diverted from landfill** | **78,149** | 80,148 | 131,270 | 311,811 | 109,887 |
| **Waste sent to landfill** | **1,986** | 2,355 | 6,478 | 23,088 | 2,957 |
| **Diversion from landfill** | **98%** | 97% | 95% | 93% | 97% |



Residential and Retirement Living - Contractor waste (tonnes)



Residential and Retirement Living - Contractor diversion from landfill

# People Data

## Background Notes

All figures in our People Data relate to our Australian operations.

We report this data holistically given that our approach to managing our people is consistent across all our businesses units.

As we established a strategic partnership with Opal Aged Care on 26 June 2014, which included settlement for the sale of our Aged Care business in FY15, we have maintained the distinction between Aged Care and Stockland employees.

## Our Workforce

### Breakdown by Job Band

| | FY14 Stockland* | FY14 Aged Care | FY13 Stockland* | FY13 Aged Care | FY12 Stockland* | FY12 Aged Care | FY11 Stockland* | FY11 Aged Care | FY10 Stockland* | FY09 Stockland* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Full-Time** | **1,120** | 31 | 1,067 | 32 | 1,211 | 29 | 1,257 | 25 | 1,139 | 1,107 |
| Permanent | 1,072 | 31 | 1,019 | 30 | 1,141 | 29 | 1,208 | 25 | 1,101 | 1,090 |
| Fixed Term | 48 | 0 | 48 | 2 | 70 | 0 | 49 | 0 | 38 | 17 |
| **Part-Time** | **282** | 215 | 255 | 249 | 234 | 231 | 219 | 239 | 119 | 108 |
| Permanent | 269 | 214 | 247 | 249 | 224 | 231 | 217 | 239 | 114 | 108 |
| Fixed Term | 13 | 1 | 8 | 0 | 10 | 0 | 2 | 0 | 5 | - |
| **Casual** | **38** | 49 | 45 | 63 | 79 | 73 | 93 | 84 | 30 | 21 |
| **Total Headcount** | **1,440** | 295 | **1,367** | 344 | **1,524** | 333 | **1,569** | 348 | **1,288** | **1,236** |
| **FTE** | **1,286** | 190 | **1,262** | **219** | **1,407** | **215** | **1,439** | **219** | **1,243** | **1,193** |

\* Excluding Aged Care

**Note**: All employees regardless of what arrangement they have in place (e.g. full time, part time, fixed term or casual) are considered '1' for headcount purposes.  Full Time Equivalent (FTE) is a way to measure an employee's standard working hours in comparison to a full time employee. It is calculated by dividing the employee's working hours by the standard full time working hours. (e.g. If an employee works 20 hours per week, the FTE = 20/38, i.e. 0.53). The FTE measure excludes those people working on a casual basis.

### Breakdown by Region

| | FY14 Stockland* | FY14 Aged Care | FY13 Stockland* | FY13 Aged Care | FY12 Stockland* | FY12 Aged Care | FY11 Stockland* | FY11 Aged Care | FY10 Stockland* | FY09 Stockland* |
|---|---|---|---|---|---|---|---|---|---|---|
| **NSW** | 816 | 126 | 774 | 172 | 888 | 173 | 959 | 180 | 745 | 697 |
| **QLD** | 280 | - | 265 | - | 294 | - | 292 | 1 | 277 | 276 |
| **VIC** | 228 | 169 | 210 | 172 | 220 | 160 | 207 | 167 | 187 | 192 |
| **WA** | 90 | - | 88 | - | 91 | - | 88 | - | 79 | 71 |
| **SA** | 22 | - | 23 | - | 26 | - | 23 | - | - | - |
| **ACT** | 4 | - | 7 | - | 5 | - | - | - | - | - |
| **Total** | 1440 | 295 | 1,367 | 344 | 1,524 | 333 | 1,569 | 348 | 1,288 | 1,236 |

\* Excluding Aged Care

### Median Age of Workforce

| | Stockland* | Aged Care |
|---|---|---|
| **FY14** | 38 | 48.2 |
| **FY13** | 38 | 46 |
| **FY12** | 37 | 46 |
| **FY11** | 37 | 45 |
| **FY10** | 35 | N/A |
| **FY09** | 35 | N/A |

\* Excluding Aged Care

### Remuneration Ratio – Employee / Management

| | Ratio |
|---|---|
| Managing Director's annual total compensation to employee median annual total compensation | **44** |
| % increase in Managing Director's annual total compensation to employee's median % increase | **6.04** |

# People Data

## 1. Employee Engagement

### Absenteeism

#### Absent days per FTE

|  | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| Stockland* | 4.6 | 4.7** | 4.4 | 3.8 | 4.4 | 3.9 |

* Excluding Aged Care

** This is a restatement of last year's reported figure of 4.5. The database containing this information was previously managed by a third party, but as of FY14 this has been brought in house. As such, we now have greater visibility and granularity of the data and have restated last year's figure based on this new approach.

### New Hires

#### New Hires by Age Group - Stockland (excluding Aged Care)

|  | <25 | 25-<35 | 35-<45 | 45-<55 | 55-<65 | >65 |
|---|---|---|---|---|---|---|
| Number | 27 | 149 | 79 | 56 | 14 | 1 |
| % | 8.3 | 45.7 | 24.2 | 17.2 | 4.3 | 0.3 |

#### New Hires by Gender - Stockland (excluding Aged Care)

|  | Men | Women |
|---|---|---|
| Number | 126 | 200 |
| % | 38.7 | 61.3 |

### Turnover[1]

#### Rolling Turnover (%)

|  | FY14 | | FY13 | | FY12 | | FY11 | | FY10 | FY09 |
|---|---|---|---|---|---|---|---|---|---|---|
|  | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Aged Care | Stockland* | Stockland* |
| Employee Initiated | 15.0 | 9.0 | 15.8 | 21.8 | 13.6 | 15.4 | 14.8 | 11.7 | 10.7 | 14.9 |
| Stockland Initiated | 5.2 | 19.4 | 12.3 | - | 8.9 | 0.4 | 4.2 | 3 | 4.3 | 13.7 |
| Total | 20.2 | 28.4 | **28.1** | **21.8** | **22.5** | **15.8** | **19** | **14.7** | **15** | **28.6** |

* Excluding Aged Care



**Employee Initiated Turnover**

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[1] All turnover data (including headcount) excludes those employed on a casual or fixed term basis. Headcount is based on an average for FY13 and collected at 21 June 2013.

# People Data

## Turnover (%) by Tenure – Stockland*

|          | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|----------|------|------|------|------|------|------|
| < 1 Yr   | 31.0 | 26.8 | 32.1 | 21.0 | 18.9 | 24.0 |
| 1-<3 Yrs | 24.5 | 28.5 | 21.2 | 20.5 | 17.4 | 30.1 |
| 3-<5 Yrs | 15.1 | 30.1 | 20.4 | 18.8 | 14.5 | 31.2 |
| 5-<10 Yrs| 16.6 | 27.5 | 21.2 | 18.7 | 11.3 | 30.0 |
| > 10 Yrs | 12.0 | 25.4 | 18.7 | 6.1  | -    | 22.5 |

* Excluding Aged Care

**Turnover by tenure**



- < 1 Yr
- 1-<3 Yrs
- 3-<5 Yrs
- 5-<10 Yrs
- > 10 Yrs
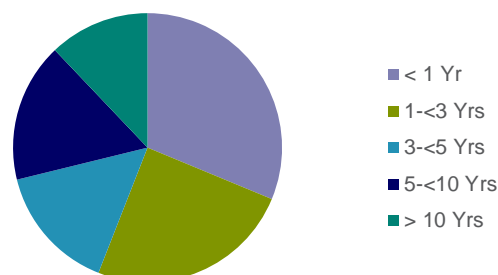
## Turnover (%) by Gender – Stockland*

|       |                    | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|-------|--------------------|------|------|------|------|------|------|
| Men   | Total              | 20.8 | 29.6 | 26.7 | 19.8 | 15.6 | 26.6 |
|       | Employee Initiated | 16.1 | 16.5 | 13.4 | 14.0 | 10.9 | 10.8 |
|       | Stockland Initiated| 4.8  | 13.0 | 13.3 | 5.8  | 4.7  | 15.7 |
| Women | Total              | 19.8 | 26.9 | 19.2 | 18.2 | 14.4 | 30.6 |
|       | Employee Initiated | 14.3 | 15.2 | 13.8 | 15.5 | 10.5 | 18.8 |
|       | Stockland Initiated| 5.5  | 11.7 | 5.4  | 2.7  | 3.9  | 11.8 |

* Excluding Aged Care

## Turnover (%) by Age group – Stockland*

|          | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|----------|------|------|------|------|------|------|
| <25      | 24.5 | 38.8 | 24.4 | 21.0 | 15.2 | 26.6 |
| 25-<35   | 23.5 | 27.7 | 17.9 | 20.8 | 14.5 | 27.3 |
| 35-<45   | 18.2 | 30.2 | 27.6 | 17.7 | 17.7 | 31.3 |
| 45-<55   | 15.5 | 24.7 | 18.2 | 18.6 | 11.9 | 28.6 |
| 55-<65** | 20.5 | 19.3 | 28.0 | 9.7  | 8.9  | 29.2 |
| >65**    | 29.7 | 58.8 | 55.6 | 35.4 | 26.3 | 12.7 |

* Excluding Aged Care
** Includes voluntary retirements

## Turnover (%) by Region – Stockland*

|     | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|-----|------|------|------|------|------|------|
| NSW | 19.7 | 28.9 | 20   | 16.7 | 18.1 | 24.4 |
| VIC | 16.8 | 27.1 | 26.5 | 28.2 | 19.9 | 35.4 |
| QLD | 19.3 | 20.5 | 22.9 | 20.2 | 15.7 | 31.3 |
| WA  | 33.8 | 44.4 | 34.2 | 14.3 | 7    | 40.4 |
| ACT | 57.1 | 33.3 | 27   | -    | -    | -    |
| SA  | 20.0 | 47.6 | -    | -    | -    | -    |

* Excluding Aged Care
** Figures reflect the percentage turnover within each region, not the proportion of total organisational turnover by region.

