

1. Sustainability Reporting at Stockland

Our FY15 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 tenth year that we have publicly reported our sustainability performance. The content covers our performance over the financial year 1 July 2014 to 30 June 2015 (FY15). It follows our FY14 sustainability reporting which was published online in September 2014.

Sustainability reporting forms part of a larger suite of FY15 reports, including:

- **Annual Review** – our integrated report focusing on strategy, corporate governance, and our financial, social and environmental performance.
- **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.

Our approach to sustainability is focused on embedding sustainability considerations within our business operations. This is reflective of our experience and application of the AA1000 Principles of inclusivity, materiality and responsiveness which has helped us identify, understand and respond to issues that matter to the long-term well-being of our communities, our people and our customers.

2. Our reporting approach

In FY14 we revised our approach to Sustainability Reporting. 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 (Comprehensive).

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:

Enrich our value chain	1.	Governance and risk
	2.	Stakeholder engagement
	3.	Supply chain management
	4.	Employee engagement
	5.	Human capital development
	6.	Diversity and inclusion
	7.	Health and safety
	8.	Human rights
Optimise and Innovate	9.	Energy and emissions
	10.	Climate resilience

	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape thriving communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. Customer safety and security

3. Materiality Process

Stockland has used the materiality definition from the *Integrated Reporting Framework* that states ‘an integrated report should disclose information about matters that substantively affect the organisation’s ability to create value over the short, medium and long term’.

In a step toward greater alignment and integration with our sustainability reporting, we have combined our sustainability material matters and integrated reporting material matters into one comprehensive list.

We identified our FY15 material matters using the following process.

Identify	Evaluate and prioritise	Alignment and disclosure
<p>We combined the outcomes of two materiality processes to identify relevant matters:</p> <ol style="list-style-type: none"> Five part materiality test in alignment with GRI G4. This involved a review of: <ul style="list-style-type: none"> Investor research and engagement; Customer feedback and insights; Employee surveys; Political and regulatory developments; Industry engagement and advocacy; and Social and mainstream media. <p>The results of this research were validated with key stakeholders via a sustainability materiality workshop.</p> An internal operational and strategic risk assessment. <p>The resultant list of matters served as a starting point for our integrated reporting materiality workshop.</p>	<p>An integrated reporting materiality workshop was held with members of the leadership team to identify any additional relevant issues, rank issues of greatest significance and prioritise them based on their ability to affect value.</p> <p>Material matters were mapped in terms of their potential impact on value creation over the short, medium and long term.</p>	<p>Following the materiality workshop, the final list of material matters was presented to our internal Integrated Reporting Committee. Once confirmed, the matters were submitted to the Executive Committee and the Board for review.</p> <p>An alignment check was also performed, with our strategy review process and sustainability materiality outcomes.</p>

The issues identified through this process and the sustainability content in the annual review are reviewed and approved by Stockland’s executive team and the Board.

Issues that matter

Our materiality research focused on identifying emerging societal issues that shape the landscape in which we operate. We identified eight priority issues that represents future risks and opportunities for our business and our stakeholders.

Global and domestic economy

All of our businesses are impacted by local and global economic conditions. International economic markets remain volatile and the outlook for specific markets in Australia remains uneven. While businesses and consumers are cautious, we expect conditions to remain reasonably supportive. Interest rates are anticipated to be stable and we expect the economy to continue to grow, albeit at below trend levels. We have capitalised on supportive market conditions throughout the year, while ensuring the decisions we make now will serve our business well through the cycle. We will continue to focus on retaining a strong balance sheet with low gearing and use diverse funding sources. We will also concentrate on efficiency and cost management.

Other stakeholders potentially impacted by this issue include customers, investors and businesses.

(See [Annual Review](#), *Capital Strength* pg 37 and *Operational Excellence* pg 45)

Residential market dynamics

Stockland's residential business is influenced by the dynamics of the Australian residential market. Over the past 12 months, media outlets have speculated that Sydney and Melbourne are experiencing a "housing bubble" – unsustainable asset prices and debt serviceability.

We believe that current market prices and volumes in the residential sector are elevated across Australia as a result of historical undersupply combined with strong demand from home owners and investors. We expect the high level of price growth in Sydney to moderate in the short to medium term.

Our exposure to market volatility is managed through our geographical diversity, with different regions experiencing different market conditions. We have also broadened our customer reach by expanding our residential product offering including diverse house and land packages, completed housing and medium density. We have also sought to balance the demand from home owners and investors to ensure our residential communities remain attractive to future buyers. We continue to engage with all levels of government to seek effective solutions on land supply issues.

Other stakeholders potentially impacted by this issue include customers, investors and property industry.

(See [Annual Review](#), *Grow Asset Returns and Customer Base* pg 26)

Increased property market competition

We have a strong medium term organic pipeline. However in the long-term, the continued growth of our business will be dependent on our ability to acquire new land and assets. Domestic and offshore investor interest in property assets is expected to continue while Australian property continues to deliver attractive yields. We will continue to ensure discipline and agility in our investment decision making so we can take advantage of opportunities that will deliver the appropriate risk-adjusted returns. Within our existing portfolio we have significant organic development opportunities supported by a strong balance sheet to provide funding flexibility.

Other stakeholders potentially impacted by this issue include customers, investors and property industry.

(See [Annual Review](#), *Grow our Asset Returns and Customer Base*, pg 26)

Infrastructure and amenity delivery

Australia's growing population requires greater physical and social infrastructure services to support its growth and the development of new suburbs. This includes the provision of sustainable and accessible transport.

Effective stakeholder engagement on our projects with suppliers, customers and government has resulted in positive outcomes across several projects.

We will continue to use our Liveability research to understand the priorities of residents in our communities. We will also continue to ensure that all active projects have stakeholder engagement plans that minimise obstacles to infrastructure and amenity delivery and ensure appropriate communication with all stakeholders about these matters.

The resilience of our supply chain is also key in the delivery of our projects. We are continuing to enhance our supply chain risk management and seeking to provide greater clarity of sustainability expectations with the development of a Sustainable Supply Chain Charter.

Other stakeholders potentially impacted by this issue include government, providers of infrastructure services and residents.

(See [Annual Review](#), *Shape Thriving Communities*, pg 32, *Enrich our Value Chain*, pg 40 and our [Community Development DMA](#) and [Supply Chain Management DMA](#)).

Ability to attract and retain talent

We recognise that the key to sustainable competitive advantage is our people and that the ability to attract and retain valuable employees is critical to our overall business performance. This is increasingly important as we continue to face tight labour market conditions. Delivering on our growth strategy requires our existing employees to be engaged and high performing and for us to build our capability in areas such as medium density and logistics and business parks. In FY14, our total turnover rate was over 20 percent. Considerable focus has been placed on reducing this turnover in FY15, resulting in a reduction in turnover from 20% in FY14 to 16.8% in FY15 and a significant reduction in first year employee turnover from 31% in FY14 to 18.8% in FY15. We have done this by establishing an in-house recruitment team and referral program, improving hiring and induction processes, strengthening the expertise and engagement of our existing employees with targeted training and ongoing development and support, including programs focused on workplace safety and wellbeing, flexibility, diversity and outsourcing. Employee engagement is at an all time high at 85% and we will continue to reinforce our strong employment brand.

Other stakeholders potentially impacted by this issue are our employees.

(See [Annual Review](#), [Operational Excellence pg 45](#) and [Enrich our Value Chain pg 40](#) and our [Employee Engagement DMA](#), [Human Capital Development DMA](#), [Diversity and Inclusion DMA](#), [Health Safety and Wellbeing DMA](#)).

Digital technology

Enhancements in digital technology have rewired both customer behaviour and business process efficiencies. In this evolving space, speed and convenience need to be balanced with governance and transparency. To achieve operational excellence we need to ensure that our systems are cost effective and agile to support the diversified nature of our business. We will continue to invest in process and system upgrades to improve the efficiency of our business.

For our customers, we need to be accessible, responsive and anticipate future consumer behaviour. We will continue to identify and integrate technical enhancements across the business, including enhancing online residential and retirement living engagement opportunities. We will also continue to ensure that our retail centres are thriving community hubs by delivering quality services and retail and community spaces that enhance our resilience to online shopping.

Other stakeholders potentially impacted by this issue include our customers and employees.

(See [Annual Review](#), [Operational Excellence pg 45](#) and our [Customer Engagement DMA](#)).

Regulatory change

Ongoing policy uncertainty across a number of areas has the potential to impact our business model. Tax and planning reform remain key policy areas where we will continue to engage with industry and government. We will continue to focus our development activity in areas where governments support growth and focus on good practice to remain well positioned in the market.

Other stakeholders potentially impacted by this issue include investors, customers and industry.

(See [Annual Review](#), [Our Business pg 10](#) and our [Stakeholder Engagement DMA](#)).

Future customer demand

Our ability to develop products that meet anticipated future customer and societal demands is crucial to the sustainability of our business, particularly in light of Australia's aging population and changing demographics.

To meet future customer demand we are continuing to evolve our market leading product innovation and customer insights using platforms such as Stockland Exchange (our online research community). We are fostering a culture of innovation to ensure that we identify and take advantage of new opportunities.

It is also important that we focus on the creation of sustainable and liveable communities and assets. It is also important that we focus on the creation of sustainable and liveable communities and assets. This includes developing understanding of the longer term impacts of climate change and incorporating our findings into the design and upgrade of assets.

Other stakeholders potentially impacted by this issue include our customers.

(See [Annual Review](#), [Shape Thriving Communities pg 32](#), [Optimise and Innovate pg 45](#) and [Community Development DMA](#), [Climate Resilience DMA](#), [Customer Safety and Security DMA](#)).

4. Sustainability Strategy

As a real estate owner, manager and developer, we recognise that we have a unique opportunity to create the right balance of social, environmental and economic conditions for our communities, customers and investors now and in the future. We have clear strategic priorities to support our growth and deliver returns for our investors. Our sustainability strategy unites these priorities with a view to Shape Thriving Communities, Optimise and Innovate and Enrich Our Value Chain.

The three core focus areas of our sustainability strategy are bought to life by our 'enduring themes'. We have a long history of addressing sustainability issues that respond to our stakeholders' concerns, such as our management of water and waste and the diversity of our workforce. While our responses to such issues are now embedded in our day to day operations, we continue to focus on these issues as many of them remain challenges and continue to be important to our stakeholders.

Stockland's 'issues that matter' also align with the key pillars of the sustainability strategy. We anticipate that these emerging issues will evolve over time and we will work with relevant stakeholders to shape these issues and related outcomes.



5. Report Scope

Stockland operates exclusively in Australia.

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. In prior years we split out Aged Care people data. In FY15 we settled the sale of our Aged Care business.

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 relating to these external entities if and when they fall within our 'operational control' boundary, as defined by the National Greenhouse and Energy Reporting Act.

6. External Assurance

Content on this sustainability website has been externally assured in accordance with Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits and Reviews of Historical Financial Information in [KPMG's independent assurance statement](#). We have also reported in adherence to the Accountability Principles of inclusivity, materiality and responsiveness, and 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

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 executive level is critical to ensuring that sustainability management and performance is integrated into our 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 group 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, we conduct risk assessments at critical decision points during the investment process to monitor risks to meet 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.

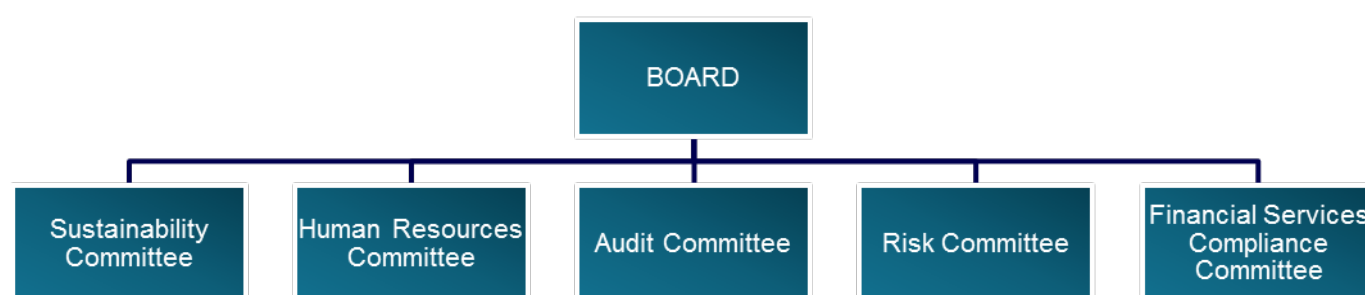
3. Management Approach

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](#).

Figure 1: Stockland's Governance Structure



All Directors of the Board are members of the Sustainability Committee, reflecting the integral role that sustainability plays in Stockland's business operations and brand value. This enables Directors to be well informed and engage in policy and decision-making relating to our economic, social and environmental performance. The Sustainability Committee met three times in FY15, 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.

Executive Committee

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

Ultimate responsibility for sustainability at a Group level sits with our Chief Operating Officer (COO) who reports directly to our Managing Director. In July 2015, two existing roles joined the executive team - Group Counsel and Company Secretary and Chief Investment Officer.

Figure 2: Stockland's Executive Committee



Sustainability Steering Committee

Our internal Sustainability Steering Committee shapes, guides and monitors our 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, and invites other key internal and external stakeholders to attend meetings as required.

The Committee's key responsibilities include:

- Informing our sustainability strategy;
- Sharing knowledge and reporting on the ESG risks and opportunities across our current and planned operations;
- Supporting delivery of sustainability targets;
- Guiding business/functional compliance with our environmental and social policies, guidelines and agreed initiatives;
- Providing input to external reporting on major sustainability targets, policies, principles and initiatives, including our annual sustainability and integrated reporting; and
- Acting as a first point of reference for significant environmental, social and governance risks, opportunities and initiatives.

The Steering Committee is chaired by the Chief Operating Officer.

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).

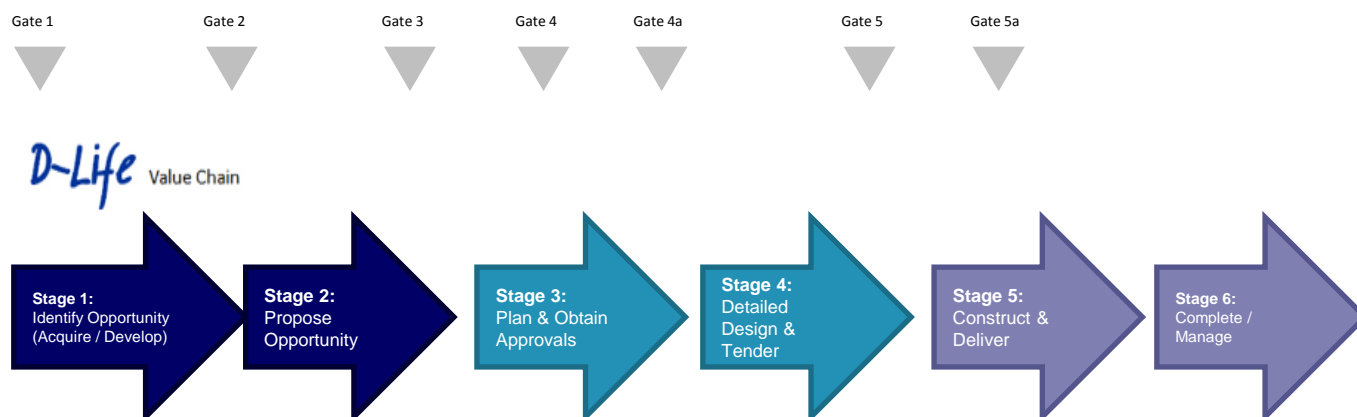
Development

Our 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 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 3).

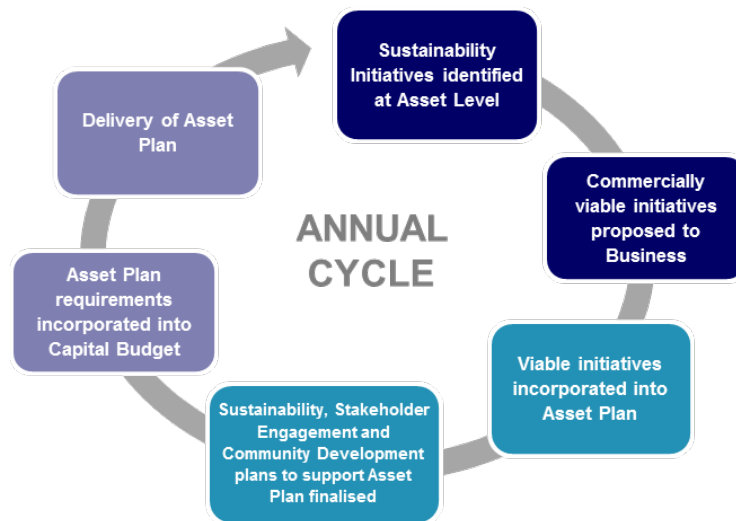
Figure 3: Development Process: D-Life Value Chain



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. Project team set the planning, budget and forecasting, which are updated annually and incorporate strategic sustainability initiatives and objectives (see Figure 4). The Residential business also completes an annual business planning process where sustainability planning is completed as part of budgeting, and the teams provide commentary on their sustainability progress in bi-annual sustainability reporting.

Figure 4: Operations Process

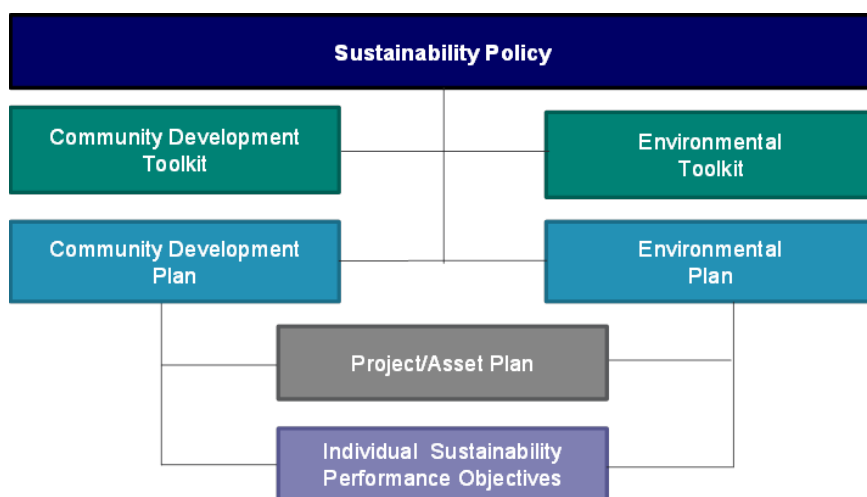


Sustainability policies

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 5).

Figure 5: 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; and
- 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

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 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 our values;
- 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; and
- Confidential assistance program for employees to discuss any concerns, including those relating to improper conduct.

Risk Management

Our approach to managing risk is guided by ISO 31000:2009, the Australian Securities 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 sets out 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; and
- 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.

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. Our 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) 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 effective.

The Executive Committee and 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 the Executive Committee 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** - 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 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 our controls and provide 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, we conduct 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.

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 making 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 and 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 management has a sound system of internal controls in place for the management and internal control of material business risks. A comprehensive report on the effectiveness of our management of our 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. FY15 Update

Sustainability Governance

Key focus areas for sustainability governance in FY15 included:

Sustainability Strategy Refresh

Our sustainability strategy was refreshed to directly articulate how it supports business objectives and delivers shared value. The three key areas of the sustainability strategy are:

- **Shaping Thriving Communities** which supports the 'Grow Asset returns and customer base' business pillar. Our aim is to create a positive impact on our communities to be more healthy, educated and connected to support our business objective to broaden our customer reach.
- **Optimise and Innovate** which supports the 'Operational Excellence' business pillar. Our aim is to further capitalise on operational efficiencies and invest in energy efficient technologies to further reduce our net environmental impact whilst supporting our business objective of working more efficiently and effectively.
- **Enrich our Value Chain** which supports the 'Capital Strength' business pillar. Our aim is to enhance value through positive relationships that lead to greater value creation (for example through enhanced products) or better resilience to risks.

Launch of the Stockland CARE Foundation

In FY15, we established the Stockland CARE Foundation; a charitable trust set up for the purpose of delivering infrastructure, programs and initiatives that improve the health, wellbeing and education of Australian communities. Our Foundation will amplify our support of Australian communities, boost existing opportunities for employee giving and volunteering efforts; and support our overarching sustainability strategy. For more information on the CARE Foundation, refer to the [Community Investment DMA](#).

Risk Management

The FY15 Operational Risk strategic plan is based on three core strategic elements: Engaging and Empowering Risk Capability; Building Risk Resilience and Embedding Risk Management Systems.

1. Engaging & Empowering Risk Capability

We delivered the following initiatives in FY15 to engage and empower risk capability across the organisation:

Enhancing our risk culture – Risk Leadership Standards and Risk Maturity Evaluation

We undertook a program to create a set of leadership standards, expectations and responsibilities for our people to support cultural enhancement and improved risk awareness and capability. This initiative included a series of structured interviews with key business stakeholders to identify specific leadership attributes and corresponding behaviours that the group believed to be important in the context of risk management. These behaviours have been incorporated into the objective setting process from FY16 with standardised KPIs assigned for risk management across all job bands.

Establish expectations and accountabilities

A key outcome of the risk leadership standards (outlined above) was the establishment of clear and consistent risk management expectations and accountabilities across the business. These behavioural attributes will be integrated into existing Leadership Success Profiles, with specific individual performance measures and actions integrated into the FY16 objective setting process.

Strengthening capability – training

Operational Risk continues to develop and deliver a range of training courses across the business. Specific training courses delivered in FY15 include:

- **Commercial Property:** Emergency response training was delivered across all Commercial Property assets (Retail, Logistics & Business Parks) which covered a wide range of emergency scenarios. To complement this training, desktop scenarios on managing major incidents and emergencies are distributed monthly to all centre and property management teams for discussion.

In addition, an online module addressing emergency practices for office-based employees was developed and delivered across the business for our people based in our State offices.

- **Retirement Living:** Operational Risk continues to deliver training across the Retirement Living portfolio via our ongoing program of educational workshops to Village Management teams. Specific content delivered in FY15 included Mental Health, Gap Analysis, Contractor Management, Incident Management, Injury Management and Staff Safety and Bushfire Preparedness. Further workshops are scheduled for FY16.
- **Residential:** 'Dealing with Difficult People' training has been provided to all residential sales staff and front office staff nationally, including the roll-out of personal duress alarms for all sales staff.

Emergency and Crisis Management: Phase 1 of an emergency management exercise was conducted involving representatives from Stockland's Piccadilly Centre Management Team, Joint Venture partner and Stockland's Crisis Response Team (CRT) to a major disruptive event. The exercise was based on a developing emergency scenario, and was designed to practice roles and responsibilities of Stockland's Centre Management team to an evolving situation which has broader business implications. Phase 2 is scheduled for FY16 and will involve testing our broader crisis management provisions.

2. 'Building Risk Resilience'

We are focused on continually improving our management of critical and significant risks. This was supported by numerous initiatives in FY15 including:

Contamination and Environmental Risk Framework

The acquisition of property involves taking calculated risks. Managing these risks within sensible tolerances is fundamental to creating long-term value for security holders and meeting commitments to Stockland's employees, tenants, customers, business partners, consultants and the communities in which it operates.

One such risk is the risk of acquiring sites that may be exposed to contamination. We recognise that the continued acquisition of suitable property in line with our strategic objectives is a key growth enabler. To support this growth strategy, a Contamination Framework has been developed to streamline our pre-acquisition investigations delivering a consistent approach to the identification, assessment and ultimate remediation of contamination risks. The application of this framework will provide greater certainty in our assumptions which will assist in informing decisions during the acquisition process.

Business Risk Review – Stockland Completed Homes

We finalised a risk review on the Completed Homes business. This is a new business initiative involving the delivery of a completed housing product across our residential communities. The objective was to assess the completed homes business model and execution of the strategic plan to identify key risks and opportunities for consideration by the Steering Group and residential leadership team. Key internal stakeholders were engaged and consulted in completing the review with the final report presented to the Steering Committee in February. It is proposed to undertake a similar review of the Medium Density business in late 2015 and revisit the Completed Homes business in early 2016.

Public Safety and Security Management Framework

Our diverse asset profile possesses varying public safety and security risks. As such we have commenced the development of an enhanced 'Security Management Framework'. Key drivers of the initiative includes a focus on ensuring robust preventative strategies are consistently applied across our asset portfolio to prevent security incidents, manage insurance liabilities and costs and also the ongoing safety of our employees, customers and visitors. The first stage of developing the framework involved undertaking risk assessments at a number of pilot assets to identify the current level of security and public safety standards. This information will assist in the formation of the Security Management Framework and minimum standards to be delivered in FY16.

3. 'Embedding Risk Management Systems'

The following initiatives were undertaken in FY15 to further embed risk management systems and processes into the business:

Business Unit Risk Profiling

Annual risk workshops are conducted with each business unit and corporate functional groups to review and update existing risk profiles, including the identification of new and emerging risks. Consistent with our 'second line of defence' approach to risk management, the updated risk profiles also inform the key areas of focus for our internal audit partners. The risk profiles are distributed to the corresponding leadership teams and Risk Committee on a quarterly basis as part of our regular reporting processes.

Work Health Safety and Environment (WHS&E) Management System – Annual Review

Operational Risk completed a full review of the integrated WHS&E Management System in FY15. Launched in H1FY14, the WHS&E management system comprises over 200 procedures and supporting documents as part of the broader Operational Risk Integrated Management System. The purpose of the review was to identify improvement opportunities and to ensure that all policies, procedures and guidelines remain up to date with current legislation. The WHS&E Management System will continue to be updated progressively as legislation changes and as improvement opportunities are identified.