## Parental Leave Return Rate*

| Gender | Total Leave | Within 6 Months** |        |           |             | Within 12 Months |        |           |             |
|--------|-------------|-------------------|--------|-----------|-------------|------------------|--------|-----------|-------------|
|        |             | Returns           | Exits  | Exit Rate | Return Rate | Returns          | Exits  | Exit Rate | Return Rate |
| Male   | 6           | 6                 | 0      | 0%        | 100.00%     | 6                | 0      | 0%        | 100.00%     |
| Female | 54          | 49                | 5      | 9.26%     | 90.74%      | 49               | 5      | 9.26%     | 90.74%      |

* Based on employee initiated turnover. Does not include employer initiated turnover.
** Parental Leave Return Rate measure

### Parental Leave Return Rate

# People Data
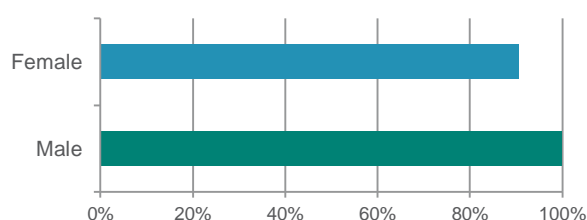
## 2. Human Capital Development

### Learning

### Annualised Training Days per Employee*

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Training days per Employee** | 3.1 | 1.5 | 3.4 | 5.0 | 5.9 | 2.9 |

\* Includes both formal and informal training programs

### Development

| | % Eligible Employees* |
|---|---|
| **Performance Review** | 100 |
| **Career Development Plan** | 100 |
| **Career Development Review** | 100** |

\* Employees are eligible after working at Stockland for 3 months
\*\* As per our policy, 100% of employees should receive regular career development reviews

## 3. Diversity and Inclusion

### Workforce by Cultural Background (%)

| Culture | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Australian** | 69.6 | 64 | 67 | 66 | 69 | 66 |
| **Aboriginal and Torres Strait Islander** | 0.3 | 0.3 | 0.2 | 0.2 | 0.3 | 0.8 |
| **European\*** | 14.6 | 12 | 13 | 14 | 12 | 12 |
| **Asian\*\*** | 6.5 | 6 | 6 | 7 | 6 | 8 |
| **Maori and New Zealand** | 2.3 | 2 | 2 | 3 | 2 | 3 |
| **Middle Eastern** | 0.7 | - | 1 | 1 | 1 | 1 |
| **South African** | 0.9 | 1 | 1 | 1 | - | - |
| **North American** | 1.2 | 1 | 1 | - | - | - |
| **Other** | 3.9 | 2 | 4 | 4 | 6 | 4 |

\* Includes north-west, central, southern, eastern, British, Irish and Scottish
\*\* Includes south-east, north-east, southern and central
**Note:** Data presented as percentage of total respondents to the Our Voice survey. Some employees choose not to disclose their cultural background.

### Workforce by Gender*

| | FY14 | | FY13 | | FY12 | | FY11 | |
|---|---|---|---|---|---|---|---|---|
| **Job Band** | Total Employees | % Women | Total Employees | % Women | Total Employees | % Women | Total Employees | % Women |
| **ExCo** | 7 | - | 5 | - | 7 | 14% | 7 | 14% |
| **Senior Management** | 132 | 35% | 125 | 33% | 147 | 36% | 163 | 29% |
| **Management (Stockland\*\*)** | 325 | 50% | 324 | 47% | 369 | 47% | 368 | 43% |
| **Management (Aged Care)** | 7 | 86% | 8 | 88% | 6 | 83% | 8 | 75% |
| **Employee (Stockland\*\*)** | 938 | 66% | 913 | 66% | 1,001 | 66% | 1,031 | 64% |
| **Employee (Aged Care)** | 288 | 86% | 336 | 87% | 327 | 87% | 340 | 87% |
| **Total** | **1,697** | **59%** | 1,711 | 64% | 1,857 | 63% | 1,917 | 61% |

\* Excluding casual employees
\*\* Excluding Aged Care

# People Data

## Women in Management (%)**

| | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **Stockland*** | 45.4 | **43** | **43** | **38** | **35** | **34** |
| **Commercial Property** | 32.1 | 38 | 44 | 41 | 37 | 38 |
| **Corporate** | 58.9 | 49 | 57 | 49 | 48 | 51 |
| **Residential** | 22.7 | 34 | 31 | 25 | 24 | 22 |
| **Retirement Living** | 55.4 | 57 | 50 | 43 | 41 | 33 |
| **Aged Care** | 85.7 | 88 | 83 | 75 | N/A | N/A |


Women in Management (%)

\* Excluding Aged Care
** Includes ExCo, Senior Management and Management.

## Average Fixed Remuneration Ratio by Job Band (Women:Men)

| Job Band | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 |
|---|---|---|---|---|---|---|
| **ExCo** | N/A | N/A | 0.51 | 0.51 | 0.43 | 0.37 |
| **Snr Management** | 0.89 | 0.88 | 0.85 | 0.83 | 0.78 | 0.74 |
| **Management (Stockland*)** | 0.83 | 0.84 | 0.84 | 0.86 | 0.81 | 0.81 |
| **Management (Aged Care)** | 0.84 | 0.89 | - | 0.94 | - | - |
| **Employee (Stockland*)** | 0.86 | 0.86 | 0.83 | 0.84 | 0.77 | 0.75 |
| **Employee (Aged Care)** | 1.04 | 0.90 | 0.93 | 0.92 | - | - |
| **Total Stockland*** | 0.65 | 0.64 | 0.64 | 0.63 | 0.57 | 0.55 |
| **Total Aged Care** | N/A | 0.90 | 0.93 | 0.96 | | |

\* Excluding Aged Care
**Note**: Remuneration comparison data includes fixed pay only and does not include incentives. Aged Care figures include casuals due to the large numbers of employees on this type of employment contract. However those who received sales based incentive have been excluded.

# 4. Health and Safety

| | FY14 | FY13 | FY12 | FY11 | FY10 |
|---|---|---|---|---|---|
| **Total average workforce[1]** | 1,695 | 1,736 | 1,384 | 1,330 | 1,243 |
| **Total hours worked (million)** | 2.97 | 3.03 | 2.42 | 2.32 | 2.17 |
| **Independent contractors*** | - | - | - | - | - |
| **Number of lost time injuries** | 18 | 17 | 18 | 5 | 13 |
| **Lost time injury (LTI) frequency rate**** | 6.1 | 5.6 | 7.4 | 2.2 | 6 |
| **Number of injuries requiring medical treatment**** | 14 | 11 | 13 | 8 | 12 |
| **Medical treatment injury (MTI) frequency rate**** | 4.7 | 3.6 | 5.4 | 3.7 | 5.5 |
| **Frequency rate (LTI and MTI) ***** | 10.7 | 9.2 | 12.8 | 5.9 | 11.5 |
| **Occupational diseases instances** | 0 | 0 | 0 | 0 | 0 |
| **Fatalities** | **0** | **0** | **0** | **0** | **0** |
| **Lost days (total for the recorded lost time injuries)** | 817 | 417 | 2573 | 70 | 87 |
| **Average lost day rate (Severity rate)****** | 45.3 | 24.5 | 14.3[4] | 14 | 6.6 |

\* contractors working on-site to whom Stockland is liable for the general safety of the working environment
** the number of injuries per million person hours worked[2]
*** not including lost time injuries
**** not including injuries requiring first aid treatment only
***** average number of days lost per lost time injury

(1) Total average workforce uses monthly employee totals rather than end of financial year figure used in Our People metrics. The total average workforce was updated in FY13 to include Aevum Payroll employees.
(2) Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.
(3) FY12 metric has been updated to include additional lost days incurred in FY13 for lost time injuries reported in FY12.
(4) Severity rate for FY12 has been updated to include additional lost days incurred in FY13 for lost time injuries reported in FY12.

# People Data

## Average lost day rate



| | |
|---|---|
| FY10 | ~6 |
| FY11 | ~14 |
| FY12 | ~14 |
| FY13 | ~24 |
| FY14 | ~45 |

## Lost Time Injury Frequency Rate



| | |
|---|---|
| FY10 | ~6 |
| FY11 | ~2 |
| FY12 | ~7.4 |
| FY13 | ~5.6 |
| FY14 | ~6 |

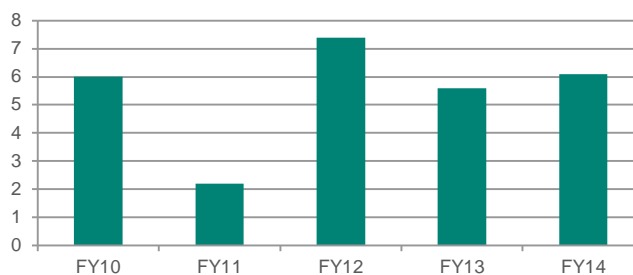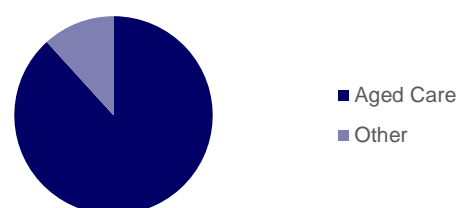*Of the 817 lost days incurred in FY14, 88% (or 721 lost days) are attributed directly to the Aged Care business. A strategic review of Aged Care was undertaken in FY14 resulting in the selection of Opal Aged Care to own and operate Stockland's Aged Care portfolio. This divestment should considerably reduce our lost days and severity rate in FY15.*

## Breakdown of lost days



- Aged Care
- Other

## Breakdown by gender and region

| | Men | Women | | NSW | Act | Qld | Vic | WA |
|---|---|---|---|---|---|---|---|---|
| **FY14** | | | | | | | | |
| **Number of lost time injuries** | 6 | 12 | | 9 | 1 | 3 | 4 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 299 | 518 | | 220 | 1 | 4 | 591* | 1 |
| **FY13** | | | | | | | | |
| **Number of lost time injuries** | 9 | 8 | | 4 | 0 | 4 | 8 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 289 | 128 | | 44 | 0 | 99 | 272 | 2 |
| **FY12** | | | | | | | | |
| **Number of lost time injuries** | 6 | 12 | | 10 | 1 | 0 | 7 | 0 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 156** | 101** | | 220** | 2 | 0 | 35 | 0 |
| **FY11** | | | | | | | | |
| **Number of lost time injuries** | 5 | 0 | | 2 | 0 | 1 | 1 | 1 |
| **Number of occupational diseases** | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Number of lost days** | 70 | 0 | | 50 | 0 | 17 | 1 | 2 |

* FY14 metrics include 558 lost days related to three long standing lost time injuries reported in FY13 but continued to lose time in FY14. Two of the employees have ceased Stockland employment.

# Community
# Data

## Background Notes

All figures in our Community Data relate to our Australian operations.

We report this data holistically given that our approach to investing in our community is consistent across all our businesses units. We do however provide breakdowns by Business Unit when discussing investments and initiatives at asset level.

The data contained in this data pack and in our FY14 sustainability reporting more broadly has been externally assured. However it is yet to be verified by London Benchmarking Group (LBG), so figures contained in this pack may differ slightly to those released later this year in our LBG Community Investment report.

In FY15 we will be streamlining the LBG and sustainability reporting processes to ensure we are able to disclose one set of consistent, verified, and assured community data each year.

## Overview

Our Community Data presents the total value of our strategic community investment activities including our Community Development activities, which focus specifically on the development of communities around our projects and assets, and our Community Investment initiatives, which focus on giving and volunteering activities at corporate level and among our employees.

### Community Development

| | |
|---|---|
| **Asset and Project based initiatives** | $1,317,342 |
| **National Partnerships** | $297,835 |
| **Community Grants** | $95,879.98 |
| **Total** | **$1,711,057** |

### Community Investment

| | |
|---|---|
| **Workplace Giving** | $128,756 |
| **Corporate Donations** | $82,683 |
| **Volunteering*** | $263,210 |
| **Total** | **$474,649** |

| | |
|---|---|
| **Total Value of Community Investment** | **$2,185,706** |

* Calculated using LBG standard values

See Community Development data for detailed breakdown (p2)

Refer to Community Development DMA for more detailed information

See Community Investment data for detailed breakdown (p10)

Refer to Community Investment DMA for more detailed information

### Breakdown of Total Community Investment



- Community Development
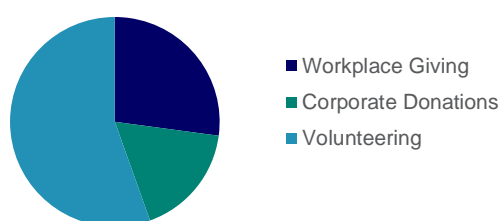- Community Investment
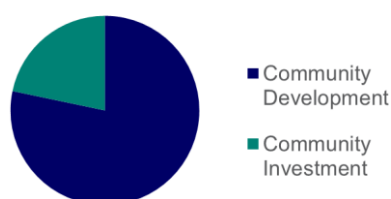
### Total Community Development Spend



- Asset and Project-based initiatives
- National Partnerships
- Community Grants

### Total Community Investment Spend



- Workplace Giving
- Corporate Donations
- Volunteering
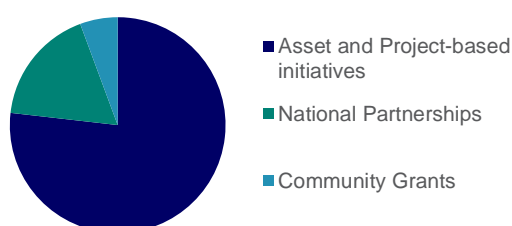
# Community Data

## 1. Community Development

### 1.1 Asset and project based initiatives

The following results have been recorded as part of each project's Community Development or Village Asset Plan, and collated by the National Sustainability Team.

The results provide a comprehensive view of all the Community Development initiatives successfully implemented at project and asset level throughout FY14. Results are recorded by business unit ( Residential, Retirement Living and Commercial Property), and against our three key focus areas.

#### Number of Community Development/Village Asset Plans

| | |
|---|---|
| Residential | 29 |
| Retirement Living | 53 |
| Commercial Property | 32 |

#### Community Development initiatives implemented in FY14

| | |
|---|---|
| Residential | 215 |
| Retirement Living | 812 |
| Commercial Property | 336 |

#### Asset and project based initiatives by Focus Area

| | |
|---|---|
| Health and Wellbeing | 453 |
| Lifelong Learning and Prosperity | 178 |
| Commercial Property | 732 |

**Total Initiatives by Business Unit**
- Residential
- Retirement Living
- Commercial Property
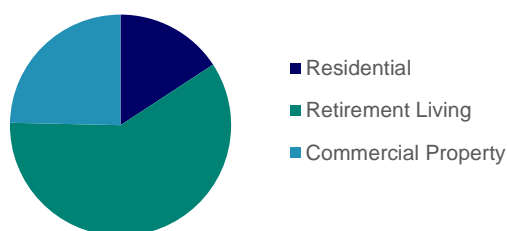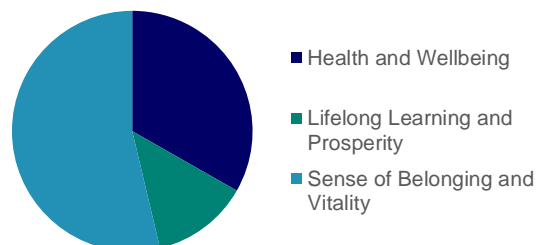
**Initiatives by Focus Area**
- Health and Wellbeing
- Lifelong Learning and Prosperity
- Sense of Belonging and Vitality

**Commercial Property Initiatives by Focus Area**: 135, 79, 122
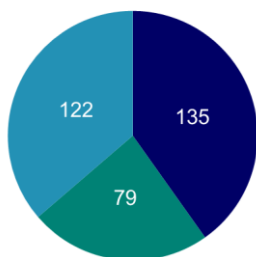
**Residential Initiatives by Focus Area**: 63, 60, 92
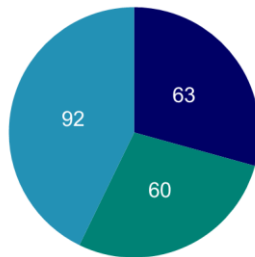
**Retirement Living Initiatives by Focus Area**: 255, 39, 518
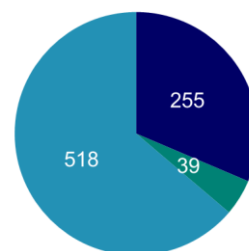
## Examples of Programs and Initiatives delivered at project and asset level

### Commercial Property

| Health and Wellbeing | Lifelong Learning and Prosperity | Sense of Belonging and Vitality |
|---|---|---|
| 5-Star parents/family room | Indigenous Health Program | Reconciliation Program |
| Accessible & inclusive playground | Co-locate facilities | Community events/festivals |
| Active & Public transport | Community Information Sessions | Community Emergency Assistance Planning |
| Active Living Facilities/Programs | Co-working spaces | Community Managed Facilities |
| Centre hosted community programs | Cultural Heritage Programs | Cultural Diversity |
| Community Health and Wellbeing Services | ELC/Childcare within centres | Entertainment/leisure precinct |
| Community Room | Employment program | Place-making initiatives |
| Connect community to information | Environmental Program | Public Art |
| Education training for retailers and customers | Learning facilities | Regular customer engagement |
| End trip facilities | Local community program | Social engagement facility |
| Fresh Food Program | Multi-purpose facilities | Social engagement programs |
| Green Travel/Active Transport program | Retail education program | Stockland Community Grants |
| Indigenous Health Program | School/Tertiary Partnerships | Stockland Exchange use |
| Interactive Open Space Program | Small business access | Youth Forum |
| Safety and Accessibility Plan | Social enterprises | Youth Protocol |
| Local community group support (infrastructure) | Stockland Online Security Training | |
| Transport Access Guide | Supply Nation procurement program | |
| Universally accessible community facilities | Long Term Vacant Tenancy Activation Program | |
| | Wifi | |

### Residential

| Health and Wellbeing | Lifelong Learning and Prosperity | Sense of Belonging and Vitality |
|---|---|---|
| CPTED Principles | Community Hub | Community engagement and visioning sessions |
| Active and public transport options | Early provision Education Infrastructure | Community engagement for design |
| Activeate POS with Active Living programs | Education and employment programs | Community Grants Program |
| Community Safety Programs | Education and employment social partnership | Cultural Heritage Program |
| Delivery of community infrastructure | Energy efficiency incentives | Council partnerships and programs |
| Health & Wellbeing programs | Environmental Education Initiatives | Establish Community Interest Groups |
| Homes 300m to POS | Internet and connectivity programs/infrastructure | Provide vibrant spaces |
| Inclusive and accessible spaces | Local employment initiatives | Public art initiatives |
| Inform the community | Skill straining for re-entry to work | 'Welcome' program |
| Pedestrian friendly road design | | |

### Retirement Living

| Health and Wellbeing | Lifelong Learning and Prosperity | Sense of Belonging and Vitality |
|---|---|---|
| Active and public transport options | Community hub (library, community centre) | Celebrate and support local community events |
| Active Living Programs | Community Learning Facilities | Community groups and associations |
| Community Safety Programs | Co-share, learning facilities/infrastructure | Community Infrastructure |
| Health checks and health issue awareness | Cultural Heritage | Cultural Diversity - RAP |
| Inclusive and accessible spaces | E-book sharing (Kindle, tablet) | Provide vibrant spaces |
| Resident Preventative Health Information | Education infrastructure | Public art |
| Mental Wellbeing Program | Environmental Awareness/education | Resident Welcome Program |
| Nutritional Information/Cooking Classes | Local learning/education program | Safety Program |
| Pedestrian friendly road design | Local schools partnership/mentoring | Social engagement activities |
| Provide safe, open spaces | Skills development/retraining programs | Stockland Exchange |
| Universally accessible community facilities | Support Local community groups | Supply Nation |
| | | Support local community groups |
| | | Village/Community Directory |

# Community Data

## 1.2 National Partnerships

We contributed our time and financial investment of over $300,000 to our national community partnerships throughout FY14. An overview of our key National Partnerships is provided below:

### Beacon Foundation

FY14 was the third year of our partnership with Beacon Foundation

| Input | | Output | Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Annual partnership fee<br>• Over 65 hours contributed by teams across our business units | **COMMUNITY** | • Engaged with 283 local businesses and 61 school staff.<br>• Reached a total of 1135 young people<br>• Held 83 career development activities<br>• Work experience opportunities investigated. | • 98% of students maintained full engagement in education, work or training for the year ending 2013. (Compared to Australian average of 87.1% for 16-17 year olds from low SES areas[1]). | • Expansion into additional schools across in our Commercial Property portfolio, and our first Residential Beacon Foundation programs at Marsden Park (NSW), Vale (WA) and all business units at Highlands (VIC). |
| **Focus Area**<br>Lifelong learning and prosperity | **BUSINESS** | • Media coverage<br>• Time spent on relationship development<br>• Website<br>• Industry recognition of alignment to partner | • Increased brand recognition<br>• Increased stakeholder engagement, visibility and awareness across community, businesses, residents, customers, retailers. | |