Operational Risk Assurance Program / Gap Analysis

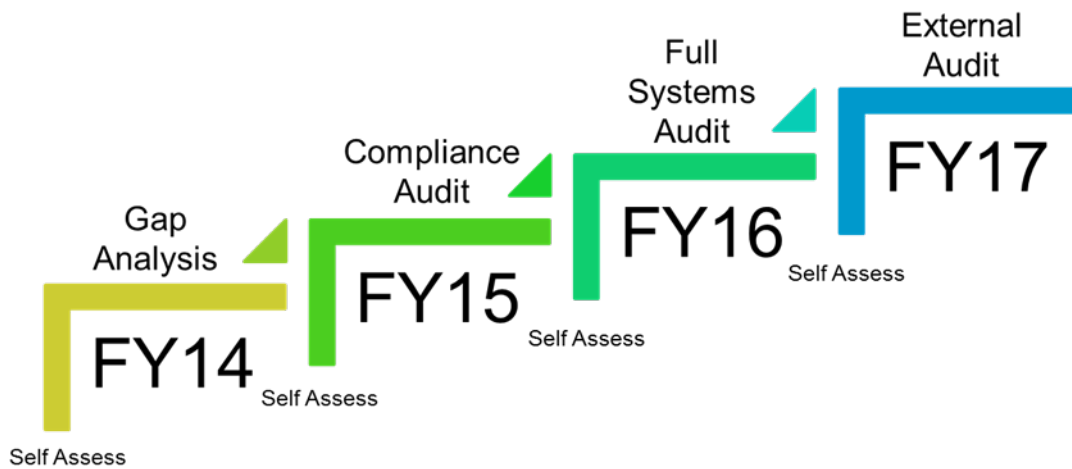
We regularly carry out relevant audits of our assets. In FY14, we introduced the Operational Risk Assurance Program to provide a more systematic approach to review our assets on a national basis.

The diagram below illustrates the progressive nature of the Operational Risk Assurance Program. The Gap Analysis program (Phase 1) was completed at all operational assets in FY14. A national audit tool was developed to ascertain the level of compliance to internal and external requirements at a site/project level. Key risk areas reviewed included (but are not limited to) 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 are monitored and tracked regularly by the Operational Risk team.

Phase 2 of the audit program consists of a compliance audit which has an increased focus on the depth of compliance documentation and process. Compliance audits were completed for all retail and residential properties in FY15 and are in the process of being conducted across the Retirement Living business.

Phase 3 of the audit program will commence with our retail properties in FY16 and will consist of a full systems audit. This will be followed by an external audit of selected assets in FY17.

Figure 6: Phased Audit Process



Compliance Training and Policies

In FY15, Group Compliance delivered or facilitated the following key policies, initiatives and training:

- Developed internal and external Anti-Competitive Behaviour Policies;
- Launched our annual compliance statement (requiring all employees to certify that they have read and complied with key policies);
- Refreshed our Conflicts of Interest Policy, Fraud and Corruption Policy, Whistleblowing Policy;
- Established Joint Venture Governance Framework and Committee Charter along with joint venture partnerships due diligence process; and
- Delivered training across online privacy (for all employees), Managed Investment Scheme Responsible Manager requirements, Australian Financial Service Licence Requirements, targeted compliance modules for our Sales Teams.

6. Targets and Progress

FY15 Priorities		FY15 Performance	FY16 Priorities
Engage and empower a risk aware culture			<ul style="list-style-type: none"> • Delivery of a risk master class platform to enhance broader risk awareness and capability. • Integrate 'opportunity' assessment into our risk management framework. Complete phase 2 of the Stockland Crisis Management Capability test in FY16 to assess our broader crisis management provisions. • Undertake a complete review of the insurance management and renewal processes to establish a framework and enhance processes, awareness and understanding across the business. • Embed the Operational Risk Management System through a national training program.
Develop risk leadership standards and implement a risk training program by FY16.	In Progress	Completed benchmarking exercise to evaluate the risk maturity of the organisation and created risk leadership standards including specific behaviours by job band. The delivery of a risk-based training and awareness program is scheduled to commence in FY16.	
Establish measurable risk management accountabilities including expectations for key role descriptions and key performance indicators.	Achieved	Completed via the creation of the risk leadership standards and corresponding behaviours by job band. These behavioural expectations have been integrated into the FY16 objective setting process.	
Build risk resilience			
Launch a compliance based assessment program across all operational assets.	In Progress	As part of our progressive systems assurance program, compliance based assessments have been completed across all retail and residential properties with reviews underway across the Retirement Living portfolio.	
Develop an automated risk profile module in IRIS to enhance accountability, oversight and management of key business risks and opportunities.	Not Achieved	A strategic review determined greater benefit would be derived from moving toward a broader enterprise risk management system to be delivered via the core system strategy.	
Embed risk management systems			
Embed the Operational Risk Management System through a national training program	In Progress	Embedding the Operational Risk Management System continues through a combination of annual compliance audits and national training programs encompassing both face to face site training as well as online training modules. This is an ongoing process and priority for FY16.	
Develop an integrated Environmental Management System by FY15	In Progress	The key components of the environmental management system have been developed and are integrated into the broader operational risk management system. The identification of the need for additional environmental management procedures will be prioritised in FY16.	
Audit Operational Risk Management System compliance to best practice standards by FY17	In Progress	Our progressive systems assurance program is continuing with compliance assessments to be completed in FY15 moving towards full systems audit in FY16 and external accreditation in F17.	

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. 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;
- Customers and community partners through our Residential, Commercial and Retirement Living businesses;
- Employees through various internal communication mechanisms (see [Employee Engagement DMA](#)); and
- 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

<p>Employees</p> <p><i>We have 1,462 employees in Australia.</i></p>	<p>Our annual Our Voice employee survey measures employee engagement across the organisation. Employees are also provided with opportunities to provide feedback on specific issues throughout the year. Our intranet, stockXchange, is a key source of business news, activities and policies, and is updated each business day. Our bi-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.</p> <p>For more information on our engagement with employees refer to our Employee Engagement DMA.</p>
<p>Government and regulators</p> <p><i>Federal, state and local governments set the regulatory environment in which we operate.</i></p>	<p>We engage regularly with all levels of government in New South Wales, Victoria, Queensland, Western Australia, South Australia and the Australian Capital Territory, both directly and through industry associations. We also engage with the Federal Government.</p> <p>For more information on our engagement with government and regulators see the Government and Industry Relations update below.</p>
<p>Securityholders and the investment community</p> <p><i>We have over to 47,000 securityholders in Australia and overseas.</i></p>	<p>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.</p> <p>For more information on our engagement with securityholders and investors see the Investor Relations update below.</p>

Customers

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.

Customer Relations Management Systems are in place across all of our businesses to ensure regular, effective and responsive engagement with our customers.

For more information on our engagement with our customers refer to our [Customer Engagement DMA](#).

Suppliers

We procure services and products from approximately 3500 active suppliers.

Our critical suppliers complete a sustainability questionnaire and a comprehensive health, safety and environment questionnaire as part of their response to our tender requests.

Critical suppliers are defined as those where there are a limited number of alternative suppliers of the goods or services and they are essential to meeting business objectives. These suppliers are predominantly those involved in the development and construction of our commercial property, residential and retirement living assets (e.g. contractors and consultants) and represent approximately 80% of our development expenditure.

We also undertake detailed prequalification assessments before contract award (for critical suppliers) to ensure suppliers 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 of potential suppliers.

We maintain ongoing engagement with our major suppliers through monthly reporting and regular project updates.

For more information on our engagement with suppliers see our [Supply Chain Management DMA](#).

Communities

The people that reside, work or engage 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.

For more information on our engagement with communities see our [Community Development DMA](#).

Media

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.

We aim to respond promptly to requests for information about our business activities.

For more information on our engagement with shareholders and investors see the Media Relations update below.

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; 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 and asset and project-specific stakeholder engagement plans, which are adapted to specific operating contexts and focus on local issues.

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 developed, which are guided by our fundamental principles and philosophy of proactive engagement. The development, implementation and monitoring of 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.

Investor Relations

We have over 47,000 securityholders in Australia and overseas. We aim to ensure that all 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 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 Annual General Meeting and announcements of market-sensitive and other information, including results and Q1 and Q3 updates. These documents are lodged with the Australian Securities Exchange (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.

To ensure our retail securityholders have timely access to information we promote the use of electronic communication, providing those with registered emails alerts on major announcements. We also participate in online interviews with brokers (for example CommSec) and our major announcements are published on our Twitter account, @Stockland. We also provide a printed half year and full year Shareholder Review with our half year distribution statement and annual Notice of Meetings.

Over the last four years we have sought to streamline our Financial Accounts and provide more integrated reporting to ensure our reports are accessible to all stakeholders.

All 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. Our 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

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 and 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), the Shopping Centre Council of Australia (SCCA) and the National Association of Women in Construction (NAWIC) 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, regional 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 detailed briefings with business and property journalists as an integral part of our half and full year 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.

Roles and Responsibilities

Stockland's Group Executive Strategy and Stakeholder Relations assumes ultimate responsibility for Stakeholder Engagement at a 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 and Government Relations functions within the organisation, each of which is responsible for managing strategic Group level engagement with our key stakeholders.

Investor Relations is managed by Stockland's Senior Manager, Investor Relations and reports directly to Stockland's Group Executive Strategy and Stakeholder Relations.

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.

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 also 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 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.

At a project-level, regular review of stakeholder objectives is undertaken through monthly project meetings and through lessons learnt discussions at State and interstate levels to ensure best practice is shared throughout the business.

5. FY15 Update

We introduced further initiatives in FY15 to maintain and enhance our stakeholder engagement capability across the business, including:

- Stakeholder engagement training workshops in two states, run by the Government Relations team, with attendance from key government stakeholders, providing clarity on areas for improvement and areas of success.
- Refresh of our stakeholder engagement plan template to enhance the teams' capacity to prioritise stakeholders, proactively identify interests or concerns and engage accordingly.
- Introduction of practical training tools, including a 'how to' document, to guide teams to plan their engagement approach.
- Continued engagement with the Stockland learning and development team to develop an integrated stakeholder engagement module as a core part of each business unit's training and professional development program.

We have continued to update 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 completed a comprehensive update of our Government Relations policy to clarify key terms, ensuring all areas of the business are aware of our approach to government engagement.

We have continued to review best practice engagement measurement tools throughout FY15, which is informing our new rigour testing methodology to measure the effectiveness of our stakeholder engagement plans. Our review will always be underpinned by the principle that our reputation for stakeholder engagement ultimately is derived from the communities in which we operate. We recently achieved a Green Building Council of Australia 6 Star Green Star Rating for Caloundra South, the largest mixed-use development ever undertaken under single ownership in Australia. We received a letter of congratulations from an active environmental group in the area, who commended our farsighted approach to community engagement and involvement of them in our sustainability planning.

Investor Relations

In FY15, we attended 10 conferences and 12 roadshows 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 75 different investors, allowing them to deepen their understanding of our business.

In FY15 we encouraged our securityholders to receive their communications (reports, distribution notices, and announcements) online to ensure they receive timely and secure communication. This also allows us to invest printing and mailout savings into more accessible digital communication. We also increased our communication of key announcements via social media using Twitter.

Government and Industry

Our key areas of engagement with government and industry were:

- Dialogue between Stockland and all levels of government to contribute to public policy in relation to the planning and delivery of homes and infrastructure across the urban and regional environments in which we operate. We are also involved in a range of industry forums and events, enhanced by our Managing Director & CEO's appointment as President of the Property Council of Australia;
- Continuing to take a key role in the development of voluntary tools and standards for the industry, most notably:
 - Our contribution to the National Australian Built Environment Rating System (NABERS) Retail Energy and Water tools;
 - Our contribution to the Green Building Council of Australia's (GBCA) Green Star Communities Framework; and
 - Championing the Livable Housing Design Guidelines.
- Working with sector peers through the Property Council of Australia to take a collaborative approach in creating a more eco-efficient built environment; and
- Responding to state strategic planning frameworks and consultation opportunities in relation to policy, including in relation to housing affordability, and infrastructure projects.

The most significant emerging areas of policy that will inform our business decisions in the coming years are policies regarding land use planning, and the integration of this with transport and key infrastructure investment.

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 FY15, our key areas of media engagement were focused on:

- Strengthening our level and frequency of news and coverage with the key business and property media;
- Maintaining our strong share of voice in residential, and articulating our strategy to broaden our business to incorporate Medium Density, Completed Homes and Apartment projects;
- Increasing the quality and quantity of our trade and consumer coverage for retail and retirement living;
- Sharing Stockland's sustainability credentials and major milestones and achievements (such as our GBCA ratings); and
- Positioning Stockland as an equal opportunity employer that encourages diversity and inclusion at every level of our organisation.

Throughout FY15, we have also maintained a strong focus on protecting and enhancing the Stockland brand and reputation through effective engagement with print, online and, particularly broadcast media.

The Media Relations team has also worked closely with all areas of the business to address any issues as they may arise.

6. Targets and Progress

FY15 Priorities		FY15 Performance	FY16 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.	In Progress	<p>Provided stakeholder engagement content for first integrated development module, with more detailed module to follow in FY16.</p> <p>Delivered two successful stakeholder engagement training workshops in New South Wales and Western Australia, supported by materials including refreshed engagement template.</p>	<ul style="list-style-type: none"> • Deliver stakeholder engagement workshops in Victoria and Queensland with external government stakeholders. • Deliver approximately four tailored education sessions on stakeholder engagement for Stockland's project and asset managers. • Embed the stakeholder engagement training module within technical Learning and Development training. • All active development projects to have stakeholder engagement plans in place. • Implement rigour testing and roll out the new stakeholder engagement template across the Commercial Property and Retirement Living business units.
Review and enhance our rigour testing process with reference to emerging industry measurement tools and/or business needs.	In Progress	<p>All active development projects have stakeholder engagement plans in place.</p> <p>We updated our stakeholder engagement plan template and rolled it out to the residential business.</p> <p>We received direct feedback from State and Local Government stakeholders at training workshops in New South Wales and Western Australia.</p> <p>We also enhanced our understanding of best practice measurement approaches with reference to tools presented by leading practitioners at the Centre for Corporate Public Affairs Institute.</p>	

7. Appendix A

Complete list of documents in the DMA series:

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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 consistent with our culture and objectives.

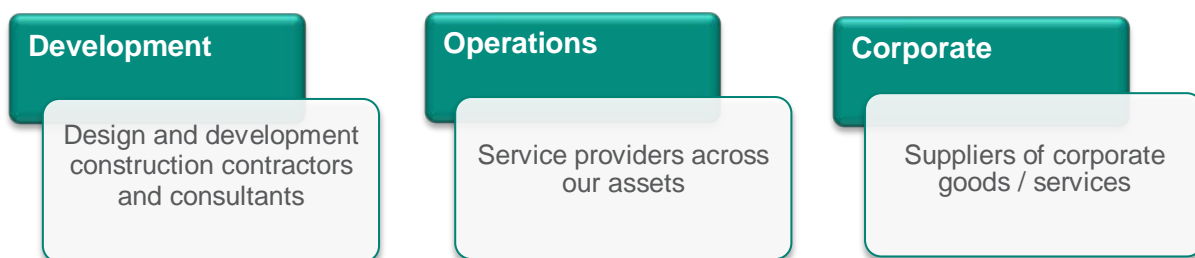
Effective management of our supply chain enhances our long term business performance as it enables us to identify and address key environmental, social and governance risks and opportunities which fall within our scope of asset development yet beyond our operational control.

We are committed to developing and maintaining effective working relationships with our supply chain, as we believe these relationships are fundamental to improving the way we do business.

Stockland continues to develop and encourage sustainable procurement practices across our direct and indirect spend. We expect all of our key supply chain partners (contractors on our development sites, suppliers of corporate goods and services and service providers at our operating assets) to demonstrate their commitment to environmental and social responsibility.

3. Management Approach

Stockland's supply chain consists of three key focus areas, which represent procurement and supply chain activities across different aspects of our business.



Development – Project Management and Direct Procurement procure goods and services for project and asset development across our three business units (Commercial Property, Retirement Living, and Residential). The team provides consistent procurement processes and procedures for all development projects, supports the direct procurement activities of each business unit and assumes responsibility for procurement activities for high value projects (approximately 70% of development spend). Oversight sits with our General Manager Project Management and Direct Procurement who reports to the Chief Executive Officers (CEOs) of our three businesses.

Operations – Property Management procure goods and services for the management of our operational assets in Commercial Property and Retirement Living. 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.

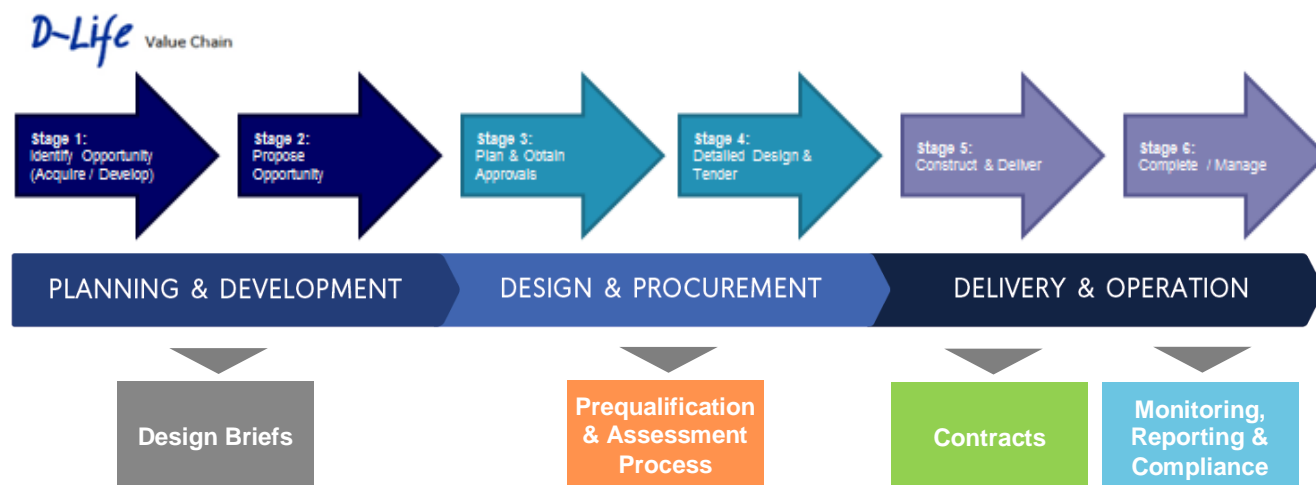
Corporate – Indirect Procurement procure corporate goods and services. Our focus is on managing relationships with key corporate suppliers, developing a framework for engaging these suppliers and monitoring their performance. Oversight sits with our General Manager of Operations and Process Improvement, reporting directly to our Chief Operating Officer.

Stockland adopts a Group-wide strategic approach to managing our procurement and supply chain. This approach enables cost efficiencies and the effective management of risk, enhances the certainty and quality of project delivery and the sustainability of our supply chain, and in turn, our business.

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. Stockland therefore adheres to our D-Life process for development projects, which covers the development life cycle from concept to completion.

As outlined in Figure 1, D-Life identifies specific gates with critical control points, requiring approval before proceeding to the next phase of the project life-cycle, ensuring compliance and reducing risk. In addition, Stockland sets minimum sustainability, environmental and social requirements of our suppliers during the tendering and project delivery processes.

Figure 1 – Critical Control Points within the Project Lifecycle



The critical control points within our Development procurement process are:

- Planning and Development
 - Design briefs – clearly outlining and defining project objectives and deliverables with specific sustainability objectives.
- Design and Procurement
 - Prequalification and assessment process - to ensure suppliers 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 of potential suppliers. Tender assessments are weighted to achieve a balance of cost, time, capability and sustainability objectives.
- Delivery and Operation
 - Contracts – project delivery is controlled through prescriptive scoping of the project objectives and deliverables and through standard contracts, by which the suppliers commit to meeting specific requirements. These contracts incorporate specific requirements regarding occupational health and safety systems and environmental, social and sustainability obligations (for example, Workplace Health and Safety; Green Star; Environmental Management Plan; National Code of Practice for the Construction Industry).
 - Monitoring, reporting and compliance - detailed periodic¹ reviews and reports on our suppliers are undertaken, requiring information on workplace health and safety, environmental, community grievances, quality and financial viability. These reports are reviewed by senior management and where required, corrective action plans are developed, in conjunction with our suppliers to improve performance. These corrective action plans are then reviewed for compliance.

4. Review and Evaluation

We undertake an annual spend analysis to review spend patterns and identify opportunities to reduce capital and operational expenditure. The spend analysis also serves to identify gaps in our processes and procedures, to inform our 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.

In addition, we undertake assessments of our key contracted suppliers before awarding contracts and during project delivery, as outlined in the management approach above. 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](#)).

¹ Frequency of reviews is undertaken in accordance with business division reporting requirements.

5. FY15 Update

- Stockland implemented its Group Procurement and Supply Chain Management strategy in FY15 to align our procurement functions and deliver efficient procurement and supply chain management processes across the business. By standardising our supply chain processes, we are well placed to realise cost efficiencies, manage risk and enhance the certainty and quality of project delivery.
- We have developed the guideline 'What Stockland Expects of our Suppliers', which outlines our expectations of our suppliers to ensure they operate in a manner consistent with our corporate, social and environmental values. The guidelines will be provided to all of our suppliers during FY16 and form part of our tender documentation outlining the additional corporate responsibility and sustainability practices which we consider when making key procurement decisions for the following material focus areas:
 - Governance & Management;
 - Environmental Impact;
 - Health & Safety;
 - Social Value;
 - Human Rights; and
 - Capability & Capacity.

Case Study: Supplier Roadshow'

We hosted our inaugural 'Supplier Roadshow' and engagement program in FY15 across all our states offices. Our first Supplier Roadshow was an opportunity for us to share our strategy with our broader stakeholders and suppliers who are integral to our business. Further, this forum was an opportunity to facilitate closer working relationships with our development supply chain and to provide opportunities to discuss, expand and improve our working relationships.

Guests from our critical contractors and consultants responsible for the delivery of our assets joined us for an afternoon presentation and networking event. We shared our current development pipeline and details of our sustainability, supply chain and health and safety strategies and initiatives.

- We consolidated our supplier base by over 10%, focusing on suppliers who best understand our expectations and standards. This initiative has also reduced the volume of administration, providing cost savings to the business.
- We hosted our inaugural 'Supplier Roadshow' and engagement program. This roadshow was an opportunity to articulate our development pipeline and potential opportunities to our critical suppliers and to communicate our sustainability, supply chain and health and safety strategies. Further, this forum was an opportunity to facilitate closer working relationships with our development supply chain and to provide opportunities to discuss, expand and improve our working relationships.
- Stockland joined with industry leading developers, construction and infrastructure firms and Government to launch the Supply Chain Sustainability School in Australia (see case study below).

Case Study: Supply Chain Sustainability School

In FY15, Stockland joined with industry-leading developers, construction and infrastructure firms and Government to launch the Supply Chain Sustainability School in Australia. The Supply Chain Sustainability School is a collaborative, not-for-profit, industry-led initiative aimed at helping suppliers in the construction sector assess and improve their knowledge of sustainability issues facing our industry. Leveraging the success of a similar model in the UK, the school provides a range of free and practical support including e-learning modules, an online resource library and a sustainability self-assessment tool which generates a bespoke action plan.

The School gives us the opportunity to support our supply chain whilst at the same time ensuring we continue to deliver high-quality sustainable projects.



- Stockland was shortlisted at The Procurement Leaders global procurement awards as one of 10 finalists in the premier 'Corporate Social Responsibility' category, in recognition of our efforts to integrate social, ethical, environmental and community-focused sustainability initiatives into our development activities.
- Stockland has worked with the Australian Steel Institute - Steel Research Hub and key industry partners representing a cross-section of the Australian steel industry. The purpose of this initiative is to address the key competitive challenges confronting the Australian steel industry within the building and construction industry by identifying and developing innovative steel solutions and products to ensure the industry's global competitiveness.
- Stockland joined the Steel Stewardship Forum (SSF) as a stakeholder in the development of a sustainable supply chain certification scheme for the steel industry. Working with key industry partners from mining through to recycling, the forum is developing an independent and credible certification scheme which validates members' social and environmental credentials and compliance with key criteria and other requirements. Specifically, the scheme seeks to:
 - Maximise the value of steel to society whilst minimising negative commercial, social and environmental impacts across the life cycle;
 - Ensure the policy makers, governments and the public are aware of the value of steel;
 - Unite key stakeholders along the steel product life cycle chain within a structured forum; and
 - Work as a hub to link information, knowledge, leading practice and activity in the areas of environmental improvement and sustainability across the steel life cycle.
- We worked with Mission Australia and our project delivery partner, Brookfield Multiplex, on our Wetherill Park development to provide a community skills, training and employment program. This program seeks to identify construction and retail job opportunities for local residents in the development and operation of this asset.
- We implemented a prequalification process and assurance of the labour practices of our cleaning and security contractors.
- We identified our top 10 corporate spend categories and developed a list of opportunities to reduce our corporate spend from FY16.
- We have worked with a major supplier to move our branded corporate merchandise to sustainable materials, having replaced articles of branded clothing with organic cotton.
- Following a review of the milk at our corporate offices across Australia we now source milk from dairies owned by local farmers supporting the sourcing of local produce and Australian farmers (see case study below).

Case Study: From cow to cup, A dairy tale

Working with Warrnambool Cheese and Butter [WCB], Stockland sought to understand the milk supply chain and associated farming practices.

WCB is the oldest dairy company in Australia (established in 1888) and their milk is sourced from a large network of dairies owned by local farmers. They select their farmers based on the type of cows and their sustainable farming practices and employs approximately 500 people in the region.

Stockland undertook a factory tour to review WCB's quality assurance program (from receipt of the milk to the bottling and distribution), their product range and sustainability and community programs. Following this review, Stockland now stock WCB milk in its Corporate offices across Australia and are looking at ways to expand this relationship. Further this initiative supports the sourcing of local produce and Australian farmers.



6. Targets and Progress

FY15 Priorities

FY15 Performance

FY16 Priorities

Group Supply Chain

Strategic review of supply chain functions and development of a three year supply chain and procurement road map	In Progress	Developed and implemented our Supply Chain strategy to align our procurement functions and deliver efficient procurement and supply chain management processes across the business.
Develop preferred supplier guidelines and sustainable supplier charter	In Progress	Developed the 'What Stockland Expects of our Suppliers' guidelines. The next step is to develop the sustainable supplier charter.
Create a centralised supplier management and supplier performance reporting system	Not Achieved	This initiative was delayed to align with our strategic review of Group IT systems. This review will consider our systems for monitoring and reporting supplier performance.