### parkrun

FY14 was the second year of our partnership with parkrun

| Input | | Output | Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Annual partnership fee<br>• Over 100 hours volunteering time for co-ordination of events. | **COMMUNITY** | • Weekly runs at 8 of our residential communities and 4 shopping centre locations.<br>• 545 runs held across our sites in FY14<br>• 11,624 registered runners and over 1,139 finishers (as at May 2014) | *Perceived impact*<br>• *Residents and customers staying healthy and building new social connections each week*<br>• *Physical activity reduces the risk of type 2 diabetes, and favourably influences body weight, blood pressure.* | • We will be surveying parkrunners well-being in FY15 to understand its actual impact upon our communities.<br>• Expansion of partnership to include more retail, residential and retirement village parkrun events. |
| **Focus Area:**<br>Health and Wellbeing | **BUSINESS** | • Marketing<br>• Local media<br>• Website<br>• Industry recognition of alignment to partner | • Generates greater number of referrals and new leads in Residential<br>• Increased foot traffic in our centres meaning more business for our retailers.<br>• Enhance satisfaction of residents and customers | |

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[1] Beacon Foundation Partnership Report Jan – Dec 2013

# Community Data

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## Heart Foundation

FY14 was the fourth year of our partnership with Heart Foundation

| Input | | Output | Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Contribution towards administration of walking groups at each site<br>• Some customer care staff at centres administer and facilitate walking groups, others participate | COMMUNITY | • Weekly walking groups through 11 of our retail centres (3 days a week in some centres)<br>• total of 10,538 walks a<br>• 1,789 walkers from our local communities | • Residents and customers staying healthy and building new social connections and support networks Reduced feelings of isolation.<br>• Every 1 %increase in the proportion of sufficiently active adults could result in 122 fewer premature deaths and 1,764 years of life gained. (Heart Foundation) | • Will we be surveying walkers well-being in FY15 to understand its actual impact upon our communities.<br>• Expansion of partnership to include more retail, residential and retirement village walking groups. |
| **Focus Area:**<br>Health and Wellbeing; Sense of Belonging and Vitality | BUSINESS | • Media coverage<br>• Walkers volunteer time to assist centres with events and community engagements<br>• Co-branded marketing materials and information on benefits<br>• Industry recognition of alignment to partner | • Increased foot traffic in our centres meaning more business for our retailers.<br>• Greater exposure of retailers to walkers lead to increased sales<br>• Increased brand recognition<br>• Increased customer and community engagement | |

## Work Inspirations and National Partnership Broker Network

FY14 was the second year of this partnership

| Input | | Output | Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Contribution of funds and time towards facilitation and administration of sessions at each school and site.<br>• Work experience opportunities for students.<br>• Time contribution to support for national broker network | COMMUNITY | • Presented to approximately 1000 students in 6 of our local schools<br>• Provided hands on, practical experience for 35 year 10 students, showcasing careers available at Stockland, with our retail tenants, and with our construction partners | **94%** of students agreed or strongly agreed they learnt about different ways careers can develop.<br><br>**92%** of students agreed or strongly agreed that the program has increased their awareness of different options for future work.<br><br>**75%** of students agreed or strongly agreed that taking part in Stockland Inspirations has increased their motivation to do well at school.[2] | • We will host a further 100+ students on our sites in FY15<br>• Expand assets and projects participation in program.<br>• Community Development Toolkits for each Stockland asset or project must have at least one school partnership in place. |
| **Focus Area:**<br>Lifelong learning and prosperity | BUSINESS | • Retailer and builder partners relationship building.<br>• Media<br>• Website<br>• Time spent on advocacy of cause and network.<br>• Industry recognition of alignment to partner | • Realisation of impact we can have through engaging with school students in our communities, informed development of Stockland Education Strategy and community development planning.<br>• Increase profile of Stockland and the retail, development and construction industries and career opportunities within them.<br>• Increased customer, community and retailer engagement. | |

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[2] Stockland Inspirations Program - Illawarra Pilot 14 November 2013

# Community Data

## Timehelp

FY14 was the third year of this partnership

| Input | Output | Impact | Future |
|---|---|---|---|
| **Contribution**<br>• Annual partnership contribution<br>• Volunteer time by Stockland village residents.<br><br>**Focus Area**<br>Lifelong learning and prosperity | **COMMUNITY**<br>• 5 Schools benefiting from Timehelp support<br>• Mentoring in Mathematics, Literacy, Computer Technology, English as Second Language, and Integration<br>• 16 Residents at our Donvale Retirement Village actively engaged in program<br>• Our support enabled the local council to provide further funding for the program to 10 schools in the Moreland area. | • Deliver positive mentoring experiences to primary school children<br>• Results provided by Timehelp indicate<br>  ○ students' learning outcomes enhanced,<br>  ○ student self-esteem, confidence and social skills increased or improved<br>  ○ positive attitudes towards the older generations enhanced | • Review of opportunity to expand program nationally.<br>• More volunteering opportunities with local schools through more school partnerships. |
| | **BUSINESS**<br>• Media coverage<br>• Volunteer time to assist centres with school events and community engagements<br>• Industry recognition of alignment to partner | • Increased brand recognition in local communities<br>• Longer term village engagement/relationship with local schools and community. | |

## Mission Australia

FY14 was the first full year of this partnership

| Input | Output | Impact | Future |
|---|---|---|---|
| **Contribution**<br>• Time in hours facilitating and administering programs.<br>• Advocacy of cause and partner.<br><br>**Focus Area**<br>Lifelong learning and prosperity | **COMMUNITY**<br>**Hervey Bay**<br>• Over 3,000 local job seekers at our first employment expo<br>• 6 successful full time placements with our retailers<br>• recruitment for 40 full and part time job vacancies committed by our retailers<br>**Wetherill Park**<br>• facilitate connections between local job seekers and our sub-contractors and retailers.<br>• 4 local job seekers to commence in FY15 as construction labourers.<br>• 4 job seekers being considered for the 7 apprenticeship positions committed.<br>• A further 15 positions in formwork labouring and formwork carpentry to be advertised shortly. | • Promoting and facilitating local employment and training in our communities.<br>• Enhancing employment pool for retail, development and construction industry. | Continuing expansion of partnership and employment programs across portfolios during FY15 and beyond.<br>• Increasing skilled job placements and career development within industry and communities. |
| | **BUSINESS**<br>• Partnership development across retailers, builder partners, schools, TAFE, RTO's etc.<br>• Media coverage<br>• Website<br>• Stakeholder relationship development | • Engagement and employment support for retailers and builder partners.<br>• Increased training and skill levels in talent pool for our stakeholders. | |

# Community Data

## Jamie's Ministry of Food

New partnership in FY14

| Input | | Proposed Output | Proposed Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Annual operational support and rental abatement<br>• Time in hours to facilitate partnership and development of kitchen sites | **COMMUNITY** | • Jamie's Ministry of Food kitchen at Stockland Wetherill Park<br>• Local community members learn the basic skills to prepare cheap and healthy meals for their families in a social environment, connecting with others around food. | • With over 60% of Australian adults being overweight or obese , the kitchen will provide hundreds of locals with the opportunity to change their eating behaviours through education and practical experience | • Expand partnership with Jamie's Ministry of Food to Queensland and Western Australia |
| **Focus area:**<br>Health and Wellbeing | **BUSINESS** | • Significant media coverage<br>• Community/customer events<br>• Website<br>• Engagement with local council, government ministers, health champions<br>• Industry recognition of alignment to partner | • Increased brand recognition<br>• Increased community satisfaction in centres | |

## Touched by Olivia Foundation

New partnership in FY14

| Input | | Output | Impact | Future |
|---|---|---|---|---|
| **Contribution**<br>• Donation of coffee cart to start social enterprise pop up café and cash donation.<br>• Time in hours to facilitate partnership development at assets | **COMMUNITY** | • Inclusive playspace delivered at Stockland Forster<br>• Play groups and parents groups use the play space weekly<br>• Pop-up café to be launched at Five Dock to support employment training for people with disabilities | • improve accessibility and inclusion at our properties<br>• Enhance community connectivity and sense of belonging<br>• Increase local employment and training opportunities at our assets | • Several Commercial Property assets at concept stage for the design and delivery of inclusive play spaces,<br>• Collaborative delivery of Touched by Olivia playgrounds within residential projects with local councils.<br>• Increase accessible and inclusive industry standard |
| **Focus area:**<br>Sense of Belonging and Vitality<br>Lifelong Learning and Vitality | **BUSINESS** | • New and refurbished accessible and inclusive play spaces<br>• Media coverage<br>• Website<br>• Relationship development with local council and community groups.<br>• Industry recognition of alignment to partner | • Increase accessibility and appeal of our assets to individuals and/or families with disabilities<br>• Increased dwell time in centres leading to increased spend with retailers<br>• Increased customer satisfaction. | |

**1.3 National Community Development Projects**

**Stockland Community Grants Program**

- Launched in Commercial Property in FY14
- Run across 19 shopping centres.
- Maximum financial grant of $5000
- 372 applications received from local community organisations
- 144 finalists selected based on merit, need, and alignment to our CD focus areas
- 2 week public voting period, with over 7,500 votes received from the public
- 81 grants awarded
- $95,879.98 invested into our local communities.

**Breakdown of grant winners by sector/category**



- Schools/Education
- Community Services/Welfare
- Sporting Organisations
- Disability Groups
- Men's Sheds
- Seniors Groups
- Girl Guides/Scouts
- S.L.S.C.
- Arts
- Health
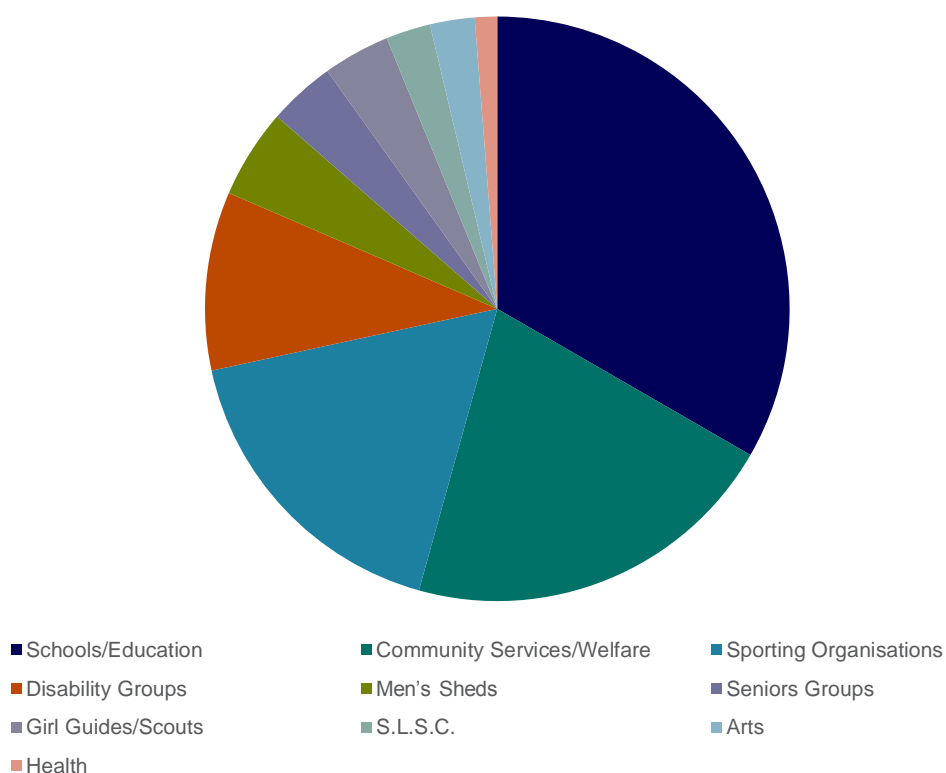
Business Benefits:

- Provides an easily accessible, structured criteria based platform for our assets and projects to respond to sponsorship requests.
- Track the impacts of our community investment with grant winners required to provide updates on progress
- Increased engagement opportunities with local community groups within our communities.
- Brand exposure and media coverage.
- Increased traffic to our website (over 7,500 hits)

The Stockland Community Grants Program is programmed to launch in our Residential business in FY15.

See the Community Grants Case Study in our Community Development DMA for more information.

# Community Data

**Community Engagement**

**Retirement Living - Residents Voice**

Satisfaction of our Retirement living residents with the community elements of the village and their personal well-being.

| Focus Area | Element | Response (% satisfaction score) |
|---|---|---|
| **Health and Wellbeing** | Physical Health | 69% |
| | Emotional Wellbeing (health) | 84% |
| | Personal relationships/ social life of the village | 85% |
| | Feeling safe | 93% |
| | Number of social activities to participate in | 80% |
| | Satisfaction with accessibility features | 87% |
| **Lifelong Learning and Prosperity** | Satisfaction with the opportunity to try new things & learn | 73% |
| **Sense of Belonging & Vitality** | Satisfied with sense of community | 86% |
| | Satisfied with opportunity to connect with others | 85% |

In FY15, we will further develop these metrics to reach greater comparability to the National Wellbeing Index.

**Residential - Liveability**

Satisfaction of residents with the liveability of their communities

| Element | Response (% satisfaction score) |
|---|---|
| **Community Design Elements** | 81% |
| **General House and Land Elements** | 70% |
| **Community Perceptions** | 71% |
| **Personal Circumstances** | 89% |
| **My Home** | 89% |

**Note:** Results above indicate FY13 survey results. We did not conduct survey in FY14 as we were refining our delivery, however we will recommence in FY15 with results disclosed in FY15 report.

**Commercial Property – Community Brand Retailers Survey**

Retailers' perceptions of our commitment to and delivery of community development outcomes.

| Retailers' rating of Stockland | Score |
|---|---|
| **Association with community** | Ranked 1st |
| **Delivering local feel** | Ranked 1st |
| **Create space where communities thrive** | >50% agree |

# Community Data

## 1.4 Community Investment

### Workplace Giving

|  | Amount donated | Charities Supported |
|---|---|---|
| **Employee Donations** | $64,378 | |
| **Corporate Dollar Matching** | $64,378 | 116 |
| **TOTAL** | **$128,756** | |

### Volunteering

|  | Employees | Total Hours | Proxy Financial Value* |
|---|---|---|---|
| **Team Volunteering** | 332 | 2624 | $159,880 |
| **Student Mentoring** | 152 | 1704 | $93,850 |
| **Personal Volunteering** | 12 | 104 | $9,4809 |
| **TOTAL** | | | **$263,210** |

**\*** Calculated using LBG standard values

### Employee Participation

|  | FY14 | FY13 | FY12 |
|---|---|---|---|
| **Workplace Giving Program** | 21% | 15.7% | 14.7% |
| **Volunteering Program** | 30% | 27% | 49% |

## General Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Strategy and Analysis** | | | | |
| **G4-1** | Statement from the most senior decision-maker of the organization. | Annual Review: Letter from the Chairman; Letter from the Managing Director | | |
| **G4-2** | Description of key impacts, risks, and opportunities. | Annual Review: Strategy | | |
| **Organizational Profile** | | | | |
| **G4-3** | Name of the organization. | Annual Review: About Stockland | | |
| **G4-4** | Primary brands, products, and/or services. | Annual Review: About Stockland | | |
| **G4-5** | Location of organization's headquarters. | Contact Us | | |
| **G4-6** | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Reporting Approach | Sustainability Assurance | |
| **G4-7** | Nature of ownership and legal form. | Annual Review: About Stockland | | |
| **G4-8** | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Annual Review: About Stockland | | |
| **G4-9** | Scale of the reporting organization | People Data<br><br>Financial Report: Notes to the Financial Statements (p59) | Sustainability Assurance<br><br>Financial Report: Auditor's Report (p139) | |
| **G4-10** | Workforce | People Data | Sustainability Assurance | |
| **G4-11** | Percentage of employees covered by collective bargaining agreements. | Human Rights DMA | | |
| **G4-12** | Organisation's supply chain | Supply Chain Management DMA | | |
| **G4-13** | Significant changes during the reporting period regarding size, structure, or ownership. | | | *No significant changes during the reporting period.* |
| **G4-14** | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | Governance and Risk DMA; Climate Resilience DMA; Biodiversity DMA; Community Development DMA | | |
| **G4-15** | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Memberships, Initiatives and Awards | | |
| **G4-16** | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic | Memberships, Initiatives and Awards | | |
| **Identified Material Aspects** | | | | |
| **G4-17** | List all entities included in organisation's consolidated financial statement. | Financial Report: Controlled Entities (p126) | | |
| **G4-18** | Process for defining report content (how applied Principles) | Reporting Approach | Sustainability Assurance | |
| **G4-19** | List all material Aspects identified in the process for defining report content. | Reporting Approach | Sustainability Assurance | |
| **G4-20** | For each material Aspect, report the Aspect Boundary within the organisation. | Reporting Approach | Sustainability Assurance | |
| **G4-21** | For each material Aspect, report the Aspect Boundary outside the organisation. | Reporting Approach | Sustainability Assurance | |
| **G4-22** | Report the effect of any restatements of information provided in previous reports. | | | *Any restatements are clearly indicated in the content of the report: none have had a significant effect.* |
| **G4-23** | Report significant changes from previous reporting period in the Scope and Aspect Boundaries | | | *No significant changes from previous reporting periods.* |

# GRI Index
## General Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Stakeholder Engagement** | | | | |
| **G4-24** | Provide a list of stakeholder groups engaged by the Organisation | Stakeholder Engagement | Sustainability Assurance | |
| **G4-25** | Basis for identification and selection of stakeholders with whom to engage. | Stakeholder Engagement | Sustainability Assurance | |
| **G4-26** | Organisation's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process) | Stakeholder Engagement | Sustainability Assurance | |
| **G4-27** | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Reporting Approach, Governance and Risk DMA; Stakeholder Engagement DMA; Employee Engagement DMA; Customer Engagement DMA; Community Development DMA, Supply Chain Management DMA. | Sustainability Assurance | |
| **Report Profile** | | | | |
| **G4-28** | Reporting period (e.g., fiscal/calendar year) for information provided. | Reporting Approach | Sustainability Assurance | |
| **G4-29** | Date of most recent previous report (if any). | Reporting Approach | Sustainability Assurance | |
| **G4-30** | Reporting cycle (annual, biennial, etc.) | Reporting Approach | Sustainability Assurance | |
| **G4-31** | Contact point for questions regarding the report or its contents. | Contact Us | Sustainability Assurance | |
| **G4-32** | Report the 'in accordance' option the organisation has chosen; the GRI Content Index for the chosen option; and reference to the External Assurance Report. | Reporting Approach | | |
| **G4-33** | Organisation's policy and current practice with regard to seeking external assurance for the report. | Reporting Approach | | |
| **Governance** | | | | |
| **G4-34** | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Financial Report: Corporate Governance (p16) | | |
| **G4-35** | Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees | Governance and Risk DMA | | |
| **G4-36** | Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body. | Governance and Risk DMA | | |
| **G4-37** | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body. | Governance and Risk DMA; Stakeholder Engagement DMA | | |
| **G4-38** | Composition of the highest governance body and its committees by: Executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competencies relating to economic, environmental and social impacts; stakeholder representation. | Financial Report: Corporate Governance (p16) Remuneration Report (p30) | | |
| **G4-39** | Indicate whether the Chair of the highest governance body is also an executive officer. | Financial Report: Corporate Governance (p16) Remuneration Report (p30) | | |
| **G4-40** | Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members, including considerations of diversity, independence, expertise and experience relating to economic, environmental, social topics, stakeholder involvement. | Financial Report: Corporate Governance (p16) Remuneration Report (p30) | | |
| **G4-41** | Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and if these are disclosed to stakeholders. | Financial Report: Corporate Governance (p16) Remuneration Report (p30) | | |
| **G4-42** | The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts. | Governance and Risk DMA; Financial Report: Corporate Governance (p16) | | |