Development

Develop detailed procurement strategies for each of our development asset classes	Achieved	Group strategy developed outlining individual asset class strategies and objectives.
Integrate NGERS reporting from commercial development projects into our monthly project reports	Achieved	Commercial developments monthly project reports now incorporate NGERS data for scope three emissions reporting.
Develop a supplier audit and performance programme to facilitate compliance monitoring and follow-up	Achieved	Audit program developed and implemented to assess supplier performance and compliance.

Corporate

Develop a standard bidding and tender assessment framework	Achieved	Developed and implemented templates and guidelines.
Establish a framework for identifying and managing risk in the indirect supply chain	Achieved	Framework established and implemented for critical and tier 1 suppliers.

Operations

Develop Maintenance Planning schedules at asset level to monitor, manage and enhance the activities, engagement and performance of our maintenance contractors	Not Achieved	This initiative was delayed to align with our strategic review of Group IT systems. This review will consider our systems for monitoring and reporting.
Undergo prequalification of tenderers for major labour supply contractors	Achieved	Assessment undertaken by independent third party on our security and cleaning suppliers.

Group Supply Chain

- Implement our supply chain framework and communicate Stockland's supply chain requirements.
- Develop our Sustainable Supply Chain Charter to provide guidance on setting and delivering specific supply chain initiatives.
- Undertake a materials supply chain mapping program to inform the materials sourcing and specification process for new developments.
- Undertake a survey of our critical suppliers to gain a greater understanding of our suppliers and seek feedback to inform improved ways to work together.
- Undertake annual compliance assurance of security and cleaning suppliers' labour practices.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. 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 workplace 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, our internal communications strategy and developing leaders who are authentic, accessible, performance focused and a beacon for talent.

Our Voice

Stockland measures employee engagement annually through the 'Our Voice' employee survey, independently 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 and subsequent action planning sessions, help guide 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 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.

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, polls/surveys, social media (yammer), face to face activities and events such as employee roadshows, employee town hall meetings, open-invite lunches, team meetings, leaders' forums and networking events.

Developing leaders who are authentic, accessible, performance focused and a beacon for talent is a core component in maintaining and building on employee engagement. We have an extensive leadership and development framework to enhance manager skills. We also use 'Our Voice', exit surveys and anecdotal feedback to identify areas of focus and look to build on learning development programs to coach and develop our people managers.

Roles and Responsibilities

Our Chief Operating Officer assumes ultimate responsibility for employee engagement at a 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. Formal team engagement scores from the 'Our Voice' survey are used where more than ten employees have responded within the reporting group.

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 several other key evaluation metrics such as wellbeing, sustainable engagement, diversity and inclusion and leadership communication.

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".

'Our Voice' survey results are communicated to all employees via Stockland-wide communication channels and cascaded through team debriefs and action planning sessions. The team debriefs conducted provide an opportunity to validate the survey findings and seek qualitative data to ensure key issues and opportunities are being captured. At each level of the organisation, teams identify key themes emerging from the survey results and determine specific initiatives to address these focus areas in the financial year. In addition to the 'Our Voice' survey, an informal culture review is undertaken at least biannually, which draws upon a number of data sources, including the aggregate results from 360 leadership assessments, 'Our Voice' feedback, 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 twelve-month average. We also track turnover for employees with good performance or above. 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.

Exit surveys also provide valuable information on key drivers of retention and reasons for leaving. These are analysed every six months.

Internal Communications

We measure the reach and impact of our communications in a number of ways, such as through the 'Our Voice' survey, page hits on the intranet, open rates of emails, engagement on yammer and surveys following employee events such as the employee roadshow.

5. FY15 Update

Employee Engagement

In 2015 we undertook our eleventh annual 'Our Voice' survey, maintaining an engagement score of 85 per cent. We remain above the Australian National Norm and Towers Watson's Global High Performing Norm (GHPN), with 93 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. Stockland achieved strong performance across the following areas:

- **Corporate responsibility and sustainability** (88%), reflecting our employees' pride in the contribution we make to the community and society (92%) and the perception that we are a socially (96%) and environmentally responsible organisation (93%).
- **Diversity and inclusion** (87%), continues to be a key driver of employee engagement for our employees. 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 (84%).
- **Values** (88%), the Stockland values also continue to be a key driver of employee engagement. As a result of the ongoing work to embed the organisational values, employees are reporting that the values are clear (95%) and relevant (93%). Importantly, the majority of employees view leadership decisions as being consistent with the values (82%) and guiding them on a daily basis (81%).
- **Leadership**, with clear sense of direction from the Executive (82%) and a clear understanding of Stockland's goals and objectives (93%), we performed five points and nine points, respectively, above Towers Watson's GHPN. This demonstrates that our ongoing focus on accountability for people leadership through coaching and development is delivering some positive outcomes. This was demonstrated by an increase in employees' perceptions of managers providing feedback to improve skills (85%, an increase of eight points from 2014) and providing recognition for a job well done (88%, consistent with the 2014 result and eight points above the GHPN).

The survey also identified the following areas for improvement:

- **Work processes and systems** (70%) remains higher than the Australian National norm but lower than the GHPN, which highlights that continued focus is required to improve our performance in this area. We will continue our focus on operational excellence and are currently undertaking a core systems review to improve the efficiency of our processes and systems.
- **Work-life quality** (69%) saw a four point decline from FY14, but remains four points above the GHPN. This result reinforces the importance of several key projects announced as part of the FY16 targets, which will aim to improve workload, increase operational efficiency and broaden Stockland's flexibility policy to ensure all employees have access to informal arrangements that allow them improved work-life quality.

Key projects undertaken to contribute to employee engagement in FY15 include:

- **Remuneration Education** – ten employee information sessions were held across each state to communicate the various elements of the remuneration framework and create greater transparency and understanding of Stockland's remuneration philosophy (refer to Performance and Remuneration case study).
- **Review Stockland Performance Framework** – review of the Stockland Performance Framework to ensure ease of application, transparency and engagement. The Stockland Performance Framework encompasses the approach to performance assessment and subsequent distribution of the Short Term Incentive (STI). The review involved adjusting rating labels, descriptors and STI distribution.
- **Technical Training** – we initiated the technical training program in FY14, targeting four key job families including: Development, Sales, Marketing and Project Management. The focus for FY15 was the scoping and design of the curriculum for Sales, Development and Project Management. We started implementing the curriculum for Residential and Retirement Sales with 102 participants attending the program, with positive feedback from leadership and participants.

Case Study: Performance and Remuneration

Feedback from our FY14 'Our Voice' survey identified an opportunity to improve the level of understanding of our remuneration framework and a perceived disconnect between performance and pay outcomes. It was subsequently agreed to review the Performance Framework and host education sessions for all employees to provide greater transparency of the Stockland Remuneration Framework.

Remuneration Education

Employees in each state were invited to attend a session facilitated by the Performance and Reward and Business HR teams. Employees were taken through the detail of salary benchmarking, performance rating and short term incentive distribution and had the opportunity to ask questions. Close to 200 employees across various management levels attended the sessions.

As a result we have seen an increase in employees' understanding of our fixed and short-term incentive determination as highlighted in the FY15 'Our Voice' results. The FY15 'Our Voice' results revealed that 74% of employees understand how fixed pay is determined, up six points from FY14 (considered a statistically significant increase) and 75% of employees understand how their short-term incentive is determined, up two points from FY14.

Performance Framework Review

The existing Performance Framework and rating system had been in place since FY12 and managers reported difficulty applying the ratings due to the naming of the labels and nature of descriptors. Managers also required greater flexibility and guidance.

A number of managers were engaged through focus group sessions to review several alternative frameworks, including rating labels, descriptors and provide general feedback on how the process could be improved. Through this consultation and discussions with the Executive Committee, a revised framework has been developed to address the feedback and concerns of employees and managers. We have now developed new rating labels and more detailed descriptors, which will be launched in FY16.

Talent Attraction and Retention

Rolling Turnover (%)¹

The table below highlights the proportion of the Stockland workforce that has exited in the last 12 months.

	FY15	FY14	FY13	FY12	FY11
Employee Initiated ²	13.8% (193)	15.0%	15.8%	13.6%	14.8%
Employee Initiated For Good Performance or Above ³	12.2% ⁴ (150)	12.6% ⁵	N/A	N/A	N/A
Stockland Initiated ⁶	3.0% (42)	5.2%	12.3%	8.9%	4.2%
Total	16.8% (235)	20.2%	28.1%	22.5%	19.0%

¹ Turnover presents the proportion of the Stockland workforce that has exited in the last 12 months. Rolling Turnover is calculated by dividing [Total Number of Exits in The Last 12 Months] by [12-Month Average Headcount]. All turnover data (including headcount) excludes those employed on a casual or fixed term basis.

² Employee initiated turnover includes resignations and retirements.

³ Stockland uses a four-point rating scale for performance. This metric assesses turnover for the three highest performance ratings. Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating].

⁴ FY14 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 31 July 2014].

⁵ FY15 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 30 June 2015].

⁶ Stockland Initiated Turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).

Turnover (%) by Tenure Group⁷

The table below highlights the percentage of employees leaving Stockland by the amount of time they have worked for Stockland. This represents total turnover.

Tenure Group	FY15	FY14	FY13	FY12	FY11	FY10
< 1 Year	18.8% (40)	31.0%	26.8%	32.1%	21.0%	18.9%
1 - <3 Years	20.0% (71)	24.5%	28.5%	21.2%	20.5%	17.4%
3 - <5 Years	16.4% (43)	15.1%	30.1%	20.4%	18.8%	14.5%
5 - <10 Years	14.8% (59)	16.6%	27.5%	21.2%	18.7%	11.3%
>10 Years	14.0% (22)	12.0%	25.4%	18.7%	6.1%	-

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, as 31% of employees left within their first year of service in calendar year 2013 (29% employee initiated). A number of initiatives were undertaken to address this and ensure a consistent recruitment and on-boarding experience for new employees. As a result, there has been a significant reduction in employee turnover in the first 12 months of 12.2% (31% in FY14 and 18.8% in FY15 as per the Turnover by Tenure table above), and a reduction in employee initiated turnover overall (15% in FY14 and 13.8% in FY15, as per the Rolling Turnover table).

Key recruitment programs rolled out in FY15 include:

- **Careers @ Stockland** – an in-house recruitment team was established to improve our recruitment capability and help our managers attract, select and hire the right people for their teams. Since inception, the team has filled 96 roles with internal candidates and filled 224 roles with external candidates. Employees have reported improved visibility of internal career opportunities through anecdotal feedback.
- **Formalised Referral Program** - employees have historically had a strong preference to refer Stockland as a good place to work. To leverage this, we implemented a formal employee referral program called 'Your Placement' in November 2014 to tap into the contacts that our employees have through their own networks to attract a wider pool of talent. To the end of April 2015 (6 months since inception), we have had 170 referrals with 30 candidates made offers.
- **Employee Value Proposition (EVP)** - an interim EVP was developed to communicate to potential candidates the benefits of working for Stockland and provide clear and consistent messages to ensure pre-employment expectations aligned with the overall Stockland employee experience. Further work will be done to clarify the various aspects of the Stockland EVP in FY16, including broader employee consultation to ensure relevance, consistency and alignment with Stockland's customer brand.
- **Leadership Team Induction** - a detailed process and toolkit have been developed to ensure that all new members of the leadership team have all of the information and support required to understand their people leadership responsibilities, key processes and ultimately ensure that their transition is smooth and successful.

Stockland Support Centre

We are always looking for better ways to do business. Operational Excellence is one of our three strategic priorities. In recent years, we have centralised and standardised our support activities and are now focused on further operational improvements to realise efficiencies and increase agility and flexibility.

One initiative to support this is the Stockland Support Centre (SSC).

The SSC is an outsourced team that provides support to Stockland employees across a range of business activities, particularly some areas of Finance and IT.

The SSC pilot was set up in November 2014 to test how we could work with this kind of outsourced provider. In June 2015, we decided to establish a traditional outsourcing arrangement and move some activities in Finance and IT to the SSC. Planning for this transition has begun and the activities will move to the SSC in FY16.

The SSC presents an opportunity to drive process improvement and productivity, increase agility while simultaneously managing costs and to enable our employees to deliver increased value to our customers and business.

⁷ Turnover (%) by Tenure Group is calculated by dividing [Total Number Of Exits In The Last 12 Months Of Particular Tenure Group] by [12-Month Average Headcount Of Particular Tenure Group].

The decision to move some activities offshore means that some roles will be impacted, which is challenging for the affected employees and their colleagues. Around 70 roles in the Finance and IT areas are likely to be directly affected. Stockland is committed to engaging employees honestly and transparently through the process and we announced the decision to employees as soon as it was made in June 2015. Regular communication to employees is a key focus, with leaders committed to keeping employees up to date on progress of the initiative and providing channels for questions and feedback. We recognise that this transition will be difficult for affected employees and have ensured employees have access to emotional and professional support options, including the Employee Assistance Program and career transition support. Stockland is committed to minimising the number of redundancies by utilising natural attrition and seeking to redeploy our people into other roles wherever possible.

This is an important and challenging change for our business, which is intended to deliver genuine benefits and create the capacity we need to flexibly and efficiently support sustainable growth.

6. Targets and Progress

FY15 Priorities

Reinforce the importance of acting in accordance with the values in all employee communications

Achieved

FY15 Performance

All formal communications (from newsletters, intranet articles and Employee Roadshows) reinforce at least one of the Stockland CARE values (Community, Accountability, Respect, Excellence). The internal communication team also tracks the extent to which employees perceive key communications align with our values.

The CARE values form a key part of the Stockland employee value proposition. An internally developed system is used to send electronic cards to recognize employees who have demonstrated the values in their day to day work.

Enhance support to teams who are embedding change and help build their resilience and change management capability

Achieved

A number of initiatives and programs have been undertaken to support teams who have undergone changes in leadership (Legal and CFO Groups) or developing and implementing new business strategies (Medium Density Team). These are bespoke programs to deliver targeted and pragmatic support to ensure high value outcomes for these teams.

Reduce employee initiated turnover to 13% in FY15

Not Achieved

Employee-initiated turnover was 13.8%. However, we reduced employee-initiated turnover for employees with good performance or above to 12.2%.

Reduce total turnover for employees with less than 1 years' service to 27% in FY15

Achieved

Employee-initiated turnover for employees with less than twelve months of service reduced to 18.8%.

FY16 Priorities

- Improve Stockland's Wellbeing Index above our FY15 score of 78, as measured by the FY16 Our Voice survey.
- Continue to rollout and embed technical curriculum to Development Managers, Project Managers and Sales Teams.
- Maintain an employee engagement score of 80% or above, which is 5% higher than the Australian high performing norm of 75%.
- Maintain employee turnover (< 1 year tenure) at 20% or lower.
- Reduce employee initiated turnover for employees with good performance or above to 12% or lower.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
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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. Developing our employees' capabilities enables them to deliver on our strategy and purpose, drive continuous improvement and enhances 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, 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. Regularly reviewing (and providing opportunities to enhance) our employees' performance, skills and professional objectives also ensures that our people are empowered to continuously develop and realise their potential.

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

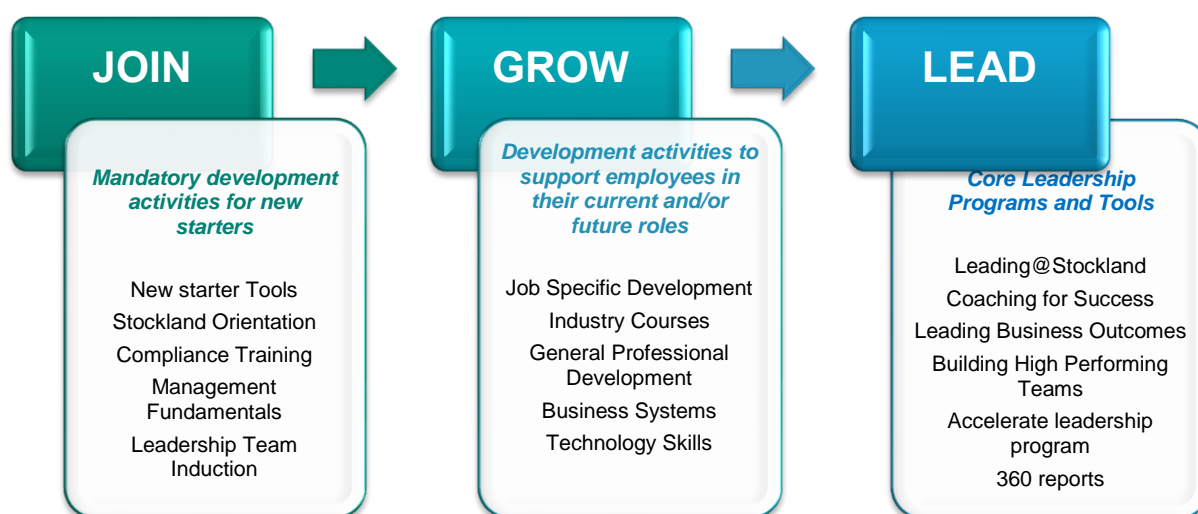
Strategic focus areas relating to Human Capital Development include building:

- An aligned and accountable workforce;
- Inclusive, diverse and flexible leaders who are authentic; and
- Scalable and agile workforce capabilities.

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 focuses on helping new employees understand our organisation, strategy, values and purpose through orientation programs and compliance training.

Grow covers technical training specific to our job families, industry programs and general professional development such as presentation skills and systems/technology training. We have a number of programs, initiatives and 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 core leadership curriculum in place to support this, complemented by coaching, 360° Leadership Reviews and other assessments 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 short, more accessible 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 our performance management system.

Stockland's performance and development process is outlined in figure 1 and described below.

Figure 1: Stockland's performance management process



Performance and Development comprises three 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:
 - Objective setting - managers and employees agree objectives and measures of success for the performance year to ensure clarity, alignment and contribution to the delivery of business goals.
 - Ongoing 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 employees and managers to document key achievements and development needs and reconfirm objectives for the remainder of the performance period.
 - 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 employees 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 is encouraged 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:

- 3in3 Program - 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 and awareness of potential career opportunities.
- Further education –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 outplacement providers are available to employees and provide services such as 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, 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 evaluate 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 senior leaders undertake every 18 months to two 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.

5. FY15 Update

Learning and Development

Annualised Training Days per Employee*

	FY15	FY14	FY13	FY12	FY11	FY10
Training Days per Employee	2.5	3.1	1.5	3.4	5.0	5.9

We had an average of 2.5 training days per employee for FY15, which represents a decrease from the previous year. This is due to an increase in online learning as a medium, rather than face-to-face training, which is less time intensive. In addition, a number of staff conferences (for example, Commercial Property and Residential) have been planned for the second half of this calendar year and therefore aren't represented in this number, which would have been the case for prior years.

The Stockland Learning Academy was launched towards the end of FY14 and during FY15 we undertook a number of activities to encourage the use of this system with employees, including getting employees to self-enrol in programs such as the remuneration education sessions and annual performance review training.

Building on the success of our Ervin Graf Scholarship program, which employs and develops high performing property students to eventually take on roles in our Research, Business Development and Development teams, we have developed a graduate program for other parts of the business to build the talent pipeline, including Group Operations, CFO Group, Project Management and Strategy and Stakeholder Relations. We have also invested in intern programs, such as Stepping Into (supporting students with a disability) and the Lucy Program (supporting female students) to support our diversity strategy.

One of our key priorities for FY15 was to further the technical training curriculum for our core job families. The purpose of the project is to develop a coordinated strategy for building capability in key job families, ensuring that people within these roles can perform the technical aspects of their role and thereby help Stockland deliver on its objectives and strategy. The four job families identified were Sales, Project Management, Development and Marketing. A capability framework and curriculum was developed for each of these job families throughout the year, with core modules launched for Sales and Marketing. Development and Project Management modules will be launched in FY16.

Case Study: Technical Training curriculum – Residential Sales

Having a skilled and capable sales force is core to achieving results in the Residential business.

Working with the business, Human Resources built a curriculum to support the development of core knowledge and skills needed by our sales team. This includes an online induction module to ensure new staff are educated on Stockland's approach to sales (including systems and processes) as well as eight core modules for Sales Professionals and Sales Associates to develop skills in areas such as needs analysis and completing the sale. There are also four modules for Sales Managers to help them in their roles of supporting our sales team.

To date, the online module has been launched to all new starters and all residential sales professionals and associates have completed the first two modules of the curriculum, specifically Needs Analysis/Present Solution and Complete the Sale. Our Sales Managers have also completed two modules on Business Writing and Influencing Skills.

Initial feedback on the programs has been very positive, with further business measures of success, such as retention and customer satisfaction, being considered for future modules.

Performance and Development

During FY15 we undertook to review our performance ratings in response to employee feedback through the 'Our Voice' survey (see case study in Employee Engagement DMA) with the changes to be implemented in FY16.

In FY15, all eligible employees received a performance review and had a career development plan in place or a career discussion. Employees are considered eligible after working at Stockland for three months.

6. Targets and Progress

FY15 Priorities

Develop technical training curriculum for select job families in FY15

Achieved

FY15 Performance

A capability framework and curriculum has been developed for all four identified job families, with initial modules launched for Sales and Marketing. Modules for Development and Project Management are on track to be launched in FY16.

Target an average of 3-4 training days per employee

Not Achieved

Our average training days for FY15 was 2.5, which is below our target of 3-4 days. As mentioned above, this is due to an increase in online training vs face-to-face training (which is less time intensive) and the timing of annual staff conferences falling in the latter half of the 2015 calendar year.

FY16 Priorities

- Develop and conduct training as outlined in the training curriculum for Sales, Development and Project Management.
- Plan, recruit and implement a cross-business graduate program for at least 11 graduates.
- Review and enhance our Leadership Development Programs to meet the business needs and requirements of leadership for the future.
- Develop a more targeted Senior Manager program for piloting, the 'Stockland Leadership Experience'.
- Target an average of 3-4 training days per employee

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. 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, engagement 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, and building a workforce that is reflective of our customer base will help us understand what our current and potential customers want from our communities and assets and provide us with a greater opportunity for customer satisfaction and competitive advantage.

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.

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.

We have five strategic focus areas for diversity and inclusion, as outlined in the diagram below.

Industry Advocacy & Thought Leadership	Inclusive Culture	Flexibility & Work Life Quality	Community Reflection & Partnership	Gender Balance
<ul style="list-style-type: none"> Continued sponsorship of key industry players, such as NAWIC, Diversity Council of Australia, Australian Network on Disability, WGEA, to maintain our external profile and currency e.g. WGEA "Elevate" research series. Engagements with industry peers on metric and initiatives to benchmark our progress e.g. EY Women in the Property Industry research. WGEA Employer Of Choice status for gender equality 	<ul style="list-style-type: none"> Managing inappropriate behaviours in the workplace workshops with bi - annual Brent Sanders workshops, delivered to the leadership team and senior management. A segment on how to lead inclusively implemented into Leading@Stockland program. Diversity and inclusion and gender guide for people leaders included as part of induction. Education on unconscious bias / blind spots delivered to leadership team in 2014. Ongoing delivery of TMS workshops helps others to understand and appreciate the values of different working styles. 	<ul style="list-style-type: none"> Philosophy of approach that 'every job is flexible unless proven otherwise'. Flexible Work Policy, Tool-kit and Manager guide. On-site child care facility in Stockhome, Treehouse. Sponsorship & Research – Ongoing sponsorship of research studies e.g. DCA "Get Flexible" and "Men Get Flexible" research. Flexible working employee case studies on Stockland website. 20.2% of employees at Stockland are currently part time. 	<ul style="list-style-type: none"> Retail centres partner with tenants on multi-cultural hiring. Cultural awareness is built into sales curriculum for the residential sales teams to focus on the changing demographics of our catchment areas. Reconciliation Action Plan. Established Gold sponsor of Australian Network on Disability and participant in Stepping Into Program. Partnership established with the National Disability Recruitment Coordinator (NDRC) to source disability candidates. Corporate partner to Livable Housing Australia. Accessibility is integrated into Stockland's design and community practices. 	<ul style="list-style-type: none"> Brown bag lunches established and running with female General Managers. Executive Sponsor program and external mentoring programs. Capability framework and website designed to encourage greater inclusion in the development job family. Recruitment policies and guides embedded to reflect the requirement for diverse interview panels and slates. Springboard up and running 4 times a year. Senior women's program runs once a year. Quarterly Women's networking events. Gender targets and reporting – overall and within business unit scorecards Pay Equity review Leading edge parental transitions program
				

These focus areas are supported by strategic policies, programs and processes to embed inclusive practices and promote diversity across the business, including the following.

Recruitment and selection

Our in-house careers team and our panel of external recruiters are required to consider a diverse range of candidates for presentation on short-lists. Our policy also requires that male and female employees be involved in all candidate interviews, to bring rounded and equitable perspectives to our hiring decisions. This practice also reinforces our gender balance commitments to prospective candidates. 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. We are currently running an Indigenous employment pilot in Townsville, in partnership with the NRL Cowboys and our tenants. Learnings from this pilot will feed into a broader Indigenous hiring strategy that will be in place by December 2015, in accordance with our Reconciliation Plan.

Anti-discrimination and harassment

We are committed to preventing discrimination and harassment. All new 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 people managers on preventing workplace discrimination and harassment. Many of our senior leaders have also undertaken 'unconscious bias' training.

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 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. In advance of our annual remuneration review, existing fixed pay is analysed using a compa-ratio approach, whereby we compare males and females who are matched to the same jobs. This allows us to compare on a true 'like-for-like' basis, versus the generic approach of comparing average male salaries against average female salaries. Completed by Human Resources, endorsed by the Managing Director and reported to the Human Resources Committee of the Board, this special review assists in promoting pay equity. A comprehensive analysis of all proposed remuneration increases is also undertaken as part of the annual remuneration review.

Flexible working

Our workplace practices and leave policies seek to foster a flexible working environment. 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. Our policy is that all roles should be considered flexible. Supported by tools 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. Whilst many employees will have informal arrangements in place with their manager/teams, the on-line application system is used for formal arrangements including working from home, part-time employment and job-share. Applications are monitored and supported by the HR function to ensure equitable outcomes.