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics | Governance and Risk DMA | | |
| G4-44 | Processes for evaluating the highest governance body's own performance with respect to governance of economic, environmental, and social topics. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including changes in membership and organisational practice. | Financial Report: Corporate Governance (p16) | | |
| G4-45 | Highest governance body's role in the identification and management of economic, environmental, and social impacts, risk and opportunities (including involvement in due diligence processes) Stakeholder consultation used to support the highest governance body's identification and management of economic, environmental, and social impacts, risks and opportunities. | Governance and Risk DMA; Stakeholder Engagement DMA Financial Report: Corporate Governance (p16) Risk Management (p26) | | |
| G4-46 | Highest governance body's role in reviewing the effectiveness of the organisation's risk management process for economic, environmental, and social topics. | Financial Report: Corporate Governance (p16) | | |
| G4-47 | Frequency of the highest governance body's review of economic, environmental, and social impacts, risks and opportunities | Financial Report: Corporate Governance (p16) | | |
| G4-48 | Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered. | Financial Report: Corporate Governance (p16) Sustainability Committee (p24) | | |
| G4-49 | Report the process for communicating critical concerns to the highest governance body | Governance and Risk DMA | | |
| G4-50 | Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them | Governance and Risk DMA; Financial Report: Corporate Governance - Risk Committee (p23) | | |
| G4-51 | Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: - Fixed pay and variable pay - Sign-on bonuses or recruitment incentive payments - Termination payments - Clawbacks - Retirement benefits How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental, and social objectives. | Financial Report: Remuneration Report (p30) | | |
| G4-52 | Process for determining remuneration | Financial Report: Remuneration Report (p30) | | |
| G4-53 | How stakeholders views are sought and taken into account regarding remuneration | Financial Report: Remuneration Report (p30) Financial Report 2012: Enhanced approach to remuneration (p22) | | |
| G4-54 | Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country. | People Data | Sustainability Assurance | |
| G4-55 | Ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country. | People Data | Sustainability Assurance | |
| **Ethics and integrity** | | | | |
| G4-56 | Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics | Governance and Risk DMA; Human Rights DMA | | |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behaviour and matter related to organizational integrity, such as helplines or advice lines | Governance and Risk DMA; Human Rights DMA | | |
| G4-58 | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | Governance and Risk DMA; Human Rights DMA | | |

## Specific Standard Disclosures

### ECONOMIC

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Economic Performance** | | | | |
| G4-DMA | Disclosure on Management Approach | Financial Report | | |
| G4-EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Financial Report Notes to the Financial Statements (p59) | Financial Report Auditor's Report (p139) | |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change and other sustainability issues. | Governance and Risk DMA; Climate Resilience DMA | | |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations. | Financial Report Notes to the Financial Statements (p59) | | |
| G4-EC4 | Financial assistance received from government. | Energy and Emissions DMA | | |
| **Indirect Economic Impacts** | | | | |
| G4-DMA | Disclosure on Management Approach | Community Development DMA; Community Connectivity DMA; Community Investment DMA | | |
| G4-EC7 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Community Development DMA; Community Connectivity DMA; Community Investment DMA | | |
| G4-EC8 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | Community Development DMA; Community Connectivity DMA; Community Investment DMA | | |
| **Procurement Practices** | | | | |
| G4-DMA | Disclosure on Management Approach | Supply Chain Management DMA | | |
| G4-EC9 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Supply Chain Management DMA; Materials DMA | | *We support the procurement of local goods and services and will be developing a framework in FY15 to better quantify the percentage of locally based contractors and locally sourced materials being used across our developments.* |

# GRI Index
## Specific Standard Disclosures

## ENVIRONMENTAL

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Materials** | | | | |
| G4-DMA | Disclosure on Management Approach | Materials DMA | | |
| G4 -EN1 | Materials used by weight, value or volume. | | | *Material use on our projects is controlled by our contractors. We influence, but do not control, the materials used in our supply chain (see Materials DMA).* |
| G4-EN2 | Percentage of materials used that are recycled and reused input materials. | | | *As we do not have operational control over materials used we do not capture this data.* |
| **Energy** | | | | |
| G4-DMA | Disclosure on Management Approach | Energy and Emissions DMA | | |
| G4-EN3 | Energy consumption within the organisation | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| G4-EN4 | Energy consumption outside of the organisation | Environmental Data; Energy and Emissions DMA CDP Submission 2014 (Section CC14.1) | Sustainability Assurance | |
| G4-EN5 | Energy intensity | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| CRE1 | Building energy intensity. | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| G4-EN6 | Reduction of energy consumption | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| G4-EN7 | Reductions in energy requirements of products and services | Energy and Emissions DMA; Asset Ratings and Certification DMA | Sustainability Assurance | |
| **Water** | | | | |
| G4-DMA | Disclosure on Management Approach | Water Management and Quality DMA | | |
| G4-EN8 | Total water withdrawal by source. | Environmental Data | Sustainability Assurance | |
| G4-EN9 | Water sources significantly affected by withdrawal of water. | Water Management and Quality DMA | | |
| G4-EN10 | Percentage and total volume of water recycled and reused. | Water Management and Quality DMA | | |
| CRE2 | Building water intensity. | Environmental Data | Sustainability Assurance | |
| **Biodiversity** | | | | |
| G4-DMA | Disclosure on Management Approach | Biodiversity DMA | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Environmental Data; Biodiversity DMA | Sustainability Assurance | |
| G4-EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Biodiversity DMA | | |
| G4-EN13 | Habitats protected or restored. | Biodiversity DMA | | |
| G4-EN14 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | | | *Endangered species data is monitored and managed at project level as part of the development approval process (see FY13 Case Study). We will report this data for all projects in FY15.* |
| **Land Degradation, Contamination and Remediation** | | | | |
| CRE5 | Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations | Environmental Data; Biodiversity DMA | | |
| **Emissions** | | | | |
| G4-DMA | Disclosure on Management Approach | Energy and Emissions DMA | | |

# GRI Index
## Specific Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-EN15 | Direct greenhouse gas emissions (Scope 1) | Environmental Data; Energy and Emissions DMA | Emissions Assurance | |
| G4-EN16 | Energy indirect greenhouse gas emissions (Scope 2) | Environmental Data; Energy and Emissions DMA | Emissions Assurance | |
| G4-EN17 | Other indirect greenhouse gas emissions (Scope 3) | Environmental Data; Energy and Emissions DMA | Emissions Assurance | |
| G4-EN18 | Greenhouse gas emissions intensity | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| CRE3 | Greenhouse gas emissions intensity from buildings. | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| CRE4 | Greenhouse gas emissions intensity from new construction and redevelopment activity. | Environmental Data; Energy and Emissions DMA | | *As our major commercial property developments are outside our operational control boundary, we do not have the emissions data to calculate an intensity metric for these activities.* *We continue to investigate methodologies to enable effective, meaningful and accurate intensity calculations in our residential and retirement living developments, as variables across projects compromise consistent measurement.* |
| G4-EN19 | Reduction of greenhouse gas emissions | Environmental Data; Energy and Emissions DMA | Sustainability Assurance | |
| G4-EN20 | Emissions of ozone-depleting substances | | | *Our emissions of ozone-depleting substances are minimal and not material.* |
| G4-EN21 | NOx, SOx, and other significant air emissions | | | Our emissions of Montreal gases are minimal and not material. |

### Effluents and Waste

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-DMA | Disclosure on Management Approach | Waste DMA | | |
| G4-EN22 | Total water discharge by quality and destination. | Water Management and Quality DMA | | |
| G4-EN23 | Total weight of waste by type and disposal method. | Environmental Data; Waste DMA | | |
| G4-EN24 | Total number and volume of significant spills. | | | *No significant spills in FY13* |
| G4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | | | *Not relevant to our organisation* |
| G4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | Water Management and Quality DMA | | |

### Products and Services

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-DMA | Disclosure on Management Approach | Asset Ratings and Certification DMA | | |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | Climate Resilience DMA; Energy and Emissions DMA | | |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category. | | | *Not relevant for our organisation* |

### Compliance

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-DMA | Disclosure on Management Approach | Governance and Risk DMA | | |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | | | *No significant fines in FY14* |

### Overall

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-DMA | Disclosure on Management Approach | | | *We are currently revising our systems and processes for capturing this information to ensure the comparability of data year on year.* |
| G4-EN31 | Total environmental protection expenditures and investments by type. | | | |

### Supplier Environmental Assessment

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-DMA | Disclosure on Management Approach | Supply Chain Management DMA | | |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | Supply Chain Management DMA | | |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken. | Supply Chain Management DMA; Materials DMA; Waste DMA | | |
| **Environmental Grievance Mechanisms** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Stakeholder Engagement DMA | | |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | | | *We revised CRM systems across our three businesses in FY14 to standardise the categorisation of grievances. We will be in a position to report against this indicator in FY15.* |

## SOCIAL

## Labour Practices and Decent Work

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Employment** | | | | |
| G4-DMA | Disclosure on Management Approach | Employee Engagement DMA; Human Capital Development DMA; Diversity and Inclusion DMA | | |
| G4-LA1 | Total number and rate of new employee hires and employee turnover by age group, gender, and region. | People Data; Employee Engagement DMA | Sustainability Assurance | |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | | | *Part-time employees are covered by the same benefit policies as full time employees. Temporary employees are not covered by these policies but have remuneration and entitlements specified in their individual contracts.* |
| G4-LA3 | Return to work and retention rates after parental leave, by gender. | People Data; Diversity and Inclusion DMA | Sustainability Assurance | |
| **Labour/management relations** | | | | |
| G4-DMA | Disclosure on Management Approach | Employee Engagement DMA; Human Rights DMA | | |
| G4-LA4 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Human Rights DMA | | |
| **Occupational health and safety** | | | | |
| G4-DMA | Disclosure on Management Approach | Health and Safety DMA | | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | | | *Stockland uses other methods to monitor and advise on occupational health and safety programs. This includes regular (min. quarterly, recorded safety meetings across our assets and projects and the provision of monthly reports by Operational Risk to raise safety issues and concerns.* |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | People Data; Health and Safety DMA | Sustainability Assurance | |
| CRE6 | Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system. | Health and Safety DMA | | |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | People Data; Health and Safety DMA | | |