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 in maintaining our parental leave return rate well above our target of 80%. 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 to all employees called Work-Life Links that helps employees find suitable solutions and providers to support them balance their work and carer commitments. Work-Life Links assists employees to balance work life commitments by providing individuals with information and support regarding any type of dependent care, health and lifestyle service. Individuals contact Work-Life Links and discuss their needs with a consultant who then provides information on services and resources to meet those needs and a comprehensive report on the most suitable services available.

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 Corporate Scorecard and individual Executive Committee scorecards. Specific gender targets are also set for each business unit and built into leadership team scorecards accordingly.

Two full time resources are allocated to diversity and inclusion within the Human Resources team. 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.

Case Study: Livable Housing

While the focus of this document is the diversity and inclusion of our employees, Stockland also focuses on supporting our customers with disabilities. 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 'Livable Homes', improving industry standards and making liveability a reality.

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 Livable Housing Australia (LHA) that are assessed at the design and as-built stages of the development.

During FY15, the Sustainability team and the Diversity and Inclusion Committee worked on developing a strategy to respond to the needs of people living with disabilities across our communities and further integrate LHA standards across our portfolios.

We worked with each of the business units to identify opportunities to expand upon our existing practices to meet and exceed expectations of our customers and community. Further information can be found in the [Asset Ratings and Certification DMA](#).



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 monitored monthly and/or annually.

Our diversity and inclusion targets and/or metrics 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;
- Gender promotion rate;
- Gender diversity of our succession pipeline and talent population;
- Percentage of our workforce that works on a casual employment basis; and
- Diversity and inclusion related indices from our annual engagement survey.

We assess perceptions 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, General Counsel and Company Secretary and our female General Managers also host regular lunches with our female employees to build engagement, share learnings and check progress.

5. FY15 Update

The 2015 'Our Voice' results reinforced that diversity and inclusion, including flexible working, continues to be key drivers of engagement. Diversity and inclusion has also emerged as a driver of retention and sustainable engagement in this year's survey, reinforcing that it is critical across the employee career cycle. The Diversity and Inclusion Index from our 2015 'Our Voice' survey has remained steady against 2014 at 87%, continuing to be above the global and Australian high performing norm for diversity and inclusion.

The three key priorities set by the Diversity and Inclusion Steering Committee for FY15, and progress against these, are outlined below.

1. Further enhance gender inclusion

- The Development Job Family project was completed in November, delivering a capability matrix for Development jobs across our asset classes, together with a promotion campaign designed to encourage females and employees from other disciplines to move into Development. Increasing the percentage of females in profit-and-loss roles is key to creating a strong gender balanced leadership pipeline and supports pay equity. For more information please refer to the increasing gender diversity case study below.
- Stockland's Executive sponsor program for high-potential diverse talent was launched in October 2014 and runs through to March 2016. Seven male Executive Committee members are sponsoring high potential females from the senior manager job band. The program has the dual focus of supporting the career development of high potential females through greater exposure to the Executive Committee and enhancing our male leaders' understanding of corporate life from a female's perspective.
- Our female General Managers continue to host quarterly informal lunches or breakfasts in Sydney and when they travel to our State Offices.
- The gender guide prepared in 2014 for Managers is now built into our induction process for all people leaders and further discussed during our foundation leadership program. The guide is designed to build our people leaders' knowledge of our broader diversity and inclusion agenda and to help them be more adept at understanding and supporting the challenges that females often encounter in the workplace.
- We were successful in securing 'Employer of Choice for Gender Equality' status from Workplace Gender Equality Agency (WGEA) in November 2014. We were one of only two property firms and one of 76 Australian corporates to achieve this challenging citation. We are currently applying for FY15 accreditation.
- We seek to ensure our pay, promotions and other employee processes are appropriate and consistent with our gender mix. We aim to ensure our fixed pay for employees of similar skill and experience is the same irrespective of gender and that Stockland employees of both genders consider our pay determination processes to be fair and transparent.

Workforce by Gender¹

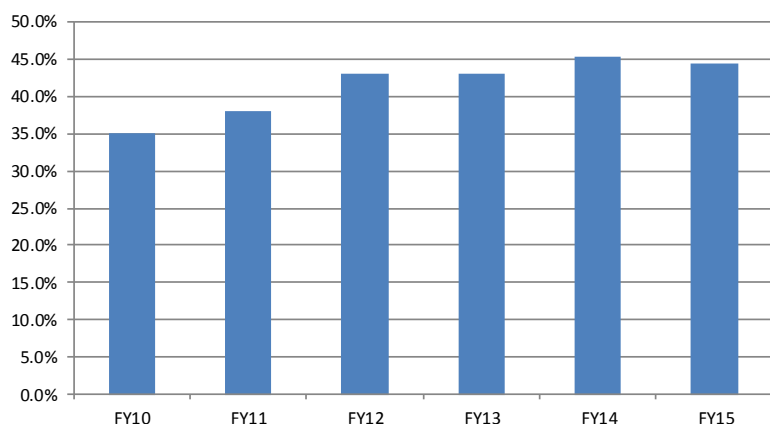
As can be seen from the charts below, Stockland has good representation of women in management. We appointed a female to the Executive team in FY15 as General Counsel and Company Secretary.

Job Band	FY15		FY14		FY13		FY12	
	Total Employees	% Women	Total Employees	% Women	Total Employees	% Women	Total Employees	% Women
Management	515	44.7	464	45.4	454	43	523	43
Executive Committee	9	11	7	-	5	-	7	14
Senior Management ²	138	36	132	35	125	33	147	36
Manager	368	49	325	50	324	47	369	47
Employee	1,012	66	938	66	913	66	1,001	66
Stockland	1,527	59	1,697	59	1,711	64	1,857	63

¹ Workforce by gender includes permanent employees, fixed term employees, casual employees and employees on extended leave. It excludes Board members, special contractors, temps and vendors.

² Includes General Manager and Senior Manager job bands.

Women in Management (%)



Parental Leave Return Rate³

Our parental leave return rates continue to be well above our target of 80% and that some males took primary care giver leave over FY15.

Gender	Total Leave	Within 6 Months				Within 12 Months			
		Returns	Return Rate	Exits	Exit Rate	Returns	Return Rate	Exits	Exit Rate
Male	53	51	96.23%	2	3.77%	33	91.67%	3	8.33%
Female	93	86	92.47%	7	7.53%	60	88.24%	8	11.76%
Overall	146	137	93.84%	9	6.16%	93	89.42%	11	10.58%

Average Fixed Remuneration Ratio by Job Band

Average fixed remuneration ratio looks at the ratio of the average female fixed pay to the average male fixed pay by job band.

Job Band	FY15	FY14	FY13	FY12	FY11	FY10
Executive	0.60	N/A	N/A	0.51	0.51	0.43
Senior Management ⁴	0.93	0.89	0.88	0.85	0.83	0.78
Management	0.85	0.83	0.84	0.84	0.86	0.81
Employee/ Professional Technical	0.86	0.86	0.86	0.83	0.84	0.77
Total employees ⁵	0.66	0.65	0.64	0.64	0.63	0.57

We believe the methodology of measuring pay equity is limited if based solely on average fixed pay by job band as it ignores different market values placed on different jobs. Stockland believes a better and more accurate process is that we assess gender pay equity by considering an individual's positioning against the relevant market benchmark. This analysis is shown below in the Gender Pay Equity Ratio table.

Gender Pay Equity Ratio

	FY15	FY14
Stockland	97.2%	96.9%

³ Parental leave return rates look at the return rates of employees who have returned from parental leave in FY14 and FY15 and either remain employed (returns) or exited during FY15 either within 6 months or 12 months of return.

⁴ Senior Management includes Senior Manager and General Manager job bands.

⁵ The ratio is a function of total pay and employee number by gender. Refer to page 5 for the breakdown of our workforce by gender.

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 candidate shortlists need to be gender balanced and a female General Manager must be involved in interviewing for any General Manager or Senior Manager roles. In FY15, we strengthened this to require that interview panels for all roles have both male and female interviewers.

We continue to partner with the National Disability Recruitment Coordinator (NDRC) to help source candidates with disabilities for existing roles. Whilst our Queensland hires continue to do well, we have been less successful in other States, largely due to the Disability Employment Service providers shortlisting candidates without the requisite skills. We are now selecting one role a month to allow NDRC to be fully involved in the screening process.

In addition, we have two disability candidates who have secured graduate roles with our business. One is from our Scholars program and the other is a former Stepping Into student. This program provides work experience for university students with a disability. Of the nine students from our FY15 summer Stepping Into program, three have continued working for Stockland on a casual basis and one has secured a graduate role with Telstra. Unfortunately, we do not have the volume of graduate roles to support employment for all our students, however, now that we have an established graduate program, we are targeting one Stepping Into Student for each graduate intake. In line with our broader social responsibility commitments, it is important for us to provide these students with the experience that is key to securing long term employment, regardless of whether they secure long term employment with Stockland.

Workforce by Cultural Background (%)⁶

Culture	FY15 ⁷	FY14 ⁸	FY13	FY12	FY11	FY10
Australian	56.2%	69.6%	64%	67%	66%	69%
Aboriginal and Torres Strait Islander	0.4%	0.3%	0.3%	0.2%	0.2%	0.3%
European ⁹	25.4%	14.6%	12%	13%	14%	12%
Asian ¹⁰	9.3%	6.5%	6%	6%	7%	6%
Maori and New Zealand	2.4%	2.3%	2%	2%	3%	2%
Middle Eastern	0.8%	0.7%	-	1%	1%	1%
South African	1.0%	0.9%	1%	1%	1%	-
North American	0.6%	1.2%	1%	1%	-	-
Other	4.0%	3.9%	2%	4%	4%	6%

The number of employees who responded as Indigenous in the FY15 'Our Voice' survey has increased from two to four.

The only source of culture data is the annual 'Our Voice' survey, where respondents are able to voluntarily select the cultural group they identify with. Some respondents opt out of providing this information. Overall, the responses to the cultural identification question in the FY15 'Our Voice' survey have shifted significantly in some areas from FY14 to FY15 (Australian and European in particular). We cannot identify the specific reasons for the shift or validate these results against other data sources. However, we can hypothesise that there are various reasons for this change, including new hires, slight changes in response rates from year to year, changes in response rates of particular business units and the fact that we provided further guidance and broadened the culture categories for employees to choose from in the FY15 'Our Voice' survey.

⁶ Data presented as a percentage of respondents who chose to disclose their cultural background to the 'Our Voice' survey, Stockland's employee engagement survey. Some employees choose not to disclose their cultural background. Responses to this survey are completely confidential – Stockland has no access to individual data points.

⁷ 91% of respondents chose to disclose their cultural background in FY15. In FY15, the response options for the cultural association question were reviewed. The review highlighted the opportunity to provide clearer options and descriptors. The response options are now structured by region with several country examples. The structure is based on the UN regional groupings. This change has contributed to a significant change in cultural background distribution from FY14 to FY15.

⁸ 94% of respondents chose to disclose their cultural background in FY14.

⁹ Includes north-west, central, southern, eastern, British, Irish and Scottish.

¹⁰ Includes south-east, north-east, southern and central.

Case Study: Increasing Gender Diversity in the Development Job Family

The Development project was established by the Diversity and Inclusion Steering Committee following feedback from the female focus groups in 2013 that greater inclusion was needed in the Development job family. From here, it has developed into a broader career initiative with the following key aims:

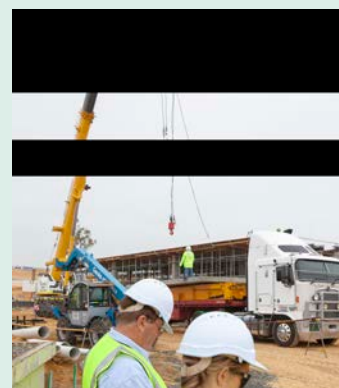
- Highlight career progression and development opportunities across our asset classes and through the Development career ladder;
- Grow the strength and flexibility of the Development talent pool;
- Encourage those with diverse career backgrounds to pursue careers in Development; and
- Increase female talent within the Development job family.

The first stage was to develop the Capability Framework to align core capability areas and stages of progression for Development roles across our asset classes. The framework clearly highlights pre-requisite capabilities and those capabilities that can be acquired for each career level.

A training curriculum supporting the framework will be in place for Residential in the latter half of the 2015 calendar year and for Commercial Property and Retirement Living in 2016.

How will it be used?

The framework and the associated web-page will support employees already in Development and employees interested in transitioning into Development.



Employees in Development	Employees interested in transitioning into Development
Development planning and monthly one to ones, to discuss the key steps for progression and how that can be achieved.	Understand the capabilities required to succeed within the development job family, and building your development plans with your manager accordingly.
Understanding the requirements of and flagging your interest in, opportunities outside of your BU/asset class.	Access Development professionals who can advise on pursuing a career in Development and/or further explanation of the framework capabilities.
Explore the key development steps and experiences required to make the transition.	Learning how other non-Development professionals made the transition to Development and how they are enjoying their roles, via case studies on the web-page.

Online framework

The seven career levels in Development are shown on the online framework and users can click into a role to see all of the capabilities required at that level. They can also access contacts, case studies, the careers page and the Development yammer page.

Our key focus areas for cultural recruitment and awareness are our residential sales teams and our retail assets. Workshops were held in FY14 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. Subsequently, cultural awareness is being built into our Sales curriculums, currently underway. Each sales team has subsequently more deeply reviewed their specific demographics, in addition to hiring where possible, to reflect these demographics. Victoria is where our catchment areas are most diverse. Good progress has been made in our Victorian Sales force in FY15. Indian, European and Muslim cultures are dominant demographics and we have hired diverse candidates at our Mernda Grove and Allura assets, respectively. Our largest residential asset, Highlands, where Indian culture is particularly strong, is also working on hiring from this culture. Our other States, whilst less culturally diverse, nonetheless have culture as a preference in their hiring strategies. There is also a project underway with an external agency to translate key parts of our customer materials into other languages.

At a broader level, our Group Marketing team revised our website and advertisements as part of our new brand strategy and they now 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. Given our asset teams are quite small, we partner with our major tenants on this, as the cultural diversity of employees in the retailers is the main interface our customers see. An Indigenous recruitment pilot is also underway in Townsville, in partnership with our tenants and the NRL Cowboys.

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

As stated above, all new people leaders attend a leadership program which contains a full section on diversity and inclusion and the role of people leaders in supporting our aspirations. Inclusion is also reinforced in the gender guide, which is designed to build our people leaders' knowledge of our broader diversity and inclusion agenda and to help them be more adept at understanding and supporting the challenges that females often encounter in the workplace.

In FY15, we were the lead sponsor in The Diversity Council's 'Getting Inclusive' project, which aims to develop a:

- Definition and description of inclusive leadership;
- Business case for inclusive leadership;
- Competency framework of inclusive leadership, which can be integrated into existing organisational leadership development strategies; and
- Guidance on how to develop inclusive leaders.

Whilst this is a great external reinforcement of Stockland's reputation as a diversity and inclusion leader, we will use the project outcomes to enhance the support and materials we provide to our people leaders.

In addition, our Managing Director, Mark Steinert, joined the Property Male Champions of Change (PMCC) group. The PMCC is a group of 22 CEOs from the largest Australian property companies for the first sector-specific program to accelerate gender equality in the historically male-dominated property industry. This initiative recognises that the Property Male Champions of Change are best placed in their respective companies to drive the organisational change needed to realise gender equality outcomes. The PMCC is convened and chaired by one of Stockland's non-executive directors, Carol Schwartz AO.

In FY16, the Diversity and Inclusion Steering Committee will lead a project focused on increasing awareness of unconscious bias across our employee population.

6. Targets and Progress

FY15 Priorities

Enhance the cultural and disability diversity of our workforce	In Progress	<p>We have progressed the overall cultural mix of our workforce (as per the table above), in particular the diversity of our residential sales team.</p> <p>A key focus going forward is to increase the diversity of our retail employees to reflect the diversity in our local communities.</p> <p>We continue to partner with the National Disability Recruitment Coordinator ('NDRC'), to help source disability candidates for existing roles. Whilst our Queensland hires continue to do well, progress on subsequent roles has been less successful. We are now selecting one role a month to allow NDRC to be fully involved in the cv screening process.</p> <p>In addition, we have already filled one of the FY15 graduate roles from the Stepping Into program.</p>
Increase the percentage of women in management roles towards our new target of 50% by 2020	In Progress	<p>We finished slightly below our FY15 target of 45.5% at 44.7%, however we are confident that we are still on track to achieve the FY20 target.</p>
Deliver training in diversity and inclusion to further embed an inclusive culture	Achieved	<p>Our introductory leadership program, Leadership@Stockland, includes a dedicated diversity and inclusion section for all new people leaders.</p>

FY16 Priorities

- Increase the percentage of women in management roles towards target of 50% by 2020.
- Increase employee awareness of our diversity and inclusion commitments and FY16 priorities through a targeted communication strategy.
- Refresh our focus on flexibility through enhanced support for managers and a campaign encouraging mainstreaming of flexibility.
- Implement an Indigenous hiring strategy.
- Hire two employees with disabilities per annum from FY16 to FY18.
- Recruit one graduate per graduate intake through the 'Stepping Into' program run by the Australian Network on Disability.
- Ensure Gender Pay Equity Ratio 97-103%.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. 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 environment 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 with a guiding principle that every role at Stockland should be considered able to be done flexibly. The Stockland Flexible Working Policy and Leave Policy outline 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 carer's leave; and
- 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 AS/NZS 4801. 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.

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 manage 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 and employee work-life quality and wellbeing 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. The national compliance program also 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 carer's leave for looking after children), 'Our Voice' survey results (particularly the Wellbeing Index) and feedback from the related action planning sessions and anecdotal feedback from HR Managers and employees.

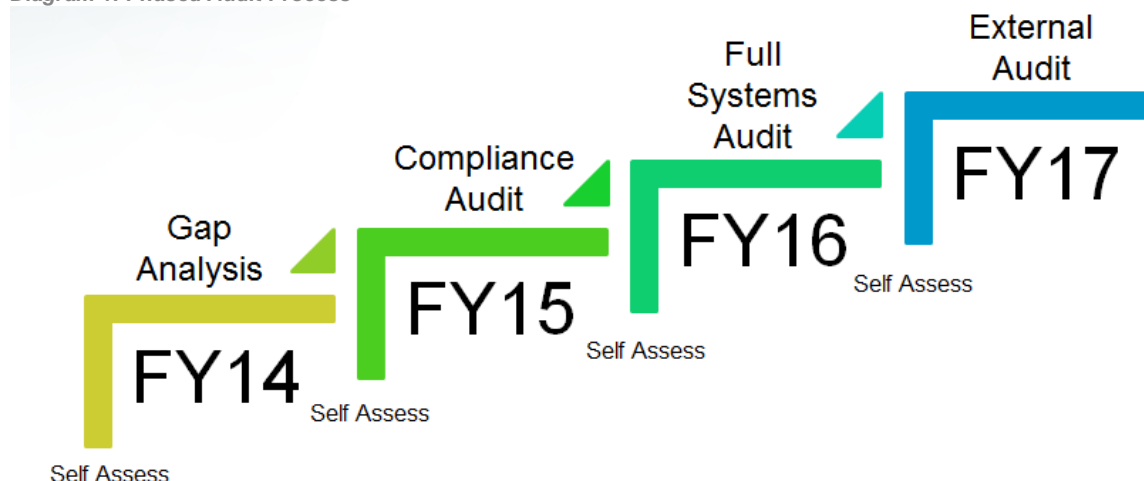
5. FY15 Update

Operational Risk Assurance Program/ Gap Analysis

We regularly carry out the relevant audits of our assets. In FY14, we introduced the Operational Risk Assurance Program to provide a systematic approach to review of our assets on a national basis.

The diagram below illustrates the progressive nature of the Operational Risk Assurance Program.

Diagram 1: Phased Audit Process



The Gap Analysis program (Phase 1) was completed at all operational assets in FY14. A national audit tool was developed to ascertain the level of compliance to internal and external requirements at a site/project level. Key risks areas reviewed included (but were not limited to) 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 are monitored and tracked regularly by the Operational Risk team and reported on a monthly basis to business unit leadership teams. The majority of gap analysis actions have now been closed across the Retail, Residential and Retirement Living businesses with over 1000 audit actions completed.

Phase 2 of the audit program consists of a compliance audit, which has an increased focus on the depth of compliance documentation and process. Compliance audits were completed for all retail and residential properties in FY15 and are in the process of being conducted across the Retirement Living business. Retail compliance audits produced a total of 220 actions across 39 assets¹, with only 46 actions remaining open since the audit was undertaken in October 2014. The residential compliance audits were undertaken in February 2015 across all 42 projects, with a total of 209 actions (50 of which have been closed).

Phase 3 of the audit program will commence with our retail properties in FY16 and will consist of a full systems audit followed by an external audit of selected assets in FY17.

Workplace, Health, Safety & Environment (WHS&E) Management System – Annual Review

Operational Risk completed a full review of the integrated WHS&E Management System in FY15. Launched in FY14, the WHS&E management system comprises over 200 procedures and supporting documents as part of the broader Operational Risk Integrated Management System. The purpose of the review was to identify improvement opportunities and to ensure that all policies, procedures and guidelines remain up to date with current legislation. The WHS&E Management System will continue to be updated progressively as legislation changes and as improvement opportunities are identified.

Operational Risk Systems Training

Operational Risk has been working to improve the infrastructure that supports the way we manage risk. 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, online incident reporting system, Cm3 (online contractor pre-qualification System), e3Learning (online contractor induction system) and the Operational Risk Integrated Management System.

¹ As at end of July 2015

Bushfire Management

Bushfire Management briefings have been delivered nationally to provide an overview of bushfire preparedness measures for development and village management teams. The briefings have been delivered nationally in the Retirement Living and Residential businesses.

Retirement Living Training

Operational risk continues to deliver training across the Retirement Living portfolio, via our ongoing program of educational workshops to Village Management teams. Specific content delivered in FY 15 included mental health, gap analysis, contractor management, incident management, injury management and staff safety and bushfire preparedness. Further workshops are scheduled for FY16.

Contractor Management Training

Refresher training in contractor management procedures has been 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.

Wellbeing Working Group

A working group has been established to raise awareness of the current resources available and to deliver a number of wellbeing initiatives for employees in FY16, leveraging the work and programs run through the CARE Foundation and Community Development team (see Community Investment and Community Development DMA).

Flexibility

Additional communication and resources have been developed to assist employees and managers consider and/or manage flexibility as part of 'A Better Way to Work' framework. A new initiative to help mainstream flexibility is 'One Simple Thing' which aims to encourage all employees to discuss with their manager the 'One Simple Thing' they would like to do that is meaningful to their broader work-life balance.

Health and Safety Metrics

Stockland saw a four point decline from FY14 in our work-life quality score (69%) from our 'Our Voice' survey (see Employee Engagement for further information). However this score remains four points above Towers Watson's Global High Performing Norm. This result reinforces the importance of several key projects announced for FY16, which will aim to improve workload, increase operational efficiency and broaden Stockland's flexibility policy to ensure all employees have access to informal arrangements that allow them improved work-life quality.

We reported a total of twelve lost time injuries (LTIs) in FY15. The number of LTIs and associated LTIFR (4.7) represent the lowest LTI metrics in the last four years. This reduction can be attributed to various remedial activities 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).

The total number of lost days (267) and associated severity rate (22.2) has also decreased significantly in comparison to FY14. This decrease is largely attributed to the sale of the Aged Care business which in FY14, accounted for 88% of total lost days.

Health and Safety Metrics

	FY15	FY14	FY13	FY12	FY11	FY10
Total average workforce ²	1,438 ³	1,695	1,736 ⁴	1,384	1,330	1,243
Total hours worked (million)	2.53	2.97	3.03	2.42	2.32	2.17
Contractor lost time injuries ⁵	5	10	14	11	12	-
Number of lost time injuries (LTI) ⁶	12	18	17	18	5	13
Lost time injury frequency rate (LTIFR) ⁷	4.7	6.1	5.6	7.4	2.2	6
Number of injuries requiring medical treatment (MTI) ⁸	14	14	11	13	8	12
Medical treatment injury frequency rate (MTIFR) ⁹	5.5	4.7	3.6	5.4	3.7	5.5
Frequency rate (LTI and MTI) ¹⁰	10.2	10.7	9.2	12.8	5.9	11.5
Occupational diseases instances	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0
Lost days (total for the recorded lost time injuries)	267	817	417	257	70	87
Average lost day rate (Severity rate) ¹¹	22.2	45.3	24.5	14.3	14	6.6

Breakdown by gender and region

	Men	Women	NSW	Act	Qld	Vic	WA
FY15							
Number of lost time injuries	9	3	7	0	2	3	0
Number of occupational diseases	0	0	0	0	0	0	0
Number of lost days	231	36	249 ¹²	0	13	5	0
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 ¹³	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

² Total average workforce uses monthly employee totals rather than the end of financial year figure used in Our People metrics.

³ Total average workforce in FY15 has reduced as a result of the sale of the Aged Care business in FY14.

⁴ Total average workforce was updated in FY13 to include Aevum payroll employees.

⁵ Refers to all workers undertaking work on Stockland sites that are not direct Stockland employees.

⁶ An injury resulting in the loss of one or more shifts. Includes injuries incurred as a result of a work-related incident. Does not include commuting/recess injuries.

⁷ Number of LTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours.

⁸ An injury resulting in the injured person receiving further treatment from a medical practitioner i.e. GP, physio, hospitalisation etc. Not including lost time injuries.

⁹ Number of MTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours.

¹⁰ Number of LTI's + MTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours. Not including injuries requiring first aid treatment only.

¹¹ Average number of days lost per lost time injury. Number of Lost Days / number of LTIs.

¹² FY15 metrics includes 105 lost days related to the re-aggravation of a previous lost time injury reported in FY14 but continued to lose time in FY15.

¹³ FY14 metrics includes 558 lost days related to three long standing lost time injuries reported in FY13 but continued to lose time in FY14. All three employees have since ceased employment with Stockland.

6. Targets and Progress

FY15 Priorities		FY15 Performance
Employees		
Implementation of Health and Wellbeing strategy	Not Achieved	Working group finalised and initiative scoped
Achieve target LTIFR of 5.2	Achieved	Achieved currently LTIFR of 4.7
Contractors		
Develop a Contractor Portal to facilitate contractor WHS pre-qualification, induction and incident reporting.	Not Achieved	This initiative was delayed to align with a Group-wide IT systems review. A strategic review is now underway to ascertain the best approach to develop the contractor portal.

FY16 Priorities

Employees

- Implement Health and Wellbeing strategy.
- Achieve target LTIFR of 5.2.
- Continue to embed the WHS Management System through the Operational Risk Assurance Program (ie. full systems audit), targeted training and internal/external communication strategies.
- Continue to develop the Operational Risk Training Needs Analysis and deliver targeted training using face-to-face and online mediums.

7. Appendix A

Complete list of documents in the DMA series:

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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 with the eight fundamental Conventions of the International Labour Organisation¹.

We operate wholly within Australia, a country with a long history of democratic government, judicial independence and high standards of governance and 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, initiatives, project and asset guidelines 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
- What Stockland Expects from its Suppliers guideline
- Procure to Pay Policy
- Government and Stakeholder Engagement Policy
- Environment 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.

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, with examples set out in the table below.

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 Processes

We have various due diligence processes undertaken at different stages of the project lifecycle and business activity. These incorporate human rights consideration in the assessment process and enable us to identify, prevent and mitigate potential human rights impacts. Examples include:

- **Stakeholder relations** - regular assessments of human rights related risks or impacts relating to employees, customers or communities are conducted via annual surveys such as our annual employee survey Our Voice (see Employee Engagement DMA) and our Liveability survey with residents (see [Customer Engagement DMA](#) for more detail).
- **Project development** - Due Diligence Reports prepared for project developments require the identification of risks and opportunities 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) are conducted annually at each project/ asset in accordance with the sustainability policy.
- **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 key suppliers are assessed against predetermined human rights related criteria which they must meet in order to be eligible for consideration in the procurement process. This includes:
 - 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).

Issues or non-conformances for construction suppliers are dealt with if they arise, with correctional plans implemented to address identified issues.

- **Investments** – our Investment Review Group considers human rights and stakeholder impact into our investment analysis and decision-making processes as well as into our ownership policies and practices.

Grievance mechanisms

We have implemented the following grievance mechanisms to ensure human rights incidents are reported and managed in a timely manner.

- **Grievance Procedure** - if an employee has a concern regarding his/her employment and is unable to resolve the concern in an informal way or with their manager, 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.

Roles and Responsibilities

Stockland's Chief Operating Officer (COO) assumes responsibility for human rights at a 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 development 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

In FY14, Stockland implemented our Human Rights Policy and approach. 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;
- Number of stakeholder grievances relating to human rights raised and percentage remediated during the reporting period through formal grievance mechanisms;
- Progress against the initiatives in our Reconciliation Action Plan;
- Supplier management in relation to outlined human rights related criteria; and
- Nature of the key human rights risks and impacts identified in the reporting period and measures taken to prevent, mitigate or remediate.

In FY15 we have joined the UN Global Compact and commit to undertaking at least two workshops with the UN Global Compact to assist us to develop and refine our approach going forwards.

5. FY15 Update

Code of Conduct

There were no substantiated breaches of our Code of Conduct in FY15 and consequently no formal warnings and no terminations.

Corruption

There were no substantiated breaches of our Fraud and Corruption Policy in FY15 and consequently no formal warnings and no terminations. This policy was updated in FY15.

Indigenous Rights

Since the launch of our Reconciliation Action Plan (RAP) in June 2014, we have made good progress strengthening our understanding and awareness of Aboriginal and Torres Strait Islander peoples and culture. Our RAP working group meets quarterly to review, update and track our progress against all our RAP commitments, which we are well on track to meet for FY16. Our key achievements in FY15 include:

- Cultural Protocol Document - we are in the final stages of formalising a Stockland 'Welcome to Country and Acknowledgement of Country' cultural protocol document which will be available for all employees on our intranet site.
- Cultural Awareness Training – several cultural awareness training sessions were conducted in FY15 and attended by the Executive Committee, the Diversity and Inclusion Committee and selected key managers. We are now in discussions with our Indigenous business partners about options for extending this training to all employees through online cultural awareness modules.
- Recognition of culturally significant sites and celebrations - we committed to identifying and mapping key culturally significant sites across our property portfolio from which we will explore how best to reflect local Indigenous culture in our assets through signage and/or other design elements. In FY15 we identified 28 retail sites and completed concept design of the signage with our partner.
- National Reconciliation Week and NAIDOC week - were supported across our commercial property portfolios and Stockland's major corporate offices with local music, dance and cultural sessions.
- Link and Learn Program – Aboriginal educator and cultural practitioner Eva Jo Edwards delighted 64 local children at Mernda Village Community Activity Centre using words, music and dance to tell traditional stories.
- Stockland Indigenous Employment Strategy - in FY15 we committed to a Townsville employment strategy which will be our first Indigenous employment program. A partnership has been established with the NRL Cowboys to promote Stockland's Indigenous employment strategy in Townsville, including sourcing suitable candidates from the Cowboys Indigenous employment programs. Working in partnership with an Indigenous employment specialist, we will be engaging with key community stakeholders, our tenants and suppliers to embark on this exercise at our Townsville centre. The findings and learnings from this program will help shape the broader organisational Indigenous Employment strategy.

Case Study: Cultural Awareness Training



In FY15, the second year of Stockland's first Reconciliation Action Plan (RAP), one of our key commitments was to engage our employees in cultural competency training to increase our understanding and appreciation of Aboriginal and Torres Strait Islander peoples and culture.

Our Executive Committee members, members of Stockland's RAP Action Group and Stockland's Diversity and Inclusion Committee took part in two cultural awareness training sessions facilitated by Shelley Reys, Managing director of Arrilla and respected Indigenous specialist, strategist and service provider.

These interactive sessions invited participants to discuss their own knowledge and understanding of Indigenous culture, review and understand its history and how this applies to a more modern context and discuss practical solutions for the workplace in effectively engaging with Aboriginal and Torres Strait Islander people. A range of topics were discussed (such as common terms and titles and the diversity of Indigenous communities), whilst a deeper dive into the history and modern context of Indigenous Australia uncovered the significance of fundamental concepts such as citizenship and the origins of the 'closing the gap' movement. This breadth of information allowed participants to apply these learnings to practical solutions and work through how Stockland might help to improve Indigenous disadvantage, in particular through training and job placement programs in partnership with our builder partners.

In FY16, we will continue to work with Shelley and the team at Arrilla to deliver cultural competency training to all Stockland employees via an online training module. Our vision for Stockland's commitment to cultural awareness is that all Stockland employees, no matter where they are located, are able to access and participate in specialist cultural awareness training at any time to broaden and strengthen their understanding of Aboriginal and Torres Strait Islander culture and peoples.

UN Global Compact

In FY15, Stockland joined the UN Global Compact as part of our journey on human rights. The UN Global Compact has more than 15 years of experience of assessing, defining, implementing, measuring and communicating activities around human rights. We believe that our partnership with the UN Global Compact provides us with an opportunity to broaden our understanding of human rights within a global context. In FY16, we will undertake at least two workshops with the UN Global Compact to help us further develop our human rights progress.

Privacy

There were no substantiated breaches of our Privacy Policy in FY15 and consequently no formal warnings or terminations. Our privacy policy was updated in FY15 to reflect our changing business environment.

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 FY15, approximately 10% of our employees were covered by collective bargaining agreements.

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 collective agreements in which our employees are included contain 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.

The decrease in the percentage of employees covered by collective bargaining agreements from FY14 to FY15 is due to the sale of the Aged Care business in July 2014.

Discrimination

We had no substantiated incidents of discrimination in FY15. 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 FY15, our key development contractors were assessed against predetermined human rights related criteria. These criteria must be met in order to be eligible for consideration in the procurement process.

Additionally, our Supply Chain strategy and our 'What We Expect From our Suppliers' guidelines was approved by the Stockland Board. This strategy and guidelines explicitly outlines our expectations of our suppliers with regards to human rights for our developments and we directly engaged with our supply chain on this through our Supplier Roadshow.

More information on these and other initiatives undertaken in FY15 can be found in our [Supply Chain Management DMA](#).

Grievances

In FY15, we had one formal grievance raised through the whistleblowing channel, which due to its nature was referred on to human resources as part of our employee grievance procedure. This issue is still being resolved. There were no human rights related grievances raised through our dispute resolution mechanism and none through our customer complaints handling procedure.

6. Targets and Progress

FY15 Priorities

FY15 Performance

Zero incidents of non-compliance with the human rights policy and associated policies in FY15

Achieved

Effective remediation of all human rights grievances raised via formal grievance mechanisms

Achieved

Further enhance our understanding of the human rights risks and impacts along our value chain.

Achieved

Our Supply Chain strategy was approved by the Stockland Board which outlines our supplier Human Rights related expectations.

We also developed a guideline on 'What We Expect From our Suppliers' (see [Supply Chain DMA](#)).

We conducted a supply chain roadshow in FY15 with key suppliers demonstrating our supply chain strategy including our commitment to human rights.

FY16 Priorities

- Continue to focus on the delivery of our Reconciliation Action Plan. This includes increasing our cultural awareness training, cultural recognition at retail assets and indigenous supply chain programs.
- Further enhance our understanding of Human Rights by completing at least 2 workshops with the UN Global Compact.
- Further enhance our understanding of the human rights risks and impacts along our value chain by implementing our new 'What Stockland Expects from Our Suppliers'.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. Energy and Emissions

Stockland has a long standing commitment to manage climate change risk and reduce our carbon emissions. As a major developer and manager of property assets, we acknowledge that the built environment impacts on Australia's emissions profile. We recognise we have a role to play to influence the energy efficiency of our assets and have taken a proactive approach to developing policies and implementing action plans over a number of years.

The increasing cost of energy, particularly electricity, poses a challenge for the property industry and for all Australians. As electricity constitutes an increasing proportion of our assets' operating expenditure, improvements in 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, tenants and residents.

Civil works on residential development projects constitute a major source of our emissions. Civil contractors fall inside our operational control boundary (as defined by the National Greenhouse and Energy Reporting Act 2007 - NGER Act). Our civil contractors use heavy equipment to move large volumes of soil across sites to achieve development and landscape levels. We work with our contractors to develop a bulk earthworks strategy for our sites with the aim to minimise vehicle movements on and off site and around the site which reduces emissions. As part of developing the bulk earthworks strategy, we will also look across projects within a region and seek to understand where we have excess soil and whether soil can be diverted to another site so as to minimise the amount that needs to be brought onto a project. This approach saves money, reduces our need for fill from distant sources and reduces the amount of earthworks required. We are working on projects to achieve these outcomes in Sydney, the Gold Coast and Sunshine Coast.

The increasing cost of power also creates opportunities to use renewable energy, particularly solar, as this becomes increasingly competitive as an alternate energy source. The reducing cost of solar infrastructure, combined with increasing electricity prices, can help support the business case for solar installations across our assets.

We are committed to design and technology innovation and access to alternative energy supplies to 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 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 to potential climate risks through research assessment and response;
4. Integrate innovative solutions into operations and development projects with suppliers; and
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.

We concentrate our energy and emissions reduction effort 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 and showcasing sustainable design for our Residential developments.	<p>Elements of built form greatly impact the energy efficiency performance of an asset.</p> <p>Our focus is on ensuring that minimum performance standards are met with regard to energy efficient design. Sustainable options are provided to influence customer decisions in our masterplanned communities.</p>
Development	Developing of our residential communities and retirement living villages predominantly undertaken by our contractors.	<p>Increased civil works activity is directly proportional to increased energy and emissions. When we are actively developing our apartments and completed homes, our emissions profile is necessarily higher.</p> <p>Identifying opportunities to incorporate energy efficiency in our community buildings (clubhouses and sustainability hubs) and promoting energy efficient home design to our residents.</p>
Operations	Operating our Commercial Property (Retail, Office, Logistics and Business Parks) and our Retirement Living villages.	<p>Energy and emissions have a direct correlation with the operational efficiency and size of our assets.</p> <p>Our focus is on identifying opportunities to improve operational efficiency including infrastructure upgrades and installations as well as targeted energy efficiency programs and initiatives.</p>

Design

We use the Green Building Council of Australia's (GBCA) Green Star rating tools to support the design and delivery of energy efficiency initiatives across our portfolio and to set a platform for optimal performance. All new commercial properties are required to achieve a minimum 4 Star Green Star rating, with a strong focus on energy.

We also require a minimum 4 Star Green Star rating within new Retirement Living developments and are embedding these requirements within design guidelines and delivery contracts. We achieved the first retirement living Green Star rating for our Affinity Clubhouse in FY13 using the Green Star - Public Building rating tool. We also worked closely with the GBGA 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 our Residential business, 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. The Green Star Communities tool in residential development is emerging as a new way to benchmark design and is featured in our new masterplan design guide – the 'Better Places Manual'. In FY15, our Caloundra South master planned community achieved our first 6 star rating under the Green Star Communities tool.

We use the CCAP Precinct tool to model the sustainability performance of our developments. CCAP Precinct is a leading industry-recognised masterplan modelling tool which benchmarks projects against regional averages across sustainability impact areas, including energy. The tool can be applied to masterplanned communities as well as smaller scale built form developments. Modelled outputs include estimated energy consumption and carbon emissions, water consumption, transport and associated cost estimates. Modelling is undertaken on new bids to buy land for residential developments and for new retirement living village developments.

Development

Development activity in our Residential business is predominantly undertaken by contractors and 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 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. See the [Supply Chain Management DMA](#) for further information on how we partner with our suppliers.

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 contractors. As such, emissions from these developments are not captured in our annual reporting, however we seek to influence and identify opportunities to work with our contractors to improve efficiencies.

Operations

In **Commercial Property** operations, we undertake NABERS (National Australian Built Environment Rating System) 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 and Business Parks, 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. In FY15, we have undertaken ratings on 19 out of 22 eligible retail assets (excluding developments), and we set a portfolio target of 4.3 stars for FY17. Several locations could not be rated due to lack of clarity on embedded network metering architecture and utility billing issues whereby consumption is estimated. These issues will be rectified for the next rating cycle.

For many years, we have invested in energy sub metering systems to monitor energy consumption in our office, business parks 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 any efforts to reduce energy consumption. Energy sub metering is a key tool for us to manage consumption and is critical to our ability to achieve our targets.

In **Residential**, where we historically have had little 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. In FY15, our medium density business and completed homes program were established with the project teams working through effective and efficient sustainability commitments for inclusion in our designs such as green schools and energy fit homes. We will prepare a policy and minimum standards for medium density and completed homes in FY16.

During FY15 we commenced design and delivery of our second sustainability hub at Willowdale in NSW. Our sustainability hubs provide a home within or adjacent to our display villages and are designed and constructed to achieve high environmental performance such as 8 Star NatHERS (Nationwide House Energy Rating Scheme) thermal performance. The homes offer an opportunity for our customers to understand how more sustainable features can be integrated into a home, whilst also offering community services such as cooking classes or playgroups.

We are working towards our first Green Star school on our Highlands project in Victoria and anticipate the rating being achieved in FY16. The Green Star program is designed by the GBCA to rate facilities and assets such as schools. The purpose of the rating is to drive design that better responds to environmental issues and improves the quality of indoor environments providing a healthier learning environment for students.

In **Retirement Living**, we have undertaken a project to gain visibility over energy use in our clubhouses and homes to identify options to further reduce energy consumption. We will look to set benchmarks and influence resident behaviour to find further energy reductions at our villages.

Case Study: Performance 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.

In FY15 we concluded our second transaction, trading 14,337 energy savings certificates accrued between 2011 and 2013 and earning \$256,000 in income.

Alternative energy

Our approach to alternative energy has been focused predominantly on solar, though wind and tri-generation has also been explored across certain assets. Our current focus on alternative energy reflects the reduced cost of solar and is driven by our portfolio renewable energy target of 3% of our base building energy consumption within Retail. We actively assess which opportunities to roll out across the portfolio and focus on alternative energy initiatives that meet our return on investment hurdle.

We also focus on building embedded energy networks across our Retail and Retirement Living sites. Not only does this give us the opportunity to provide tenants with renewable energy, but it also allows 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 allows us to identify further emission reduction opportunities and will enable us to work collaboratively with our tenants to further reduce their energy costs in the future.

While we currently focus our alternative energy investments on our Commercial Property sites (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. A large proportion of our retirement village homes have solar installations. Our policies also stipulate that dwellings are to be connected to reticulated natural gas or LPG where available.

In FY15, we conducted solar feasibility assessments on three shopping centres and commenced construction of Australia's largest single rooftop solar PV system (1.22MW) at Stockland Shellharbour. The Shellharbour solar installation exceeded the Stockland financial hurdles for project upgrades at 12%. This includes Renewable Energy Certificates in the format of Large-Scale Generation Certificates (LREC) which contribute to the payback.

Case Study: Australia's largest single rooftop solar system

During FY14 we set a renewable energy target in our retail portfolio of 3% based on the FY13 energy consumption in our shopping centres. This target is the equivalent of 1.35 MW of electricity being supplied as renewable energy across the retail portfolio. In FY15 we commenced undertaking technical and financial feasibility assessments into the installation of solar photovoltaic (PV) energy in our shopping centres commencing with Stockland Shellharbour.

At the same time as solar feasibility assessments were being undertaken, we investigated the commercial value of providing embedded metering networks to supply electricity at discount to our NSW and Victoria retailers. For Shellharbour, the feasibility assessment determined the best return on investment from solar PV occurs when the energy is provided to the embedded network and supplied to our retailers.



Solar panels at Stockland Shellharbour

A competitive tender was undertaken with the successful contractor being a joint venture partnership between Canadian Solar and Todaee Solar and was installed between March and June 2015. The system is sized at 1.22 MW, making it the largest single rooftop solar PV system in Australia.

The system comprises 3,991 photovoltaic (PV) panels with a total surface area of 7,658 square metres, which is similar in size to the area of a football field. It generates on average 4,789 kilowatt hours (kWh) per day, the equivalent of 28 per cent of the centre's daily base building power requirements or enough to power 280 homes and will offset approximately 1,700 tonnes of CO₂ annually.

The project is a win for Stockland in that it has allowed us to achieve our 3% renewable energy target in conjunction with three smaller solar PV installations in our portfolio for a total of 1.36 MW. It is also a win for our retailers who will benefit from being supplied with renewable energy at a reduced cost for their daily power and lighting needs. The cost of the system was \$2.1 million and is the latest in a series of sustainability initiatives in place at the 4 Star Green Star As Built rated shopping centre. We estimate the payback on this investment to be seven years.

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 Executive Committee members, including the COO. Our Chief Operating Officer (COO) assumes ultimate responsibility at a group level for environmental performance, including energy and emissions, and reports directly to the Managing Director (MD).

Our National Sustainability Manager is supported by business unit National Sustainability Managers and has responsibility for the strategic identification and evaluation of emissions reduction and alternate energy initiatives across the diverse portfolio of assets. Our 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 business unit CEOs as well as Project and Asset Managers and functional staff, have KPIs relating to strategic energy and emissions reduction targets.

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 timely 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 the centre's capital expenditure investment, gross actual savings, gross return on investment (savings /capex) and net 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. FY15 Update

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

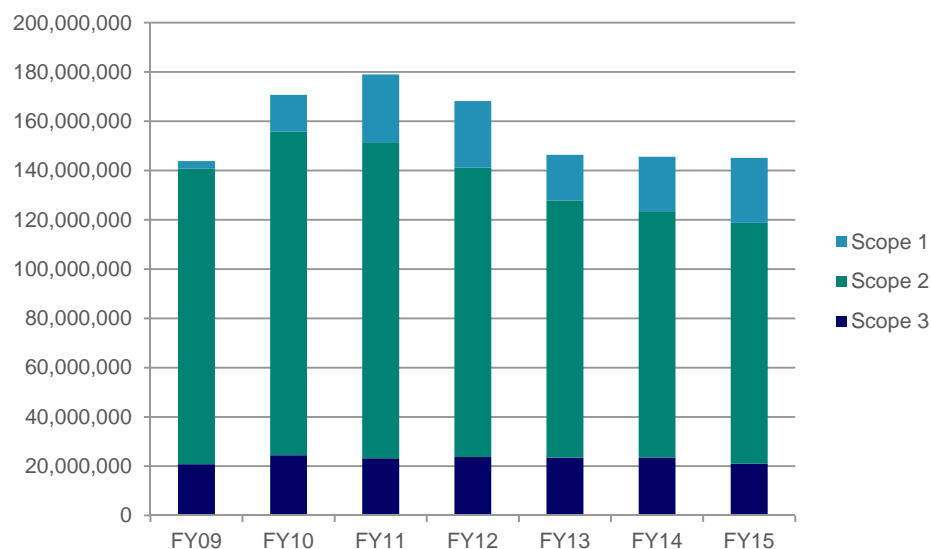
The table below outlines our scope 1 and 2 emissions over the last 7 years. FY15 saw an increase in scope 1 emissions primarily due to increased construction and delivery in the residential business.

Scope 2 emissions reduced slightly, largely due to reduced gross energy consumption at Commercial Property assets and an improvement in retirement living data acquisition. This improvement means that we can now separate our management controlled emissions at our retirement living villages from our residents' emissions at sites where we have embedded electricity networks.

Scope 1, 2 and 3 emissions over the last seven years

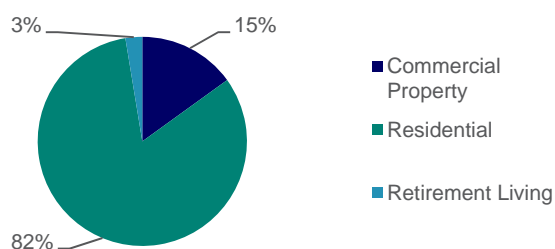
	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Scope 1	26,368,416	22,101,740	18,509,406	26,960,684	27,459,144	14,904,868	3,016,281
Scope 2	97,763,050	99,927,336	104,392,844	117,517,462	128,283,100	131,369,103	120,000,601
Total Scope 1+2 emissions	124,131,467	122,029,076	122,902,250	144,478,146	155,742,244	146,273,971	145,326,882
Scope 3	21,002,042	23,556,176	23,449,075	23,726,296	23,214,328	24,466,064	20,830,721

Scope 1, 2 and 3 emissions over the last seven years



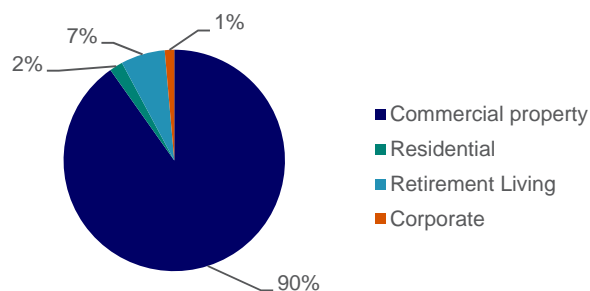
Total Scope 1 emission by business unit

The charts below outline the percentage allocation of our scope 1 and 2 emissions by business units. Residential constitutes the largest proportion of our scope 1 emissions due to contractor construction activity across our development projects. New construction projects in FY15 include The Grove, The Address and Cloverton. Total scope 1 emissions are 26,368,416 (kgCO2-e).



Total Scope 2 emissions by business unit

Commercial Property constitutes our largest proportion of scope 2 emissions and remains the focus of our strategic energy efficiency initiatives. Total scope 1 emissions are 97,763,050 (kgCO2-e).



For a detailed breakdown of our Scope 1, 2 and 3 emissions please refer to our [Environmental Data](#).

As we gain further visibility over energy and emissions in our Retirement Living business, we will identify and implement opportunities for reduction in emissions.

Commercial Property

In FY15 we completed NABERS ratings on 19 out of 22 eligible retail assets (excluding developments) and we have set a portfolio target of 4.3 star NABERS Retail for FY17. NABERS Retail requires all assets to be over 15,000m² to be eligible. Several locations could not be rated due to lack of clarity on embedded network metering architecture and utility billing issues whereby consumption is estimated. These issues will be rectified for the next rating cycle.

In FY15, we conducted solar feasibility assessments on three shopping centres and commenced construction of Australia's largest single rooftop solar PV system (1.22MW) at Stockland Shellharbour.

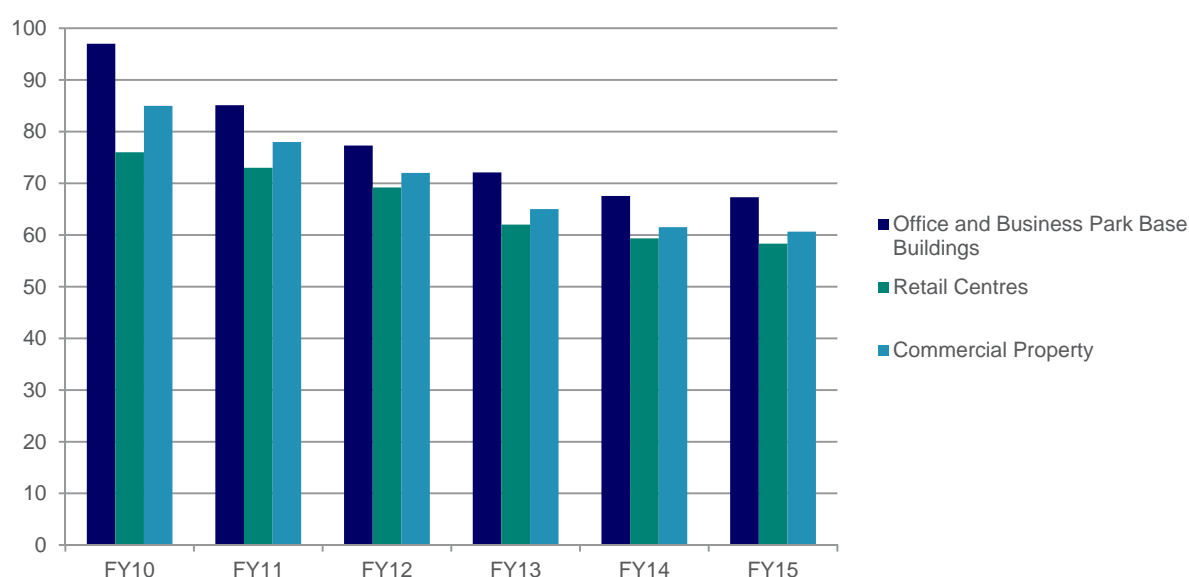
Greenhouse gas emissions intensity (kgCO₂-e/m²)¹

The table below outlines our GHG emissions intensity data since FY09. We track our energy consumption on a per square meter intensity basis as a means to understand our energy impacts while taking divestments and investments into account.