# GRI Index
## Specific Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions. | Human Rights DMA | | |
| **Training and education** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Capital Development DMA | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category. | People Data; Human Capital Development DMA | Sustainability Assurance | |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Human Capital Development DMA | | |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender. | People Data; Human Capital Development DMA | Sustainability Assurance | |
| **Diversity and equal opportunity** | | | | |
| G4-DMA | Disclosure on Management Approach | Diversity and Inclusion DMA | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | Financial Report: Corporate Governance (Board Diversity) p18 People Data; Diversity and Inclusion DMA | Sustainability Assurance | |
| **Equal remuneration for women and men** | | | | |
| G4-DMA | Disclosure on Management Approach | Diversity and Inclusion DMA | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. | People Data | Sustainability Assurance | |
| **Supplier Assessment for Labour Practices** | | | | |
| G4-DMA | Disclosure on Management Approach | Supply Chain Management DMA; Health and Safety DMA | | |
| G4-LA14 | Percentage of new suppliers that were screened using labour practices criteria | Supply Chain Management DMA; Health and Safety DMA | | |
| G4-LA15 | Significant actual and potential negative impacts for labour practices in the supply chain and actions taken | Supply Chain Management DMA; Health and Safety DMA; Human Rights DMA | | |
| **Labour Practices Grievance Mechanisms** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Employee Engagement DMA | | |
| G4-LA16 | Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms | Human Rights DMA | | |

# GRI Index
## Specific Standard Disclosures

## Human Rights

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|-----|------------|------------------------|--------------------|----------------------|
| **Investment** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR1 | Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening. | | | *All significant investments were made in Australian property. These investments did not signal the need for human rights screening.* |
| G4-HR2 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Governance and Risk DMA; Human Rights DMA; Diversity and Inclusion DMA | | *There are various mandatory employee training programs on policies and procedures concerning aspects of human rights. We will be in a position to report total hours in FY15 given the launch of our new learning management system (see Case Study on Stockland Learning Academy)* |
| **Non-discrimination** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Diversity and Inclusion DMA | | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken. | Human Rights DMA | | |
| **Freedom of association and collective bargaining** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. | Human Rights DMA | | |
| **Child labour** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. | Human Rights DMA | | *We actively support and promote the rights of the child and have not identified any operations or suppliers in our direct supply chain which have a significant risk of child labour.* |
| **Forced and compulsory labour** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. | Human Rights DMA | | *We ensure our labour standards are in-keeping with national legislation, which upholds ILO Convention on the abolition of forced labour. We have not identified any operations or suppliers in which there is a significant risk of forced/compulsory labour.* |
| **Security practices** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR7 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | Human Rights DMA | Sustainability Assurance | |
| **Indigenous rights** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous people and actions taken. | Human Rights DMA | | |
| **Assessment** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR9 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. | Human Rights DMA | | |

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Supplier Human Rights Assessment** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Supply Chain Management DMA | | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | Human Rights DMA | | |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | Human Rights DMA | | |
| **Human Rights Grievance Mechanisms** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA | | |
| G4-HR12 | Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms | Human Rights DMA | | |

## Society

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Local communities** | | | | |
| G4-DMA | Disclosure on Management Approach | Community Development DMA; Community Connectivity DMA; Community Investment DMA | | |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | Stakeholder Engagement DMA; Community Development DMA | Sustainability Assurance | |
| G4-SO2 | Operations with significant potential or actual negative and positive impacts on local communities. | Community Development DMA; Community Connectivity DMA; | | |
| CRE7 | Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project. | | | *As part of the redevelopment process at our Cardinal Freeman Retirement Village in NSW, residents have been relocated from both the nursing home and a small number of independent living units. This process, which is being actively managed to minimise the impact on residents and their families, began in FY14 and will continue through FY15. We will provide a report on this process including final figures in next year's report once the relocation process is complete.* |
| **Anti-corruption** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Code of Conduct | | |
| G4-SO3 | Percentage and total number of operations assessed for risks related to corruption and the significant risks identified. | Human Rights DMA; Governance and Risk DMA | | |
| G4-SO4 | Communication and training on anti-corruption policies and procedures. | Governance and Risk DMA | | |
| G4-SO5 | | | | *No confirmed incidents of corruption in FY14* |
| **Public policy** | | | | |
| G4-DMA | Disclosure on Management Approach | Stakeholder Engagement DMA | | |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | Stakeholder Engagement DMA | | |
| **Anti-competitive behaviour** | | | | |
| G4-DMA | Disclosure on Management Approach | Governance and Risk DMA; Code of Conduct | | |

# GRI Index
## Specific Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-SO7 | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. | | | *No legal actions for anti-competitive behaviour, anti-trust, or monopoly practices in FY14.* |
| **Compliance** | | | | |
| G4-DMA | Disclosure on Management Approach | Governance and Risk DMA | | |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | | | *No significant fines or non-monetary sanctions for non-compliance with laws and regulations in FY14* |
| **Supplier Assessment for Impacts on Society** | | | | |
| G4-DMA | Disclosure on Management Approach | Supply Chain Management DMA | | |
| G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | Supply Chain Management DMA | | |
| G4-SO10 | Significant actual and potential negative impacts on society in the supply chain and actions taken | Human Rights DMA; Supply Chain Management DMA | | |
| **Grievance Mechanisms for Impacts on Society** | | | | |
| G4-DMA | Disclosure on Management Approach | Human Rights DMA; Stakeholder Engagement DMA | | |
| G4-SO11 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | | | *We revised CRM systems across our three businesses in FY14 to standardise the categorisation of grievances. We will be in a position to report against this indicator in FY15. Our contractors are required to maintain a formal community grievance mechanism and report the issues filed, addressed and resolved as part of their monthly reports. While we do not capture this data in such a way as to provide a consolidated number of grievances across our developments, each contractor's performance with regard to their engagement with community is monitored and evaluated on a regular basis* |

# Product Responsibility

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| **Customer health and safety** | | | | |
| G4-DMA | Disclosure on Management Approach | Customer Safety and Security DMA; Community Development DMA | | |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | Customer Safety and Security DMA | | |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | | | *No incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services in FY14* |
| **Product and service labelling** | | | | |
| G4-DMA | Disclosure on Management Approach | Asset Ratings and Certification DMA | | |
| G4-PR3 | Type of product and service information required by procedures for product and service information and labelling, and percentage of significant products and service categories subject to such information requirements. | | | *Not relevant for our organisation* |
| CRE8 | Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment. | Asset Ratings and Certification DMA | Sustainability Assurance | |

# GRI Index
## Specific Standard Disclosures

| GRI | Definition | Location of Disclosure | External Assurance | Explanatory Comments |
|---|---|---|---|---|
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. | | | *No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling in FY14* |
| G4-PR5 | Results of survey measuring customer satisfaction. | Customer Engagement DMA | | |
| **Marketing communications** | | | | |
| G4-DMA | Disclosure on Management Approach | Customer Safety and Security DMA | | |
| G4-PR6 | Sale of banned or disputed products | | | *Not relevant for our organisation* |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | | | *No incidents of non-compliance with regulations and voluntary codes concerning marketing communications in FY14* |
| **Customer privacy** | | | | |
| G4-DMA | Disclosure on Management Approach | Customer Safety and Security DMA; Human Rights DMA; Privacy Policy | | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Human Rights DMA | | |
| **Compliance** | | | | |
| G4-DMA | Disclosure on Management Approach | Financial Report: Corporate Governance (p16) | | |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | | | *No incidents of non-compliance with laws and regulations concerning the provision and use of products and services in FY14.* |

## INDEPENDENT ASSURANCE STATEMENT

To the Board and Management of Stockland Corporation Limited:

Stockland Corporation Limited (Stockland) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the sustainability content of the Annual Review and Stockland's annual sustainability reporting – online (the Reports). The Reports present Stockland's sustainability performance over the period 1 July 2013 to 30 June 2014. Stockland was responsible for the preparation of the Reports and this statement presents our opinion as independent assurance providers. Net Balance's responsibility in performing its assurance activities is to the Board and Management of Stockland in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

### Assurance Standard and Objectives

The assurance engagement was undertaken in accordance with the AA1000 AS (2008) assurance standard (AA1000AS). The standard provides a way of evaluating whether an organisation is responsible for its management, performance and reporting on sustainability issues. This is undertaken by evaluating the organisation's adherence to the AA1000 AccountAbility Principles (2008), and by reviewing the accuracy and quality of disclosed sustainability performance information.

The AA1000 Accountability Principles (2008) used to assess Stockland's processes include:

**Inclusivity:** How does the organisation include stakeholders in developing and achieving an accountable and strategic response to corporate responsibility and sustainability?

**Materiality:** How does the organisation include in its reporting the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?

**Responsiveness:** How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its reporting?

Assessment of the above principles included due consideration of the related principles that inform the emerging Integrated Reporting framework currently being applied at Stockland.

### Assurance Type, Level, Scope and Limitations

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008). This involved a high level assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and a moderate level assessment of the accuracy and quality of the sustainability information contained within the Reports, which focused on the following material areas:

**Governance**
+ Risk and Opportunity Management

**People**
+ Occupational health and safety
+ Employee engagement
+ Diversity and inclusion

**Customers**
+ Customer satisfaction
+ Asset ratings and certification

**Supply Chain**
+ Supplier compliance

**Environment**
+ Biodiversity impact
+ Climate resilience
+ Energy, water and greenhouse gas intensity

**Community**
+ Community development
+ Community involvement

Refer to Stockland's GRI content index for a comprehensive list of disclosures assured by Net Balance.

While the majority of the interviews with data owners were conducted at Stockland's head office in Sydney, additional site visits were also conducted which included the following Stockland locations:

**Commercial:**
+ Glasshouse NSW
+ Wetherill Park NSW
+ Hendra QLD

**Residential:**
+ North Lakes QLD
+ Caloundra South QLD

**Retirement Living:**
+ North Lakes QLD
+ Macarthur Gardens NSW

The scope of work did not involve assurance of financial data, other than that relating to environmental, social or broader economic performance.

## Assurance Methodology

The assurance engagement was undertaken from April to August 2014, and involved:

+ Interviews with over 40 Stockland personnel including the Chairman and three non-executive Directors of the Board, as well as the majority of Stockland's executive management team.
+ Interviews with 10 external stakeholders to understand how Stockland engages such stakeholders to identify material issues and the effectiveness of Stockland's response to the issues that matter to them.
+ A review of the materiality process and stakeholder engagement activities undertaken by Stockland during the reporting period and how this informs the sustainability strategies, policies, objectives, management systems, reporting procedures and performance of the organisation.
+ Interviews with key personnel responsible for collating and writing various parts of the Reports to substantiate the reliability of selected claims.
+ A review of the content for any significant omissions and anomalies, particularly in relation to claims as well as trends in data.
+ Testing of a limited sample of over 180 selected data points and statements and the systems and processes that support the information reported.
+ A Global Reporting Initiative (GRI) G4 in accordance requirements assessment.