Our greenhouse gas emissions intensity has been steadily decreasing across all commercial property asset classes and we will continue to monitor and invest in technology to assist us in achieving our FY17 target.

	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Office and Business Parks	67.32	67.55	72.1	77.3	85.1	97.0	103.8
Retail	58.32	59.34	62.0	69.2	73.0	76.0	74.6
Commercial Property²	60.66	61.52	65	72	78	85	87

Commercial Property Emissions Intensity (kgCO₂-e/m²)



Emissions intensity reduction (%)

The table below outlines our year on year emissions intensity reductions over the last 7 years. We will report each year on our progress against our FY17 targets. For the Office and Business Parks portfolio our FY17 target is to maintain FY14 intensity levels and for the retail portfolio, this is to achieve a 10% reduction in intensity from an FY14 intensity.

	Annual Intensity Change					
	FY15	FY14	FY13	FY12	FY11	FY10
Office and Business Parks	0%	-6%	-7%	-9%	-12%	-7%
Retail	-2%	-4%	-10%	-5%	-4%	2%
Commercial Property	-1%	-5%	-10%	-8%	-8%	-2%

¹ Based on Scope 1 and 2 emissions

² Combined Office and Retail

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 FY15 we implemented a number of energy efficiency initiatives including LED lighting upgrades at Riverton, Shellharbour and Traralgon, completion of the largest roof top solar at Shellharbour as illustrated above and have started a major HVAC upgrade at Bathurst. We continue to realise energy efficiency opportunities through our sub metering systems and installed additional metering systems in our shopping centres at Bundaberg and Riverton in FY15.

At our new developments where we commit to a minimum 4 Star Green Star rating, 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 Wetherill Park and Harrisdale where we are targeting Green Star ratings and installing energy efficiency features through design.

FY15 we achieved our 4.5 Star average NABERS rating target for our combined Office portfolio and have set a target for the first time in our Retail portfolio of 4.3 Stars by FY17. Stockland has the most Green Star Retail ratings.

Retirement Living

We are working to gain comprehensive visibility over energy use to inform us on further energy efficiency programs to reduce energy emissions in our operational villages. Currently, some of our newer villages have energy monitoring equipment installed within common areas and resident units to enable our resident communities to take ownership for reduction in energy use and emissions.

Our Green Star rated villages have building management systems in place in clubhouses to enable adjustments to be made at any time where spikes in use occur.

The Retirement Living design guidelines encourage reductions in energy use and emissions as our standard design requirement through maximising solar orientation, installation of energy efficient appliances and light fittings, natural gas solar boosted hot water systems, LED and sensor activated lighting systems (further details provided in the case study below).

Residential

In FY15, our medium density and completed homes business was established with the project teams working through effective and efficient sustainability commitments for inclusion in our designs. We will prepare a policy and minimum energy efficiency standards for the business in FY16.

In FY15, our Caloundra South master planned community achieved our first rating under the Green Star Communities tool. We are now reviewing a number of other projects for rating in FY16.

We continue to look for opportunities to embed more energy efficient design and technologies opportunities and alternative energy supply options into the parts of our projects over which we have greatest control or influence. Generally the greatest control occurs in our sales and information centres where we display efficiency measures in the builder partner display homes. On some projects we have mandated energy efficiency measures and are actively assessing our customers' perceptions of these initiatives.

Some examples of energy efficiency on our projects include:

- Low voltage lighting and double glazed windows at Allura in Victoria.
- PV systems installed on many of our sales and information centres. Our most recent installations were on our sales centres at Cloverton in Victoria and Amberton in Western Australia. We have six homes with Solar PV at Ormeau Ridge, three homes in North Lakes, 12 homes at Eucalypt in Victoria.
- Sixteen homes at Bells Reach, 26 homes at North Shore Queensland and two homes in Newhaven Western Australia are rated 7 stars or above for thermal Performance using the NatHERS rating system.
- Twenty four homes in the display village at Bells Reach include in home energy monitors so customers can see options for better understanding and managing their energy use.
- Where swimming pools are installed at Bells Reach, they must be 5 star rated for energy efficiency or connected to off peak energy circuits.
- At Augustine Heights, the design of our sales office has included elevation to allow for cooling breezes and north south orientation to maximise lighting and to capture breezes. Similarly our sales centres at Sovereign Pocket includes window louvres and outdoor shaded areas to control cooling in the building.
- We contributed to the construction of a 5 star Green Star rated library at North Lakes, completed in December 2014.
- Construction has now commenced on our Sustainability Hub at Willowdale in Sydney's south west growth centre. 'Willowdale House' is a partnership between Stockland and Eden Brae homes to build an 8 star home which displays technologies and design options. The home will be used to operate community development initiatives in partnership with councils.
- At our North Shore project in Townsville, we have partnered with Ergon Energy to develop an educational handbook on how to design an energy efficient home and what questions to ask builders. We are also trialling battery packs installed at twenty homes that also have solar panels installed. The trial will seek to understand the battery performance and impact on grid.

Case Study: Reducing Emissions at Cardinal Freeman Retirement Village

Our Cardinal Freeman Retirement Village (currently under development) is the first medium density retirement village to be developed within our portfolio. This new apartment focussed offering is a shift away from our usual single level villages and will include the following initiatives aimed at reducing energy use and emissions.

Apartments

- LED down lights throughout;
- Energy efficient, reverse cycle day/night zoned air conditioning provided to all apartments;
- Low-e laminate glazing;
- Energy efficient appliances (including dryer and washing machine);
- Centralised gas powered hot water unit to all apartments; and
- Provision for future embedded energy network.

Common area / Community Centre

- LED lighting for all internal and external public areas;
- Internal public area lighting all fitted with movement sensors;
- Community centre fitted with an automated lighting system;
- Low-e laminate glazing;
- Photo voltaic solar panels installed to contribute to the energy supply;
- Centralised gas powered hot water unit to community centre;
- Provision for future embedded energy network; and
- Pool is heated via air cooled water pump.



6. Targets and Progress

FY15 Priorities		FY15 Performance
Commercial Property		
Retail		
10% improvement in retail FY14 energy intensity by FY17	In Progress	The retail portfolio has reduced its energy intensity by 2% from FY14. This is a good outcome considering the number of large developments that have taken place in FY15. We will continue to report on our 10% improvement target through to FY17.
3% renewable energy target in retail by FY17	In Progress	3% represents 1.36 MW, which we have installed the capacity to deliver across four assets, including the Shellharbour solar PV project (1.22 MW). Our focus for FY17 will be verifying that we have exceeded our 3% FY17 renewables target in operation.
Conduct NABERS energy ratings on all eligible retail assets in portfolio by FY17	In Progress	Ratings completed on 19 out of 22 eligible assets. Remaining assets to be rated prior to FY17. We have set an FY17 portfolio average target of 4.3 stars. Current portfolio average 4.2 stars.
Office and Business Parks		
Aspire to a 4.5 Star average	Achieved	Office and business parks portfolio has maintained its overall energy intensity over its FY14 target. Current portfolio average 4.6 stars.
Residential		
40% reduction in energy use of areas we control compared to regional averages.	NA	With our expansion into medium density housing, we have further refined this target to focus on new projects with over 500 dwellings or precincts over 750 dwellings. No new projects over 500 dwellings or precincts over 750 dwellings commenced in FY15.
5% of energy from renewable energy sources across all our new residential communities by FY17	Not Achieved	As we do not have oversight of customer energy demand this target cannot be verified. Stockland will complete a residential renewables study to verify greatest opportunities for impact.

FY16 Priorities

Commercial Property

- 10% improvement in retail FY14 energy intensity by FY17.
- Undertake feasibility assessments on solar PV across 5 retail, office and business park assets.
- Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.
- 3% renewable energy target in retail by FY17 (base building retail energy).
- NABERS retail energy portfolio average target of 4.3 stars by FY17.
- Maintain a 4.5 star NABERS average in office and business parks by FY17.

Residential

- 40% reduction in energy usage per residential lot incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct (new projects are defined as those with over 500 dwellings and new precincts over 750 dwellings).
- Stockland will complete a residential renewables study to verify greatest opportunities for impact.
- Prepare a sustainability policy and minimum standards for the medium density and completed homes business in FY16.
- Develop a standard methodology for measuring renewable energy on our masterplanned communities by FY17.

Retirement Living

- Measure baseline energy and emission performance and set energy efficiency targets to reduce emissions levels on operating assets.
- 40% reduction in energy usage per retirement home incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct.

Retirement Living

40% reduction in energy use in development villages compared to regional averages.	NA	<p>We reframed this target to focus on retirement living village developments.</p> <p>We did not have any new retirement living villages through most of FY15, with the exception of Willowdale which commenced development in late FY15.</p>
Continue to roll-out the McArther Gardens energy efficiency project and look for other opportunities in other projects to deliver energy related savings.	In Progress	<p>We completed a detailed review on Macarthur Gardens and the team implemented some of the identified energy efficiency opportunities. Additionally we reviewed other opportunities and discovered that there was a solar opportunity on site that needed final stage commissioning. We upgraded this, and the solar is now working. The site has achieved substantial savings.</p>

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. Climate Resilience

The Intergovernmental Panel on Climate Change's Fifth Assessment Report (IPCC AR5) states, with very high confidence, that the main potential risks for people, assets, economies and ecosystems due to climate change are, depending on geography, 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 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 that can endure severe weather impacts and operate without disruption. Understanding where events are likely to occur and how well our assets and communities are able to respond, enables us to improve the resilience of our assets and reduce risk to business continuity. It also potentially reduces the risk to human life and community safety.

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; and
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:

- 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 change-prepared;
- Increases customer comfort levels within our assets; and
- Helps maintain longevity of assets within our portfolio.

3. Management Approach

Extreme weather events may potentially damage assets and bring about potential losses. For this reason, we have included climate change risks and the potential financial implications in our enterprise risk framework. By implementing initiatives that improve the resilience of our assets, we reduce the risk of business disruption to our customers and residents, and mitigate potential future costs associated with maintenance, upgrade and emergency response initiatives across our assets. This contributes to our competitive position as a leading creator of places that meet the needs of our customers, as well as our ability to deliver greater returns in the medium to long-term.

Our Climate Change Action Plan articulates our overall approach to climate change and outlines 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 sustainability 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 and the toolkits help our communities and assets move beyond minimum standards. We also ensure the inclusion of climate resilience improvements across our assets in the annual capital expenditure allocation and budgeting program.

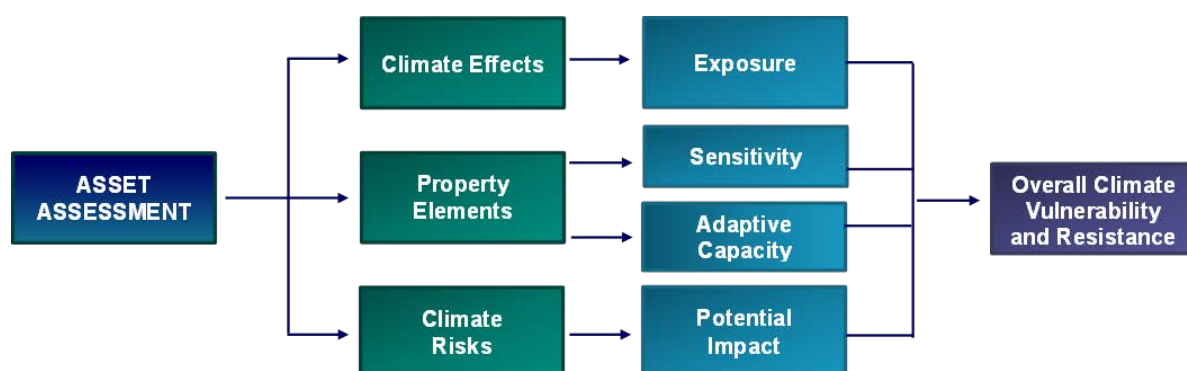
Our climate resilience approach aims to increase our understanding of future climate impacts on our business and identify what we need to do to create resilient communities and assets of the future. Over time we seek to further integrate climate resilience into all key business decision-making processes,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

In 2011, we developed a climate adaptation strategy in collaboration with Manidis Roberts, which included a methodology to assess the vulnerability and resilience of our assets to climate change (see Figure 1). These assessments focus on the vulnerability of the asset to climate and its ability to endure severe weather impacts and operate without disruption. As outlined in Figure 1, the methodology defines key vulnerability and resilience criteria, with a particular focus on location and design, structure, operation and maintenance, utilities and services and stakeholders. These attributes are assessed for their exposure to Climate Effects, Property Elements and Climate Risks, and assigned a resilience score.

'Climate Effects' relates to the degree of exposure a building has to weather events based on its geographic location, such as North Queensland where there is a high exposure to cyclones. 'Property Elements' are the physical and operational attributes of a building that make it vulnerable or resilient to those climate effects, such as box gutters that do not cope with high volumes of stormwater. 'Climate Risks' are the potential impacts of weather-related events on a building based on its location and attributes, such as loss of trade due to local flooding or air conditioning failure on hot days.

To date, we have completed assessments on 17 retail and office assets, three residential and three retirement living assets.

Figure 1: Asset Climate Resilience and Vulnerability Assessment Methodology



In Commercial Property, we have a comprehensive portfolio-wide approach to assessing and managing the physical risks of climate change through our climate vulnerability and resilience assessments. We select assets that are located in vulnerable regions, or have a perceived exposure to climate vulnerability, based on recent experiences.

Action plans are developed for each asset and include the implementation of operational responses, maintenance regimes and emergency response plans with a view to improving the resilience score of the asset.

We undertake similar assessment processes in our residential and our retirement living portfolios. We are developing a simple asset decision-tree, to help project teams understand the level of assessment required for their project. We undertake comprehensive assessments where projects are found to be exposed to higher levels of climate impact. For projects considered to be lower risk, we focus on compliance with regulatory standards and respond accordingly to specific issues. The assessment methodology has been developed to help us to respond to the climate resilience credits within the Green Star Communities and design and as-built rating tools.

Our project teams consider climate resilience in the design of our shopping centres and residential communities by including principles-based criteria in our design guidelines and minimum standards. We look at future climate scenarios to understand how the designs of our assets in development will respond to increased rain, cyclone and heat events, and what we need to consider when designing stormwater, roofing and air conditioning systems. Considering these attributes early in design will ensure we avoid building obsolescence and vulnerability into our new developments.

We develop Cyclone and Emergency Management Plans for all our assets and update them as required with lessons learned from recent extreme weather experiences. In addition to using a traditional risk matrix for climate vulnerability, we are also developing an 'Opportunities Matrix' to identify the value of discretionary climate resilience initiatives such as shade sails in our carparks. These initiatives are generally not highly prioritised using a traditional risk-based likelihood and consequence assessment. However, by viewing them as opportunities, they are prioritised based on the ability to reduce the asset's vulnerability.

We are aware that our approach within climate resilience can support us to achieve greater points through the usage of the Green Building Council of Australia's (GBCA) Green Star rating. All new commercial property and retirement living developments are required to achieve a minimum 4 Star Green Star rating. Our Caloundra South residential master-planned community achieved a 6 star rating under the Green Star Communities tool in FY15. As a part of our commitment under Green Star Communities, we have prepared climate adaptation and resilience plans, which will inform project teams on how to create resilient communities throughout the life of the development. Given we have only undertaken a single assessment using the communities rating tool to date, we do not yet have a target for our communities projects, however we will pilot further projects during FY16 to help us better understand our future position on the tool.

Assets also consider and plan for climate resilience initiatives through our sustainability and asset /business planning processes, undertaken annually.

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.

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 Executive Committee members, including the CEOs of Commercial Property, Residential and Retirement Living. An Employee Sustainability Committee also provides guidance on climate resilience and initiatives. 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, 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 a climate-resilient approach is effectively delivered and managed at the project and asset level.

4. Review and Evaluation

Across Commercial Property, we review climate adaptation action plans to track progress on the implementation of initiatives following initial assessment. Reassessment of the assets will be conducted in FY17 to measure the improvements in resilience against the actions that were recommended at the time of the original assessment. For comparison purposes, it's important to ensure the assessment and reassessment scores are transparent and consistent. This has proved an effective way of measuring improvements, and has enabled us to set targets for our most vulnerable assets.

Using the 1-to-9 rating scale developed as part of our assessment methodology (where 1 is extremely resilient and 9 is extremely vulnerable), we have identified the average score for our portfolio and for specific regions. For our most vulnerable assets in North Queensland (prone to extreme weather events), we have set a regional improvement target to be achieved by FY17. We aim to improve the regional average resilience score for our North Queensland shopping centres from 5.9 to 5.5 through the implementation of recommended actions and reassessment of the centres in this region.

Climate resilience as a concept is gaining more attention across all industry sectors and is complementary to our other risk assessment processes. We are making steady progress to embed climate resilience awareness and practice into our operational risk framework. We are focused on ensuring climate resilience is fully integrated into our standard risk management processes which will provide greater visibility over the implementation of action plans. To date, we have integrated climate resilience into a number of risk assessment frameworks, and have presented this to our insurers with positive feedback and recognition of our efforts to build a more resilient portfolio of assets.

5. FY15 Update

Commercial Property

Keeping to our approach of testing future climate scenarios in a broad variety of geographic locations, it is important to understand the regional variances and unique vulnerabilities for each of our assets in regions where our portfolio is widespread. In FY15, climate resilience assessments were undertaken at Stockland shopping centres at Traralgon in Victoria and at Forster and Bathurst in NSW. We have also engaged the centres that have been assessed over the last three years to review progress on the range of climate resilience actions that have been implemented across the portfolio.

Case Study: Stockland Rockhampton Moore's Creek footing repairs

The City of Rockhampton has experienced significant rain events over the past 4 years, resulting in major regional and local flooding. Our shopping centre at Rockhampton has proven resilient to local flooding due to its position above the flood level, however, it has been vulnerable to damage from flooding along Moore's Creek which flows under one section of the centre.

In major rain events in January 2011 and January 2013, footings to the structural foundations of the centre constructed into the creek bed, designed to withstand a 1:100 year flood event, were exposed after shotcrete reinforcing and stone ballast washed away. Repairs had been undertaken on two occasions in three years to the same standard as originally designed. After the second flood washed away the repaired footings, a more resilient design was implemented to withstand a 1:300 year flood event.

In March 2015, Cyclone Marcia swept through Rockhampton and brought another major rain event. Flooding along Moore's Creek again threatened to damage the footings to the centre. The more resilient design of the footing repairs on this occasion held well with no major damage.



Moore's Creek flowing under a section of our Rockhampton shopping centre showing reinforcing to the structural footings.

Retirement Living

We have conducted assessments of three existing retirement living villages, and a village currently in the design phase, to identify climate risk levels and adaptation measures required. The findings helped us to better understand where we could make changes to our design and operations to ensure more resilient villages. In particular, we identified elements such as darker roof colours, which require more energy to cool in summer, and the importance of stormwater maintenance to flood liable areas.

Residential

A climate adaptation decision-tree, to help project teams plan for climate resilience, was prepared for our residential business and will be rolled out in FY16. The decision-tree will help project teams to quickly self-determine whether there are potential climate-related issues associated with their project site (such as bushfire, flooding and sea level rise) and the opportunities to build resilience into their master-planned projects.

Our first 6 star Green Star Communities project, Caloundra South, committed to a range of initiatives to improve the resilience of the project, including maximising green space and shade across the development and identifying reflective roof materials and colours for inclusion in design guidelines.

6. Targets and Progress

FY15 Priorities

FY15 Performance

Commercial Property

Improve the regional average resilience score for North Queensland shopping centres from 5.9 to 5.5 (as measured by the climate resilience and vulnerability assessment) by FY17.	In Progress	Climate resilience initiatives are being implemented from action plans on sites that have been assessed. The target score will be recalculated and reported in FY17.
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Retirement Living

All villages to complete a climate resilience assessment by end of FY17.	In Progress	<p>Assessment methodologies and decision-trees completed. Assessments to be rolled out over FY16 and FY17.</p> <p>While all villages will run through the decision tree assessment, the target for FY16-17 has been restated to focus on development villages in high risk locations.</p>
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Residential

All residential projects to complete a climate resilience assessment by the end of FY17.	In Progress	<p>Assessment methodologies and decision-trees completed.</p> <p>No active high risk projects were identified in FY15. Assessments to be rolled out over FY16 and FY17.</p> <p>While all projects will run through the decision tree assessment, the target for FY16-17 has been restated to focus on residential projects in high risk locations.</p>
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FY16 Priorities

Commercial Property

- Undertake climate resilience assessments in three new locations and implement initiatives from action plans on all sites assessed.
- Improve the regional average resilience score for North Queensland shopping centres from 5.9 to 5.5 by FY17.

Retirement Living

- All retirement living villages in development to complete a climate resilience and vulnerability assessment.
- All development villages in potential high-risk locations (climate risk) to complete a climate resilience assessment by end of FY17.
- Undertake climate resilience and vulnerability assessments at Cardinal Freeman and Willowdale retirement living villages.
- Embed the climate resilience and vulnerability criteria into the operational risk procedures.

Residential

- All active residential projects in high risk locations (climate risk) to complete a climate resilience assessment by the end of FY17.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
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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

Development is a key activity for Stockland. It brings with it challenges and opportunities for our business, particularly in new urban growth corridors. We develop new land for housing, including infrastructure and social amenities to create sustainable, thriving communities. Developments on greenfield sites can impact local bushland habitat, ecological communities, and protected or significant species.

We aim to minimise and mitigate these impacts to protect the biodiversity of our surrounding environments. We appreciate that preserving biodiversity enhances the liveability and vitality of our communities over the long term. Our Liveability surveys (of our residential communities) tell us that customers value green space, therefore balancing developable land with retention and activation of biodiversity is critical to the success of our masterplanned communities. We also understand the inherent value of biodiversity conservation to ensure the values of Australia's unique flora and fauna are preserved. By effectively minimising and mitigating the impacts to biodiversity, we are also able to reduce development approval delays at a local, state and national level.

The impact of our business on biodiversity is for the most part unique to our greenfield residential developments 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;
- 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;
- introduction of predators and invasive species;
- isolation of habitat;
- reduced genetic diversity; and
- altering hydrological and fire regimes.

3. Management Approach

We strive to maintain a delicate balance between protecting biodiversity and developing communities based on good urban design principles. Most of the time, good urban design aligns with biodiversity protection. However, sometimes principles of efficient and effective land use (such as increased density around transport and employment nodes) can conflict with principles of biodiversity conservation. Our goal is to better understand biodiversity protection, management and enhancement opportunities in our communities.

Biodiversity is heavily regulated across all states in which we operate and across all three levels of government through which we require approvals. Our sustainability policy guides us to ensure we manage our compliance with locational and project-specific requirements by ensuring appropriate site assessments are carried out and biodiversity management plans are in place for all greenfield development.

We work closely with local council, state government or the federal government to identify and conserve significant species or habitats on, or adjacent to, our sites. Factors which influence the biodiversity impacts and management include:

- Biodiversity impact - 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.
- Planning and design - 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 and liveability of the development. These decisions can impact the location of infrastructure and housing and, therefore, where biodiversity is conserved on a project site.
- Ongoing management - ownership opportunities and responsibilities beyond the development phase of the project. It is important that if decisions are made to protect biodiversity in urban areas for the long term, that appropriate ownership models are agreed, such as public ownership by a local council, planning instrument protection such as environmental protection zones, management considerations such as weed removal, appropriate fire regimes and feral animal control.

When a decision is made to develop in an area of significant biodiversity, we implement a range of programs to manage any adverse impacts, including rehabilitation programs, on and offsite conservation, the provision of research funding and the reversal of impacts associated with pre-existing uses such as grazing.

Consistent with our group-wide management approach, minimum performance standards have been included in the sustainability policy and supporting sustainability toolkit for our residential communities, which present the majority of our biodiversity risks and opportunities. The policy outlines the biodiversity requirements in the design and development of our communities, and the toolkit helps our communities and assets move beyond minimum standards, complementing local regulation.

Biodiversity management plans

Threatened species with habitats affected by our operations are 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 to access and manage in perpetuity. This is supported by the preparation of biodiversity management plans (BMP). A BMP identifies areas of biodiversity to be conserved or offsets to be provided. It will also provide details relating to the rehabilitation or revegetation and protection of biodiversity. Often the provision of funding to ensure protected areas can be appropriately managed over the long term.

We also partner with environmental or community not-for-profit organisations or community groups to deliver activities such as tree planting. These contractors and partners are managed according to delivery of our approval conditions.

Data collection

We have been collecting data on our biodiversity performance over the past five 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 a six-monthly data collection process to understand progress and project responses to biodiversity management. In addition, our projects report on biodiversity at various stages of the development process. At the completion of the master plan, we report on expected impacts and protection plans. Projects then report again during construction on the delivery of management actions.

It can be challenging to develop a key set of indicators and processes for biodiversity reporting as we operate across five states with different legislation, and often with Commonwealth approval requirements. Our aim is to collect and report consistent information to enable comparison between projects across the country.

Roles and Responsibilities

Our biodiversity approach, targets and performance tracking are overseen by our Board Sustainability Committee. An Employee Sustainability Committee also provides guidance on biodiversity issues.

Accountability for biodiversity delivery sits with various members of the Executive Committee, including the CEOs of Commercial Property, Residential and Retirement Living. Our 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 business unit National Sustainability Managers, has responsibility for ensuring the effective implementation and evaluation of our 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 and Project Managers are responsible for ensuring that biodiversity is effectively managed at a project level.

4. Review and Evaluation

Processes for management of biodiversity are under the control of the federal and state governments. Our key role is to ensure compliance and look for opportunities to better understand biodiversity value on our projects.

Our project approvals will stipulate requirements in relation to biodiversity, and a biodiversity management plan will be prepared to support a development application or as a condition of development consent.

We engage our construction contractors on the basis that they deliver on our approval conditions, including any conditions relating to biodiversity. Development Managers and Project Managers conduct a project management review process to ensure contractors are capable of delivering our biodiversity conditions. Our contractors are then managed through regular site meetings and reporting to ensure biodiversity conditions are met.

5. FY15 Update

In FY15, we developed a biodiversity calculator to assess the change in biodiversity value of our projects based on an initial pre-development value at a site. The calculator takes the significance into account, which can vary between state and federal legislation, allowing us to aggregate the outcomes across the portfolio and between states. The calculator is based on the biodiversity calculator used by the Green Building Council of Australia to assess changes in ecological value for Green Star projects. We have tested the calculator on four projects in our portfolio, including The Grove, North Shore, Sienna Wood and Willowdale, and are currently running another six existing projects through the calculator. The initial results indicate that we will be able to quantify the change in biodiversity value on the site, and the extent of the overall biodiversity outcome from development of a site, in a relatively simple and comparable way.

In FY15, our total number of projects that have masterplan approval decreased from 42 to 39; however, the total number of projects identified as having significant biodiversity on site increased due to the identification of a number of legacy projects that have significant biodiversity on site. In addition, five new projects obtained masterplan approval and five existing projects identified new biodiversity value.

Our projects with significant biodiversity value are outlined in table 1.

Table 1. Projects with areas of significant biodiversity value

Status	Region	Development	Location	Total land (ha)
Released to market	Victoria	Allura	Truganina	140
		Eucalypt	Epping	81
		Highlands	Craigieburn	970
	Western Australia	Mernda Villages	Mernda	203
		Amberton	Eglington	198
		Calleya	Banjup	145
		Corimbia	Lansdale	59
		Sienna Wood	Brookdale	330
	New South Wales	Vale	Aveley	541
		Brooks Reach	South Coast	65
		McKeachies Run	Maitland	150
		Murrays Beach	Lake Macquarie	160
		Waterside	Penrith	53
	Queensland	Willowdale	Leppington	350
		Augustine Heights	Augustine Heights	68
		Bells Reach	Caloundra	65
		Brightwater	Sunshine Coast	215
		Hundred Hills	Murwillumbah	44
		North Shore	Townsville	1031
		Ormeau Ridge	Ormeau	17
		Stone Ridge	Narangba	47
		The Observatory	Kingsmore	300
		Vale	Logan	43
Development pipeline	Victoria	Cloverton	Kalkallo	1141
		The Grove	Tarneit	98
	New South Wales	Schofields	Schofields	52
	Queensland	Pallara	Pallara	122
		Paradise Waters	Deebing Heights	338
		Bahrs Scrub	Logan	131
		Caloundra Downs	Caloundra South	2360

Our total land area under production increased substantially this year, as did the land area dedicated to biodiversity on projects that either achieved a master plan approval during the year or were under construction. We have also seen a substantial relative reduction in the total areas of biodiversity habitat to be removed, or being removed, in recent development approvals. Projects such as Cloverton, The Grove and Schofields have been able to preserve all areas of significant biodiversity identified within the masterplan. We have also seen an increase in land areas identified for revegetation or rehabilitation in recent development approvals. Caloundra South, for example, will increase the total area dedicated to biodiversity habitat on site by more than double once biodiversity restoration works are complete.

Case Study: Protection of the Wallum Sedge Frog at Caloundra South

Caloundra South is Stockland's largest masterplanned community project, with a total land area of 2,360ha and a forecast of 18,104 dwellings to be delivered over the next 30 years. Our Caloundra South project is setting the sustainability benchmark for projects of this scale, as demonstrated through the achievement of the Green Building Council of Australia's 6 star Green Star accreditation in March 2015. Caloundra South is the first city-scale development to achieve a 6 star rating, representing world leadership standards. The project will break new ground in areas as diverse as economic development, social infrastructure and climate adaptation.

The project is also demonstrating that with sensitive design and long term commitment, we can integrate our country's unique flora and fauna species into the urban fabric of a new city.

Although the site is highly disturbed through previous forestry and logging practices, the Wallum Sedge Frog (*Litoria olonburensis*) is a frog species found on the site. The frog is listed as vulnerable under the Federal Government's Environmental Protection and Biodiversity Conservation Act (EPBC) and only has a small habitat range along Australia's eastern most coastline in South East Queensland and North East NSW.

As the pine plantation at Caloundra South was progressively cleared over many years, the naturally occurring acidic soils, minimal tree cover and furrows created by forestry operators provided some opportunistic habitat conditions for the frogs, in addition to remnant vegetation.

Although the frogs were primarily living in modified habitat, Stockland needed to protect this vulnerable species under the EPBC and committed to ensure the species could be sustained at Caloundra South. Stockland involved leading frog experts and applied research findings to design and construct dedicated frog management areas on the site located within the future conservation areas that will result in over 700ha of land being protected and rehabilitated. Importantly, to preserve on-site habitat, pine regrowth will also be addressed and minimised.



Stockland is currently undertaking many initiatives to ensure the ongoing protection and management of the Wallum Sedge Frog at Caloundra South, including:

- Creation of dedicated frog movement corridors through the site which will include hundreds of dedicated frog breeding ponds being constructed to facilitate breeding and movement (as per the photograph).
- The creation of dedicated frog and fauna friendly crossings on major roads to facilitate connectivity of created habitats.
- The establishment of wide 'frog buffer zones' which separate residential development from key frog movement corridors.
- High efficiency sediment basins, which clean stormwater runoff from the site during rainfall events.
- Pre- and post-construction monitoring.
- Research funding of \$50,000 per year for 10 years.
- Caloundra South Landcare group established and leading community-based rehabilitation.

The frog ponds will be constructed prior to development and will be monitored to ensure frog 'recruitment' occurs during the testing phase. Other current activity includes staff and contractor training, continuing research and adaptive management.

6. Targets and Progress

FY15 Priorities

Between FY15 and FY17 make an average new positive contribution to biodiversity value across our new residential projects as measured by our Biodiversity Calculator

In Progress

FY15 Performance

We did not have any projects in a stage of planning where we have used the calculator in FY15.

We have developed the biodiversity calculator and have tested the calculator on 4 projects, with 6 more projects slated for testing in FY16.

We will report on progress in next year's report.

FY16 Priorities

- For new master-planned residential communities being planned from FY15, make an aggregated net positive contribution to the biodiversity value by FY17 as determined by the Biodiversity Calculator¹.

¹ The Biodiversity Calculator has been developed by Stockland and EcoLogical Australia to assess the change in biodiversity value of a project based on the initial pre-development value at a site. The calculator takes the significance into account which can vary between state and federal legislations, allowing us to aggregate the outcomes across the portfolio and between states. The calculator functions similarly to the biodiversity calculator within the Green Star rating tools.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. Customer safety and security

Water Management and Quality

FY15

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 fluctuating climate can lead to long-term drought, water scarcity (often resulting 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 the quality of rainwater run-off leaving our project sites. 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. Not only do they deliver significant benefits to the environment, but they also promote performance and cost efficiencies across our projects and operations.

3. Management Approach

Water management and quality is a key focus for Stockland. Consistent with our Group-wide management approach, minimum performance standards have been included in our sustainability policy and supporting environment toolkits.

As part of our sustainability requirements, 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 ratings (commercial property, residential and retirement living) or for operating assets through the asset or capital expenditure planning process (commercial property and retirement living).

The focus of our water management approach varies across business units due to the varying objectives and requirements of our different asset classes, as outlined in the table below.

Business Unit	Focus	Why?	How?
Commercial Property	Managing water consumption and ensuring operational efficiency across our assets.	Promotes more efficient operations, ensuring the ongoing viability of our assets as we move into a resource-constrained future. Also delivers cost savings to the business.	<p>We use the NABERS rating scheme to track water consumption across our office and retail assets.</p> <p>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.</p>
Residential	<p>To construct and deliver projects that minimise water use and contribute positively to catchments in which we operate.</p> <p>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.</p> <p>Provision of lower cost recycled/alternative water supply options.</p>	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.	<p>We monitor water use during both construction and delivery of our projects. The CCAP Precinct tool¹ is used to model the water use at all new masterplanned projects (over 600 dwellings) and new precincts (over 750 dwellings). The modelling is used to test options for reducing consumption in the completed community.</p> <p>We seek to mitigate the impact of our developments on natural ecosystems and water supplies through water sensitive urban design (WSUD). WSUD is a requirement on all new residential developments.</p>
Retirement Living	<p>The management of stormwater run-off and the ability to ensure quality of water supply to our residents, as well as the quality of water which is then released to the environment.</p> <p>Managing water consumption and ensuring operational efficiencies across our assets.</p>	<p>To reduce the footprint of potable water supply and reduce costs to residents.</p> <p>We also aim to have alternatives in place for when supply may be affected.</p>	<p>WSUD is a requirement on all new retirement living developments.</p> <p>Promoting and facilitating efficient water use practices.</p> <p>We monitor water use during both construction and delivery of our projects. At all new retirement living village developments, we use the CCAP Precinct tool to predict water use and test options for reducing consumption in the completed project.</p>

Design and Development

We use the Green Building Council of Australia's (GBCA) Green Star rating tools 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. Green Star sets minimum standards for water management and efficiency in commercial property and retirement living assets.

We use the CCAP Precinct tool to help us manage the environmental impact of our projects. It is a mathematical planning tool that enables a project to model and test different design and technology options. The tool enables the most cost effective options to improve water management to be identified for inclusion in projects.

¹ We use the CCAP Precinct tool to help us manage the environment impact of our projects. It 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.

During FY15, our residential business ran the CCAP Precinct tool on new bids to buy land. The Retirement Living business ran the CCAP Precinct tool on the Cardinal Freeman retirement village redevelopment in FY13, which identified water reduction opportunities compared to regional averages. In FY16 we will prepare the CCAP Precinct model for the Willowdale retirement village development which commenced construction in late FY15.

All our residential projects in NSW (such as Brookes Reach, Willowdale and Elara) are *BASIX* compliant and water tanks are typically provided to all homes to supply a combination of irrigation, toilets, and laundry. At our Bells Reach project, Queensland, we have mandated water tanks through a covenant placed on lots. A number of our Queensland projects are also connected to recycled water grids including Ormeau Ridge. In Victoria, most of our projects (including Eucalypt, Cloverton and Selandra Rise) are supplied with reticulated recycled water to supply irrigation requirements at a minimum.

Australian regulatory processes require permission from government authorities to extract water from water bodies. These authorities determine level of significance based on each development application. Developments are unlikely to gain approval if a water source is deemed to be significantly affected. Equally, regulatory 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 usually captured and reused on site, however as this is managed by a civil contractor we do not have control or visibility of percentage or total volume 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 our Office portfolio, we undertake NABERS ratings annually and have a long standing portfolio average target of 4.5 stars.

In our Retail business, we have taken a staged approach to NABERS ratings across the portfolio as the NABERS retail rating tool matures in the market. In FY15, we have undertaken ratings on all eligible retail assets excluding developments. In total, we have undertaken ratings for 15 out of 22 eligible retail assets and we will set a portfolio average target for FY17. Several locations could not be rated due to utility billing issues, faulty metering or absence of metering on bore water supplies. These issues will be rectified for the next rating cycle.

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 us to manage consumption and is critical to our ability to achieve our targets.

Water efficient landscaping is a feature of most of our residential communities projects across the country and this remains a key focus in Western Australia projects such as Amberton and Calleya, where summer rainfall is minimal and soils are sandy. At our North Shore project in Townsville, Queensland, we use rain sensors which can be controlled remotely to operate a drip irrigation system. The benefit of the system is that landscaped areas are only provided with the required amount of water and therefore reduce water wastage.

In our **Residential** business, we generally hand operational control (i.e. maintenance of public spaces) to Councils following project completion or as stages of our projects are completed. We retain operational control in some cases, such as our Vale project in Western Australia. We are responsible for maintaining the parks and public spaces at Vale and hold an historical license for a number of water bores from which we draw down water for the purposes of landscape maintenance. This 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.

In our **Retirement Living** business, upgrades to operational village clubhouses include water saving measures such as water-efficient tap fittings and toilets and utilising rainwater tanks for water collection and irrigation where possible.

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 Executive Committee members, including the CEOs of Commercial Property, Residential and Retirement Living. Our Chief Operating Officer (COO) assumes ultimate responsibility at a group level for water management and quality performance and reports directly to the Managing Director.

Our National Sustainability Manager, reporting to the COO and supported by the business unit National Sustainability Managers, has responsibility for ensuring the effective implementation and evaluation of our 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. Our 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, COO and business unit CEOs, General Managers, project and asset managers and functional staff, have sustainability KPIs incorporating 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, efficient water management 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. FY15 Update

Commercial Property

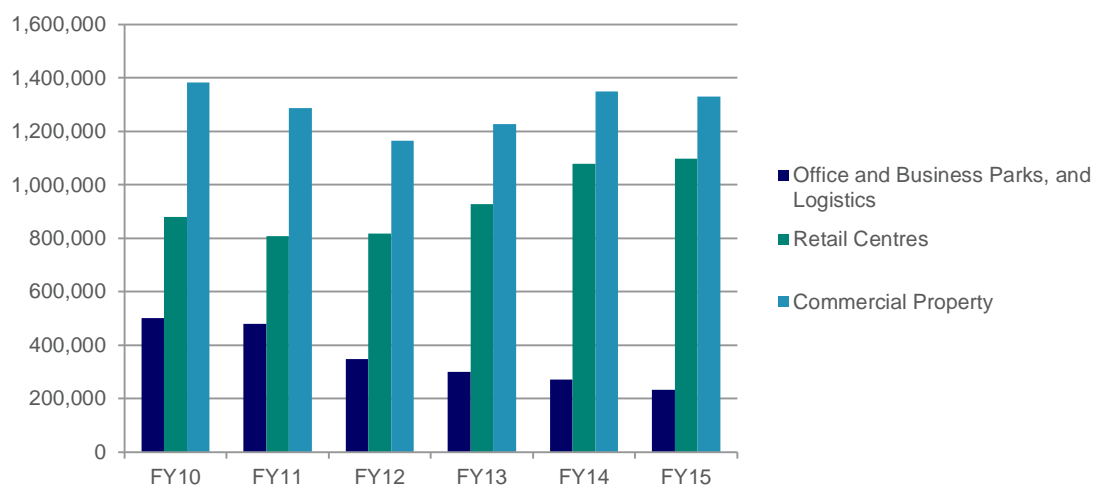
The table below outlines our year on year water intensity reductions over the last seven years.

Water consumption decreased in our Office and Business Parks portfolio in FY15 due to the rectification of water leaks in FY14 and divestment of properties. These results, however, were not replicated in Retail, which saw an increase in water consumption. This was largely due to the continuing shift in our retail tenant mix toward more high water intensity food retailers, gymnasiums and car washes and the upgrading of air cooled packaged HVAC systems to a water cooled central plant that consumes more water.

Commercial Property water consumption (kL)

	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Office and Business Parks	232,249	271,905	299,122	347,865	478,646	502,191	552,248
Retail	1,096,808	1,077,563	928,198	818,058	807,636	880,490	746,485
Commercial Property	1,329,057	1,349,468	1,227,320	1,165,923	1,286,282	1,382,681	1,298,733

Water Consumption - Commercial Property (kL)

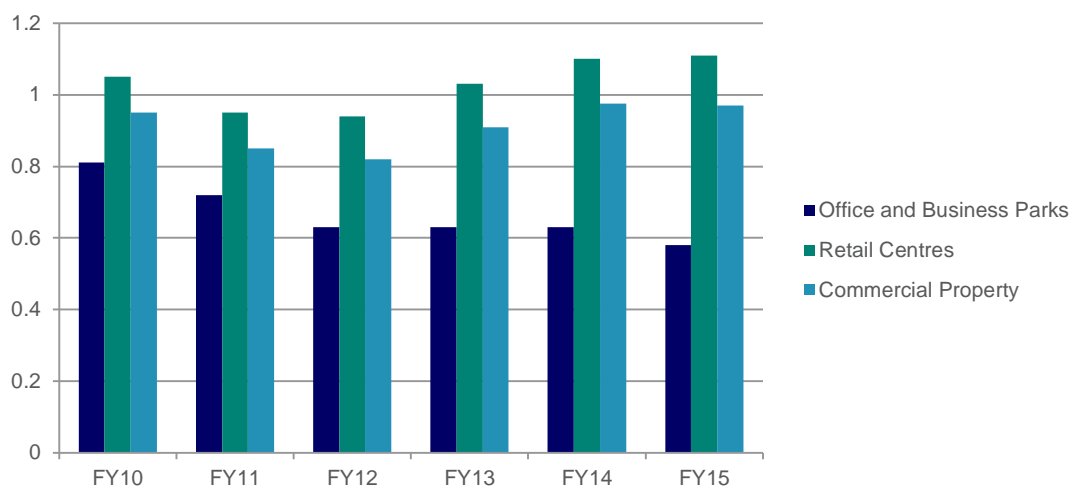


Water consumption intensity (kL/m²)

We track our water consumption on a per square meter intensity basis as a means to understand our water impacts while taking divestments and investments into account.

	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Office and Business Parks	0.58	0.63	0.63	0.63	0.72	0.81	0.89
Retail	1.10	1.10	1.03	0.94	0.95	1.05	0.93
Commercial Property ²	0.96	0.976	0.91	0.82	0.85	0.95	0.92

Water Intensity - Commercial Property (kL/m²)



² Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

Water consumption intensity reductions (%)

The table below outlines our year on year water intensity reductions over the last seven years. In FY15, our Commercial Property business committed to a five per cent retail water intensity reduction by FY17. Our office and business parks portfolio target is to maintain the same water intensity figures as FY14.

We achieved an 8 percent water consumption intensity reduction in our office and business parks portfolio in FY15. As outlined above this is predominantly due to the rectification of water leaks in FY14. These results however were not replicated in retail, which saw water consumption intensity held at the same level as FY14. This is a positive outcome considering the continuing shift in our retail tenant mix toward more high water intensity food retailers, gymnasiums and car washes and the upgrading of air cooled packaged HVAC systems to a water cooled central plant that consumes more water.

We will report each year on our progress against our FY17 targets.

Annual water intensity change from prior year

	FY15	FY14	FY13	FY12	FY11	FY10
Office and business parks	-8%	0%	0%	-13%	-11%	-9%
Retail	0%	7%	10%	-1%	-10%	13%
Commercial Property	-2%	7%	10%	-3%	-10%	4%

Case Study: Water Audits

The most challenging environmental target for us to reach in our commercial property portfolio is water. Whilst we exceeded our five year carbon target, we fell short of our water target for several reasons. Firstly, water is relatively inexpensive in Australia which makes it challenging for water projects to be financially viable. Secondly, we have an ageing water metering system that only monitors main water meters which makes it difficult to identify leaks when they occur. And finally, food is preferable to fashion in the current leasing environment and it has provided challenging to engage food based retailers on water due to the lack of metering to identify the amount of water consumed by each retailer.

The Property Management team has been aggressively pursuing strategies to improve water management within retail by upgrading meters and completing detailed water audits on challenging sites.

The first comprehensive water audits were completed in FY15 at our Stockland Baulkham Hills and Burleigh Heads shopping centres which detailed:

- Water consumption breakdown of major users;
- Identification and rectification of current water leaks;
- Updated hydraulic asset register;
- Proposed locations of additional sub-meters; and
- A list of potential water saving projects.

The total potential saving opportunities identified from the two audits equated to approximately \$160,000 with an ROI of 97% (1.06 years pay back).

We have budgeted to conduct water audits at 10 large water consuming retail assets in FY16 and all viable projects will be considered for implementation. This will help us on our journey to achieve 5% water reduction by FY17 (FY14 baseline).



Residential and Retirement Living

Residential and Retirement Living water consumption (kL)

	FY15	FY14	FY13	FY12	FY11
Residential sites	353,620	297,826	76,254	227,853	25,586
Retirement Living villages ³	48,500	162,930	152,065	391,734	4,156
Contractors - Residential	1,469,853	351,046	213,118	1,499,264	348,637
Contractors - Retirement Living	49,285	216,910	60,648	6,356	12,308
Total	1,921,259	1,028,712	502,085	2,125,208	390,687

Residential contractor water data varies from year to year due to activities such as filling lakes in large developments and location specific variables such as natural rainfall, project life cycles, market conditions, site management techniques and local landscaping requirements set by Councils. Further, contractors self-report water data, which means we do not review each contractor's data collection processes. In FY 15 we completed a comprehensive review of data sets provided to us by contractors, which ensured a higher level of accuracy than in previous years.

During the period, we divested a number of operational retirement living and aged care assets. These assets were particularly water intensive due to the nature of their operations and collectively were responsible for upward of 60% of the total water consumption across the retirement living business.

At our Cardinal Freeman Retirement Village redevelopment in Sydney, the design includes an underground site detention tank to be used for irrigation of the common landscape area and low water usage appliances including dual flush toilets. WELS rated tap fittings and water efficient washing machines and dishwashers will be provided in common facilities and units.

At our Willowdale Retirement Village development in Sydney, the design includes as standard, low water usage/high efficiency appliances such as washing machines and dishwashers. Dual flush toilets and WELS rated tap fittings will also be provided in common facilities and units. A high efficiency filtration system will be provided for the pool.

³ Retirement Living water consumption for FY14 and FY15 are estimates only, based on total cost of water consumed.

6. Targets and Progress

FY15 Priorities		FY15 Performance
Commercial Property		
Retail		
5% improvement in retail FY14 water intensity by FY17	In Progress	Our water intensity has been maintained even though there has been a shift towards more water intensive retailing and water cooled HVAC systems. Moving forward, we will be completing comprehensive water audits with a greater focus on monitoring and tracking through improved sub-metering. This will provide greater visibility of where water is being consumed within the centres. We will report on our progress on the FY17 target in next year's report.
Conduct NABERS water ratings on all eligible retail assets by FY17	In Progress	Completed 15 out of 22 eligible assets to date. Will focus on remaining assets before FY17. We have set an FY17 portfolio average target of 3.0 stars. Current portfolio average 2.6 stars.
Office and Business Parks		
Maintain FY14 water intensity	Achieved	Office and business parks have further reduced their FY14 water intensity by another 3% in FY15.
Achieve 4.0 star NABERS water portfolio average	Not Achieved	Current portfolio average 3.8 stars.
Residential		
40% reduction in Potable water use in areas we control compared to regional average.	NA	With our expansion into medium density housing, we have further refined this target to focus on new projects with over 500 dwellings or precincts over 750 dwellings. No new projects over 500 dwellings or precincts over 750 dwellings were commenced in FY15. We will carry this target to FY16.
All new projects to deliver the following water quality targets when discharging water from our site and/or in the natural water systems: <ul style="list-style-type: none"> 45% reduction in nitrogen, 65% reduction in phosphorus 85% reduction in suspended solids. 	NA	With our expansion into medium density housing, we have further refined this target to focus on new projects with over 500 dwellings or precincts over 750 dwellings. No new projects over 500 dwellings or precincts over 750 dwellings were commenced in FY15.
Retirement Living		
20% reduction in water use in retirement villages compared to regional averages.	NA	We did not have any new retirement living villages through most of FY15, with the exception of Willowdale which commenced development in late FY15. Water efficiency requirements included within standard design.

FY16 Priorities

Commercial Property

- Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some Retail sites.
- Conduct NABERS water ratings on all eligible retail assets by FY17.
- Conduct water audits at ten large water consuming retail assets in FY16.
- Achieve a 5% improvement in retail FY14 water intensity by FY17.
- Maintain FY14 water intensity for office and business parks (FY17).
- FY17 portfolio average target of 3.0 stars for retail.
- Achieve 4.0 star NABERS water portfolio average for office and business parks (FY17).

Residential

- 40% reduction in potable water consumption per residential lot incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct (new projects are defined as those with over 500 dwellings and new precincts over 750 dwellings).
- All new master planned projects over 500 dwellings or new precincts over 750 dwellings to deliver the following water quality targets when discharging water from our site and/or into natural water systems by FY17:
 - 45% reduction in Nitrogen,
 - 65% reduction in phosphorus
 - 85% reduction in suspended solids.

Retirement Living

- Measure baseline performance for water consumption and set water efficiency targets across the portfolio.
- 20% reduction in potable water consumption per retirement unit incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct.
- Update CCAP Precinct modelling for all developments that were new for FY15 to demonstrate progress against the target through the development process.

7. Appendix A

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1. Introduction

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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 the 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 is appropriately segregated, stored and disposed of in accordance with regulatory requirements, we have a national approach for each asset class (embedded in sustainability policy documents).

Waste and recycling management plans are prepared for each asset both in operation and in construction to successfully manage the environmental issues associated with production and disposal of waste. The plans outline the waste and recycling systems employed at the asset for the disposal of waste produced during operation or in development. Key objectives for the waste and recycling management plans include to:

- Reduce the amount of general waste produced by office tenants, retailers, contractors and customers and encourage greater levels of recycling;
- Implement management systems to measure, record and monitor waste and recycling at the asset;
- Find ways to continuously improve on these metrics and benchmark against other assets; and
- Provide training and education to tenants, contractors and Stockland employees promoting good waste management habits.

The waste management plan 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); and
- Construction and demolition waste.

In addition to general waste management, our 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.

In our development projects, 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 for our 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 are also prepared to guide design and construction in our Commercial Property business, specifying minimum sustainability requirements with regards to waste management. We also require the provision of suitable areas for tenant recycling facilities for our Commercial Property development projects.

Our construction contracts in each of our business units require that an Environmental Management Plan (EMP) be developed for the project by the relevant building contractor to ensure construction activities reflect the vision and design requirements and respond to policy and regulation appropriately.

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. We also require our suppliers to comply with all relevant environmental protection legislation including contamination and waste dumping (location control).

To help us better understand volumes of waste sent to landfill and/or recycled we collect waste data from our residential and retirement living development contractors.