## Our Independence

Net Balance confirms that we are not aware of any issues that could impair our objectivity in relation to this assurance engagement. This assurance engagement has been conducted in compliance with our Independence Policy which can be found at http://www.netbalance.com/services/assurance

## Our Competency

The Stockland assurance engagement was carried out by an experienced team of professionals led by Lead Certified Sustainability Assurance Practitioners (Lead CSAP), accredited by AccountAbility UK. The project included personnel with expertise in environmental, social and economic performance measurement within the construction and real estate sector. Net Balance is a global leader in the use of AccountAbility's AA1000AS, having undertaken over 250 assurance engagements in Australia in the past seven years.

## Findings and Conclusions

**Adherence to AA1000 Principles**

*Inclusivity*

Stockland has an engagement strategy which covers key stakeholders across suppliers, government, customers, the media, communities and investors. Stockland has identified the material issues relevant to each stakeholder and has curated disclosures that aim to provide greater relevance to these stakeholders. In particular, the development of the Stockland Exchange presents an opportunity for customers to engage on sustainability issues. Stockland's approach to regularly surveying customers, including retailers and tenants via Stockland Exchange, shows a commitment to two-way dialogue. To evolve this platform, management could consider implementing insights around sustainability options for customers.
At a high level, it is positive to note that Stockland has representation across industry associations and peak bodies that have significant involvement in sustainability issues, illustrated by multi-stakeholder representation on the Property Council of Australia's policy working groups and the position of Director of the Green Building Council of Australia being held by Stockland's CEO.

*Materiality*

In FY13, Stockland was in a state of flux with changing leadership and business restructure. In many respects, FY14 appears to have been a year of returning to a steady state as sustainability moved from a functional focus to an embedded capability. For example, Stockland's sustainability steering committee, comprised of representatives of management, was set up to inform sustainability strategy, share knowledge and report on environmental, social and governance (ESG) risks, as well as support the delivery of sustainability targets. This has been further supported over the years by virtue of the whole Board comprising the sustainability sub-committee. Combined, this structure has ensured that Stockland's key material risks and opportunities are identified, managed and reported appropriately.
The current year's reporting format has shifted to be more in alignment with the GRI G4, bringing the disclosures on management approach (DMA's) as the central platform for disclosure.
In FY14, Stockland defined and documented its framework for managing risk throughout the organisation. A particular focus was placed on operational risk management, which has resulted in the establishment of actions to address material sustainability risks around health and safety, crisis management, contractor management and environmental management into the day-to-day operations of the business.

*Responsiveness*

Stockland has demonstrated that it values opportunities to engage with stakeholders, and to understand how to meet their needs. In response to employee feedback that the historical Stockland values were unclear, Stockland held a large number of focus groups throughout the business and in FY14 refreshed Stockland's new values, CARE – Community, Accountability, Respect and Excellence. It is pleasing to note that the CARE values form part of Stockland's corporate strategy.

In the residential business, sustainability is communicated to customers, suppliers and other local stakeholders via the C*ommunity Place* at Selandra Rise. This has demonstrated the ongoing influence of Stockland in areas outside of its direct control through an external commitment to sustainability. With the influence through initiatives such as this, Stockland has an opportunity to financially incentivise sustainability outcomes for customers.

As the broader reporting community evolves and demands more integrated reporting, Stockland has responded by consistently publishing information on sustainability drivers of business value, such as cost savings passed onto commercial property residents as a result of capital expenditure on energy efficiency initiatives. Stockland may consider in future how reporting on other metrics such as social capital can contribute to adding value for the business and its shareholders.

**Reliability of Performance Information**

Based on the scope of the assurance process, the following was observed with regard to performance information:

+ The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information included in the scope of this assurance engagement.
+ The level of accuracy of sustainability performance information and integrated reporting metrics was found to be within acceptable limits.
+ Data trails selected were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
+ A review of the adherence to GRI G4 reporting framework found that Stockland satisfies the in accordance 'comprehensive' requirements and incorporates indicators from the GRI Construction and Real Estate Sector Supplement.

Overall, it is Net Balance's opinion that the information presented within the Reports is fair and accurate. The Reports were found to be a reliable account of Stockland's sustainability performance during the reporting period.

## The Way Forward

Net Balance found the Reports appropriately address Stockland's material sustainability matters. To ensure Stockland continues to improve in areas of sustainability leadership and reporting, Net Balance has identified the following key areas for future focus. These and other areas are discussed in more detail in Net Balance's management report to Stockland.

*Data protocols*

Detailed reporting protocols continue to be a key gap in Stockland's reporting process. While data collection manuals exist for a number of metrics, mostly for the calculation of energy and greenhouse gas metrics, other sustainability data protocols need to be developed by key data owners throughout the business. In particular, Stockland should place a focus on biodiversity, contractor environmental data and some people metrics. This process should be prioritised to ensure consistency in reporting year-on-year.

*Responsible supply chain management*

Net Balance commends Stockland on developing a Human Rights policy in FY14. Following on from this, there is now opportunity for Stockland to further integrate social and ethical considerations into its review of key direct suppliers. While safety and environmental considerations form part of the review and supplier selection process, a specific review of labour standards, employee welfare and ethical considerations within Stockland's supply chain is recommended. This may be undertaken by addressing key supplier risks by sector, and by geography, and by engaging more heavily with suppliers. Stockland could consider reporting on the number of supplier audits that have social and ethical considerations embedded.

*Ensuring sustainability strategy is embedded with corporate strategy*

In line with the new corporate strategy unveiled in FY13, in the current year Stockland has undertaken a review of its current sustainability strategy. While the current report outlines how sustainability objectives align with strategic objectives, in future it will be important for Stockland to embed aspects of its sustainability strategy into the corporate strategy. Net Balance understands this is currently under development, which includes key actions and new metrics for measuring success. Stockland's narrative around creating shared value and progressing integrated reporting is considered best practice in Australia. To maintain this leadership position into the future, reporting should be underpinned by qualitative and quantitative metrics that add value for customers and communities. Traditional reporting on output-based metrics (such as community programs) should evolve into reporting on outcomes for all stakeholders.

On behalf of the assurance team
18 September 2014
Sydney, Australia

Terence Jeyaretnam, FIEAust
Director, Net Balance
Lead CSAP (AccountAbility UK)

AA1000
Licensed Assurance Provider
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# Independent assurance report to the Board of Directors of Stockland Corporation Limited

## *Scope and Subject Matter*

You have engaged us to provide an assurance report in respect of the following Subject Matter (the "Subject Matter") reported in the 2014 Sustainability Report of Stockland Corporation Limited ("Stockland") for the period 1 July 2013 to 30 June 2014 (the "Period"):

| Subject Matter | Scope | Criteria | Value reported by Stockland |
|---|---|---|---|
| Sum of Scope 1 and Scope 2 greenhouse gas emissions ("Sum of scope 1 and 2 emissions") | Reasonable assurance | *The National Greenhouse and Energy Reporting Act 2007* | 122,029,076 kg $CO_2$-e |
| Total Scope 3 emissions ("Scope 3 emissions') | Limited assurance | Scope 3 emissions comprise the following sources:<br><br>• *Total transmission and production losses from purchased electricity, gas and transport fuel* - Calculated using Scope 3 factors from the *National Greenhouse Accounts Factors July 2012*<br><br>• *Car Hire* - Calculated using emission factors contained within the www.greenvehicleguide.gov.au as at the date of this report<br><br>• *Air Travel* - Calculated using the following emissions factors per km travelled for short, medium and long haul respectively: 0.00057, 0.00029 and 0.00031 $tCO_2$-e | 23,556,176 kg $CO_2$-e |

The criteria (the "Criteria") against which we assessed the Subject Matter is also summarised above.

## *Respective responsibilities*

Stockland Management are responsible for the Subject Matter and for preparing the Subject Matter in accordance with the Criteria.

Our responsibility is to express an opinion based on our reasonable assurance procedures, on whether the Sum of Scope 1 and Scope 2 emissions have been prepared, in all material respects, in accordance with the Criteria, for the Period.

We further have responsibility to provide an opinion based on our limited assurance procedures, on whether anything has come to our attention to indicate that Scope 3 emissions have not been prepared, in all material respects, in accordance with the Criteria.

## Assurance work performed

Our audit has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3410) "*Assurance Engagements on Greenhouse Gas Statements*. The work performed was designed to enable us to express the opinion below. Accordingly, we have conducted such tests and procedures as we considered appropriate, including:

- Reviewing the processes and controls used in preparing the Subject Matter
- Agreeing a sample of data back to supporting documentation
- Undertaking analytical review procedures over data
- Applying the Criteria in evaluating the data generation and reporting processes

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ASAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

## Use of report

This report has been prepared for the purpose of allowing the Directors to consider the reliability of the Subject Matter and may not be suitable for any other purpose.

Our report is intended solely for the Directors of Stockland for the purpose described above.

We permit Stockland to share this report with its stakeholders on its website to enable those stakeholders to confirm that an independent assurance engagement has been commissioned by the Directors however we accept no responsibility or liability to such stakeholders for any loss occasioned as a result of access to or reliance upon this report.

We accept no responsibility for the integrity and security of the Stockland website, which is the responsibility of Stockland management. This report is not intended to relate to, or to be read in conjunction with, any information that may appear on the Stockland website other than the Subject Matter and Reporting Criteria. Readers of this report on the Stockland website (who may read it for their information only) should bear in mind the inherent risk of the website changing after the date of our report.

## Inherent limitations

There are inherent limitations in performing assurance - for example, assurance engagements are based on selective testing of the information being examined - it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not performed continuously throughout the period and the procedures performed are undertaken on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. It is important to read the Subject Matter in the context of the Criteria against which it has been prepared.

## Conclusions

### *Sum of Scope 1 and Scope 2 emissions*

In our opinion, in all material respects Stockland has prepared the Subject Matter in accordance with the Criteria for the Period.

### *Scope 3 emissions*

Based on our limited assurance procedures undertaken, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the Period.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*John Tomac*

John Tomac
Partner

Sydney
4 September 2014