Operations

Our retail assets have a minimum recycling target for operating waste of 36 per cent diversion from landfill by FY17. The minimum recycling target across our office and business park assets is 70 per cent diversion from landfill by FY17. We also nominate specific diversion targets for each Commercial Property asset to ensure that our overall operating 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.

Retirement Living:

In Retirement Living we introduced recycling practices into the standard design guidelines for clubhouses and homes in all new developments. In most cases, residents' homes are serviced by local council waste services. We therefore have limited visibility or control of waste generation streams and are exploring options with waste contractors that service some of our clubhouses.

4. Review and Evaluation:

As part of our commitment to continuous improvement, we 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 monitor and review industry developments to identify and incorporate best practice process and procedures across our asset classes.

5. FY15 Update

Development

Commercial Property

The table below summarises construction waste collected at retail developments projects. For each project, we have set a minimum construction waste to landfill diversion target of 80% and we require our builder partners to submit quarterly waste reports for the duration of the project. We use these reports as evidence for our Green Star ratings.

Our combined landfill diversion rate for construction projects in FY15 is 92%, which exceeds our Green Star target by 12 percentage points and is an improvement on our FY14 result of 85%. This demonstrates that we can achieve significant recycling rates in construction and that these results can be achieved by a range of different builders in our supply chain across Australia.

In this reporting period, construction waste data has been collected for the following projects:

- Stockland Hervey Bay, QLD (Builder - Lend Lease);
- Stockland Wetherill Park, NSW (Builder – Brookfield Multiplex); and
- Stockland Baldivis, WA (Builder – Probuild).

The table below summarises the total levels of waste from our retail assets and the extent of recycling, waste to landfill and diverted from landfill.

Table 1: Retail Waste Profile

Tonnes	FY15	FY14	FY13	FY12	FY11 ¹	FY10
Total Waste	6,428	4,453	7,230	8,596	58,558	663
Waste Recycled	5,940	3,778	6,526	6,971	52,322	552
Waste to Landfill	487	924	707	1,625	6,236	111
Diversion from Landfill (%)	92%	85%	90%	81%	89%	83%
Percentage of Retail Developments Included (%)	100	100	100	100	100	50

Residential and Retirement Living construction waste (tonnes)

The table below summarises the waste streams from our greenfield residential and retirement living developments. Due to the nature of greenfield developments, the waste figures generated on a per year basis do not necessarily reflect the level of activity of that year. Waste can be stored for a period of time onsite until reused or exported offsite to landfill when the space becomes unavailable.

While our rate of diversion from landfill is down 2% in FY15, it is important to note that the total waste generated has significantly reduced and that we are tracking well above our target diversion rate of 80%.

Table 2: Residential and Retirement Living Waste to Landfill

	FY15	FY14	FY13	FY12	FY11
Total waste	82,033	80,135	82,503	137,748	334,899
Waste diverted from landfill	78,514	78,149	80,148	131,270	311,811
Waste sent to landfill	3,617	1,986	2,355	6,478	23,088
Diversion from landfill	96%	98%	97%	95%	93%

Operations

In FY15, we continued to engage with our tenants, retailers and customers to further improve the levels of recycling at our retail sites.

The quality of our waste data is dependent on the quality of data provided to us by our waste contractors. Over the last year we have faced challenges with various waste contractors who have provided either inaccurate or incomplete data. We have been working closely with our waste contractors to improve the quality of data they provide through changes in reporting and regular reviews. This year we had issues with a waste contractor unable to provide complete data for the full year. We have therefore excluded these incomplete periods from the reporting, which account for 20% of the portfolio.

The quality of waste data remains a key focus for FY16. We aim to improve data quality and have engaged a specialised waste consultant to help us by:

- Educating both tenants and cleaners to help improve diversion rates by FY17; and
- Monitoring, reconciling and interrogating the waste data to further improve the accuracy and quality of the information that is provided by the contractors.

¹ Significant increase in retail development waste in FY11 due to the development of Shellharbour, Merrylands and Townsville.

Operational waste (tonnes)

Table 3: Operational Waste

	Retail						Office					
	FY15	FY14	FY13	FY12	FY11	FY10	FY15	FY14	FY13	FY12	FY11	FY10
Total Waste	16,717	16,809	14,890	13,808	12,907	12,058	1,298	1,607	1,810	2,697	3,644	2,781
Total waste to landfill	11,537	11,549	10,443	9,793	9,275	8,956	806	763	538	972	1,189	947
Total waste recycled	5,181	5,260	4,446	4,015	3,632	3,101	491	944	1,272	1,725	2,455	1,834
Diversion from landfill (%)	31	31	30	29	28	26	38	53	70.3	64	67	66
% portfolio reporting	95	95	95	95	95	100	80	100	100	100	100	100

Case Study: Waste Reduction at Stockland Wendouree



In FY15, we set out to reduce waste to landfill from the Stockland Wendouree shopping centre by assisting and educating the centre's retail tenants and the general public to recycle waste more effectively. We did this through installing new bins and signage and through an intensive education program for retailers and the general public. This project was made possible by a \$25,000 grant from Sustainability Victoria to Stockland Wendouree, which was one of seven Victorian businesses to receive funding in 2014 under the Smarter Business Smarter Recycling program. Stockland's waste management advisors, Kumite Sustainability and Waste Management, also played a key role in securing funding and driving the project.

We aimed to deliver a reduction of waste to landfill through implementing on-site collection programs to capture materials for recycling, including soft plastics (plastic bags and pallet wrap), plastic and metal coat hangers and commingled glass, metal, and plastic containers.

Recycling systems for the above materials were implemented at all tenancies at Stockland Wendouree and public place commingled recycling bins were installed. The program was officially launched by the Minister for the Environment on October 29.

Engagement with stakeholders has been very successful, with a high level of participation by both retail tenants and the general public. Extensive discussions took place with tenants regarding the type and size of bins to be installed within each of their premises. It was important to purchase bins that were small enough to be fitted into retailers' existing spaces, most of which did not have much spare room, but were also large enough to accommodate a full day's worth of materials.

Following the initial education program, regular engagement with retailers has been one of the key elements to the program's success. Ongoing engagement is crucial with any shopping centre program as there is constant movement of tenants, as well as staff turnover within specific businesses.

The project has resulted in an increase in the centre's waste diversion rate from 30% to 37% and the program is currently on track to reduce waste to landfill by around 20 tonnes per year. With planned future changes to the tenancy mixture at the centre, this figure will increase to around 30 tonnes per year.

6. Targets and Progress

FY15 Priorities

FY15 Performance

Commercial Property

90% construction waste diverted from landfill	Achieved	Our projects at Baldivis, Wetherill Park and Hervey Bay have achieved construction waste landfill diversion rates of 92% for FY15.
Retail: 36% of waste diverted from landfill	In Progress	Our retail portfolio has achieved a diversion rate of 31% in FY15. Consultants have been engaged to provide tenant education that will assist in improving diversion rates.
Office and Business Parks: Maintain 70% diversion rate	Not Achieved	The change in contractors has led to a different method of sorting contamination. Consultants have been engaged to provide education to both tenants and cleaners that will assist in improving diversion rates.

FY16 Priorities

Commercial Property

- 90% construction waste diverted from landfill by FY17.
- Retail: 36% of operational waste diverted from landfill by FY17.
- Office and Business Parks: Maintain 70% operational waste diversion rate by FY17.
- Work with consultants to provide education to both tenants and cleaners that will help improve diversion rates by FY17.

Residential

- Achieve a minimum 60% diversion of construction waste from landfill for all new residential construction contracts by FY17.

Retirement Living

- Identify opportunities for waste initiatives to divert further waste from landfill in operational and development sites.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
Shape Thriving Communities	15. Asset ratings and certification
	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. 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. We therefore focus on 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 impact the environment 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

The materials and equipment used within our assets have a significant bearing on the capital cost of our projects and on the operating cost and efficiency of the assets we retain and manage as owners. We therefore endeavour to control aspects of the material supply chain by specifying minimum sustainability requirements wherever possible.

Development

Materials selection in development projects is guided by our development sustainability policies as well as the Green Building Council's Green Star tool for each asset class, which cover 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 fit-out 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 (Source: Green Star Design & As Built v1.1 Submission Guidelines)

All Commercial Property developments are required to achieve a minimum 4 Star Green Star design and As-Built ratings. As part of our commitment to deliver projects with sustainable materials practices, we ensure that our development contracts incorporate our materials selection policies. 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 minimum material sustainability requirements to achieve the minimum Green Star rating. Contractors are required to submit their designs to GBCA for a design rating assessment.

Our ESD (Ecologically Sustainable Development) consultants are engaged on our commercial projects to develop the project Green Plan, which specifies the sustainability initiatives to be pursued by the project team and sustainability deliverables to be included in builder contracts.

We engage directly with contractors to ensure adherence to Green Plans throughout development. Contract specifications include the Green Plans and standards set out in the business-specific sustainability policies. Upon project completion the contractor is required to submit the project for a GBCA As-Built rating.

On all projects, we prioritise initiatives to promote responsible material selection where possible, including:

- Use of materials with Chain-of-Custody certification. Chain-of-Custody certification provides assurance that the materials used are those that we specified by establishing and assuring each person or group that has had possession of the material throughout its supply chain, from composition to delivery to installation.
- At least 95% (by cost) of all architectural timber used in buildings is certified by a Forest Certification Scheme that meets the Green Building Council of Australia's (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 cool 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 Volatile Organic Compound (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.

Our Retirement Living business is also committed to achieving a minimum 4 star Green Star rating on new retirement living villages. Our Retirement Living sustainability policy outlines the minimum standards for materials usage and specification where we target materials credits on our Green Star projects.

In Retirement Living, our focus is on understanding which credits provide the most value back to our projects, and we anticipate that over time we may define a position similar to that of the Commercial Property business.

Operations

The most significant opportunity we have to influence the materials used in the operation of our business is in Commercial Property, most specifically Retail. We are constantly exploring opportunities to enhance the materials used in the operation of our retail assets to improve efficiency, enhance performance and 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 promoted to all our retail centres with support provided from our Group operations team.

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, logistics and business parks, and retail leases now contain clauses which encourage tenants to implement fitouts in line with these 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 Managers are responsible for identifying risks and opportunities with regard to material use and for developing policy and business-wide performance standards. Sustainability Managers work with business units to ensure specifications are set for material use across our three business units' Living developments. Development, design and project managers are responsible for ensuring materials used in development meet these specifications and the standards set by our policies and external certification requirements.

The General Manager of Project Management and Direct Procurement is responsible for ensuring that minimum material sustainability requirements are effectively incorporated and administered into Commercial Property, Residential and Retirement Living 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 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.

We engage with our development contractors to ensure adherence to our Green Plans and use of specified sustainable materials. Upon project completion contractors are required to submit projects for a GBCA As-Built rating.

5. FY15 Update

Development

We undertook our first Life Cycle Assessment (LCA) on a retail development project at Stockland Baldivis in FY15 (as outlined above) as part of our Green Star commitments. LCA is an emerging opportunity for our development projects to understand the life cycle impacts of materials, energy and water through procurement, construction and operation. The LCA outcomes will assist in the design process to reduce the environmental impacts of future projects. The LCA at Baldivis demonstrated that our minimum design standards (4 star Green Star rating) achieve significant life cycle improvements over the reference building against which it is measured. The improvements were mainly due to the energy efficient design, which reduced energy consumption over the life of the asset. We are planning to undertake further LCAs on specific development projects in FY16.

We identified opportunities in our Residential business in FY15 for greater impact on materials selection using our first 6 star Green Star certification at Caloundra South. The learnings gained through the certification formed the basis for a framework that helps us use more sustainable materials across our residential projects. Our focus for FY16 will be on embedding specifications into our contracts that drive more sustainable timber and concrete choices on our projects.

Operations

In FY15, we focused on validating the financial savings of a 3M project that we profiled in our FY14 report. In FY14, a new 3M penetrating sealer was applied to the terrazzo tile surface of seven shopping centres, following a successful trial at Riverton in FY13. In FY15, we were able to validate the financial savings at more than \$350,000. The environmental savings are measured in terms of a reduction in the use of floor stripping chemicals (approximately 1 kilolitre per Centre/year), and a reduction in water consumption (approximately 800 litres per Centre/year). We are looking at opportunities to extend this as appropriate.

Case Study: Recycling for Habitat for Humanity

Habitat for Humanity is a global not-for-profit housing provider working in more than 80 countries around the world. It helps low-income families achieve the dream of building and owning their own home, and to date, has built more than 140 homes in New South Wales, Victoria, South Australia, Queensland and Western Australia.

Habitat for Humanity has a division called 'ReStore' that collects materials, fittings and fixtures to recycle and reuse, or sell to help fund its affordable housing projects for under privileged families who would normally not be in a position to purchase their own home.

Stockland and Habitat for Humanity trialled a recycling initiative in FY15 at our Tooronga shopping centre. We selected a retail fit-out (an old day spa) that was to be demolished. This process is frequently managed by the tenant and traditional demolition approaches send a large amount of reusable materials to landfill as waste.

With Habitat for Humanity, we walked through the Tooronga tenancy and identified items that could be retained. These items were then either provided by Habitat for Humanity to people to help them with building their home, or sold to help fund housing.

This is an innovative project as not only does it help low-income families own their own home, it also helps reduce the amount of waste going to landfill from our shopping centre fit-outs, and reduces costs for either the centre or the tenants.

In FY15 we have ran this process at two assets, Tooronga and The Pines. We have committed to carry out the same process at Point Cook in FY16.



Items to be retained

6. Targets and Progress

FY15 Priorities

FY15 Performance

Pilot a 'Cradle-to-Grave' assessment on a Commercial Property development to inform materials selection in the design process.	Achieved	LCA Assessment undertaken on Stockland Baldivis as part of Green Star commitments.
Review our minimum standards and guidelines with regards to material selection and utilisation.	Achieved	This review was completed in FY15 and specific materials and sustainability requirements are now being incorporated into development contracts.
Conduct workshops nationally to identify sustainable materials practices that could be applied across our developments in collaboration with our supply chain.	Achieved	Workshops have been undertaken as part of the Residential specifications process. This process will continue into FY16.

FY16 Priorities

Commercial Property

- Conduct a minimum of one LCA assessment on a retail development project.

Residential

- Embed sustainable materials selections into developments.

Retirement Living

- Trial an LCA Assessment on a Retirement Living development, review applicability and identify opportunities for further use.

7. Appendix A

Complete list of documents in the DMA series:

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Asset Ratings and Certification

FY15

1. Introduction

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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 validation that key social and environmental aspects have been considered in our 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 and water 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 time¹.

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. The table below outlines the key rating/ certification schemes that we participate in across our assets.

Rating / Certification Scheme	Stage of Lifecycle	Asset Class
Green Star	Design, Development, Operations	Office, Retail, Retirement Living, Residential
NABERS	Operations	Office, Retail
NatHERS & BASIX	Design	Retirement Living, Residential
Livable Housing Australia	Design	Retirement Living, Residential*

Green Star

Green Star tools are used across all our business units in both the design and development stages of the project lifecycle. A new Green Star Performance tool has recently been launched which we have also committed to. 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'; and
- Involvement in the development of new rating tools through Technical Working Groups: Green Star – Communities, Green Star - Design & As Built and Green Star - Performance.

¹ 'Value of Green Star', publication from the Green Building Council.

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 Stockland requirement on all shopping centre and retirement living developments, with minimum of 4 stars certification for 'Design' and 'As Built' ratings required.

We are proud to have the following achievements:

- Australia's first and largest 6 star Green Star - Interiors rating (Stockland Sydney Head Office);
- Australia's first Green Star rating for a retirement living building (Affinity Clubhouse WA);
- Australia's first Green Star rating for a retirement living village (4 star Selandra Rise, Vic) (Including 7 star NatHERS rated homes – thermal comfort);
- Western Australia's first 6 star Green Star - Office Design rating (2 Victoria Avenue Perth);
- Western Australia's first 'trifecta' of Green Star ratings in one building (2 Victoria Avenue Perth). This means we achieved a Green Star Design, Base Building and Tenancy rating;
- Australia's first public building rating – 5 star rated clubhouse at Affinity Retirement Village; and
- Australia's largest Green Star Communities rated project and first city scale rating (6 star rated Caloundra South).

We are committed to being a Green Star Thought Leader and are excited by the opportunity to support the Green Building Council of Australia (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. We continue to demonstrate industry leadership through the application of ratings in new asset types, such as:

- Participation in the development and beta testing of Green Star - Performance with Stockland Merrylands being nominated for involvement in the pilot rating. This is a rating tool to measure the performance attributes of operating properties against the Green Star key categories of Management, Indoor Environment Quality, Energy, Water, Transport, Materials, Emissions, Land Use and Ecology and Innovation. We have also committed to undertake a portfolio rating of 22 retail assets and will be one of the first property companies to achieve a portfolio rating using the newly released Green Star Performance v1 tool.
- With the launch of the new Green Star – Design and As Built rating tool, we are committed to realigning our approach to the new certification process and technical requirements of this rating tool. With the 'Design & As Built' rating tool, 'Design ratings' will no longer be a feature of Green Star, replaced by Design Reviews, which assesses the design, commitments and targets for the project. The 'Design & As Built' rating will still assess the building attributes. This new rating tool will allow us to certify mixed-use and otherwise ineligible development projects and also resets the best practice benchmarks for the industry.

We have also committed to four more Green Star Communities Ratings in FY 16 in Victoria, Western Australia and Queensland.

NABERS

National Australian Built Environment Rating System (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 10 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 office tenancy space. NABERS ratings have been undertaken on 19 of 22 eligible retail assets in FY15 and we have a target in place to rate all 22 eligible assets by FY17 with a 4.3 NABERS Energy target and 3 Star NABERS Water target. NABERS has tight eligibility rules around asset class and area allowance, notably that assets under 15,000m² cannot be rated, which rules out some of Stockland's smaller shopping centres.

NatHERS & BASIX

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 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 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 NatHERS 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. In FY15, we achieved a 7 star rating on our homes at Selandra Rise Retirement Village.

We are currently delivering two Sustainability Hubs, one at Willowdale (NSW) and the other at Whiteman Edge (Western Australia), each with a minimum 8 star NatHERS requirement. Sustainability Hubs are a home not unlike other homes in our developments with the exception that they are designed to a high sustainability specification and demonstrate best practice sustainability design to the community.

Livable 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 'Livable Homes', improving industry standards and making liveability a reality.

Livable Housing Australia (LHA) has introduced a three-tiered performance range for liveable housing design: Silver, Gold and Platinum. This LHA certification promotes good design principles and can add to the long-term value of homes in our communities.

The Livable 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.

"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

We are committed to all of our Sustainability Hubs being constructed to minimum Silver LHA level and increasing the number of homes constructed to Silver level standards in our display villages, medium density and completed homes projects.

During FY15, the Sustainability team, in collaboration with the Diversity and Inclusion Committee, worked on developing a strategy to respond to the needs of people living with disabilities across our communities and further integrate LHA standards across our portfolios.

We worked with each of the business units to identify opportunities to expand upon our existing practices to meet and exceed expectations of our customers and community.

In FY15, we continued to:

- Integrated Accessible and Inclusive principles into the new residential Better Places Manual. The manual provides assistance and guidance for design and development professionals for Residential communities;
- Achieved a Silver LHA rated design for Willowdale House, our sustainability and community hub;
- Maintained our Platinum Corporate Partnership and Board membership with Liveable Housing Australia;
- Maintained our partnerships with Australian Network on Disability, Diversity Dimensions;
- Updated and relaunched our Retirement Living Design Guidelines to reflect LHA principles; and
- Maintained our approach to achieve a target of 20% of Medium Density homes to be developed in accordance with Livable Housing Australia guidelines.

Under this strategy, we will seek to expand on some of our existing partnerships and commit to new actions in FY16, such as:

- Incorporate Accessibility Audit plans into operational procedures for our Commercial Property and Retirement Living assets;
- Work towards a minimum LHA Silver standard (Design and As Built certified and registered) for 50% of our Medium Density and Completed Homes;
- All new Retirement Living developments to achieve a Gold LHA standard (up from Silver); and
- Embed LHA principles into Retirement Living unit refurbishment standards.

4. Review and Evaluation

We review our approach to asset ratings and certifications on a regular basis to ensure it is effective and to 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 standard for Green Star is to achieve a 4 star 'Design' and 'As Built' rating on all shopping centre and Retirement Living developments. We then work closely with project design and delivery teams to ensure targets are met in design briefs and delivered contractually.

We also endeavour to understand the challenges of achieving credits. We have delivered several 4 star Green Star projects and are able to benchmark where we perform well and where it is difficult or costly to score points. This facilitates learning across our projects and helps us make decisions about the viability of certain initiatives.

Green Star allows us to build our shopping centres using a nationally recognised environmental rating tool, with greater certainty and consistency in design. This means that for all our shopping centres, we know what the environmental impact will be and how they will perform in operation. While it's early days and we still have a lot to learn about bringing Green Star rated shopping centres into operation, we are positive about the benefits as the market for green shopping centres matures.

NABERS

We undertake NABERS energy and water ratings annually on all of our office assets and until recently selected retail assets. In FY15 we made further progress by undertaking ratings across a broader selection of the portfolio of eligible shopping centres (excluding centres that are in development or that do not have a full 12 months of data post development). We use the ratings to benchmark the performance of the assets individually and as a portfolio and compare this with our peers.

While the NABERS office rating tool is mature (and the annual renewal of ratings is routine), it has taken time for the NABERS Retail rating tool to mature in the market due to some issues with the benchmarks used to compare performance. We therefore deliberately held back on committing to ratings until the issues were resolved. We have now completed several rating cycles for our shopping centres and have gained 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 have now rated 19 out of 22 of our retail portfolio that are eligible under the NABERS scheme. Some ratings were not possible due to utility metering and billing issues, however we expect to resolve these issues in the next rating cycle.

5. FY15 Update

Green Star

Commercial Property

We have achieved 5 Green Star Retail ratings at Townsville, Shellharbour and Hervey Bay (As Built v1) and at Baldivis and Wetherill Park (Design v1).

We have also made progress measuring the performance of our Retail portfolio of assets by registering those with NABERS ratings for assessment under the recently released Green Star Performance v1 rating tool. We expect to have this portfolio rated in early FY16.

Stockland has the largest number of Retail Green Star properties in Australia and had the first Retirement Living Green Star rating. We are continuing to extend our Green Star certifications across the business on all new Retail and Retirement Living projects. Our commercial and retirement living ratings are outlined in the table below.

Table 1: Commercial Property and Retirement Living Green Star Ratings

	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	4.0	Retail Centre v1
Stockland Merrylands (Stages 3 & 4), NSW	4.0	-	Retail Centre v1
Stockland Shellharbour, NSW	4.0	4.0	Retail Centre v1
Stockland Hervey Bay, QLD	4.0	4.0	Retail Centre v1
Stockland Baldivis, WA	4.0		
Stockland Wetherill Park, NSW	5.0		
Office			
Trinity, 39 Delhi Road, North Ryde, Building A	-	5.0	Office v2
Trinity, 39 Delhi Road, North Ryde, Building B	-	5.0	Office v2
Trinity, 39 Delhi Road, North Ryde, Building C	-	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
Selendra Rise Retirement Village, VIC	4.0		Custom
Residential			
Caloundra South, QLD	6.0		Communities Pilot

With our re-entry into logistics development, we have reviewed our previous commitments to sustainable design for new logistics buildings. We have committed as a minimum to integrate standards for sustainability into our design brief so that we maintain consistency in the design of logistics buildings that deliver good environmental outcomes.

Our design brief nominates the following minimum standards for sustainability:

- Energy efficient LED or fluorescent lighting in office, warehouse and external areas, zoned and time controlled with occupancy and daylight sensor control;
- HVAC systems with minimum energy performance ratings, time controlled and using refrigerants with Ozone Depleting Potential of zero and CFC and HCFC free;
- Water efficient bathroom and kitchen fixtures and fittings with WELS ratings and solar hot water heating;
- Rainwater collection for toilet flushing and landscape irrigation;
- Native landscaping utilising drought tolerant species;
- Inclusion of fly ash or other supplementary cementitious materials into the concrete mix to reduce cement content;
- Translucent roof sheeting equal to minimum 10% of warehouse roof area for natural daylighting;
- Internally applied paint products and carpets will have zero or low volatile organic compound content;
- All timbers and composite timber products certified in accordance with recognised schemes or use of post-consumer reused or recycled timber; and
- Consideration will be given to sourcing construction materials from within the local region where possible.

In instances where occupiers have the requirement to meet higher standards, we will seek to deliver a minimum 4 star Green Star rating.

Retirement Living

During FY15, Mernda Retirement Village submitted to the GBCA to receive a 4 star Green Star rating. This is expected to be received in FY16. Key features of the Green Star submission for the Mernda village include (but are not limited to):

- Individually metered water, natural gas and electricity;
- Smart energy metering devices in homes;
- Use of Low Volatile Organic Compounds (VOC) materials (paints, carpets, adhesives and sealants);
- Energy efficient lighting and appliances in homes; and
- Solar boosted HWS and natural gas heating in homes.

We commenced construction on Willowdale Retirement Village, which will aim to achieve a minimum 4 star Green Star rating. It is expected this will be received in FY16. Key features of this submission include (but are not limited to):

- 60% of construction waste by mass to be reused or recycled;
- Energy and water sub metering connected to an energy management system;
- All living and bedroom spaces to be provided with cross flow ventilation;
- Carbon dioxide sensing and control systems;
- 60% of the living and bedroom spaces to be naturally lit residential units;
- Low VOC paints, flooring, wall coverings and adhesives to be used; and
- Low emission engineered wood products to be used (plywood, particleboard and MDF).

Residential

Caloundra South achieved a 6 star Green Star rating under the Communities tool pilot this year (see case study below). We now have another four projects in our portfolio reviewing credits with the intent that they will register to be rated in FY16.

Case Study: Green Star Communities pilot at Caloundra South

Our Caloundra South community, set on 2,310 hectares on the Sunshine Coast in south east Queensland, will be a brand new city roughly the size of Maroochydore, or Hervey Bay. The community will be the largest mixed use development in Australia and will eventually house more than 50,000 residents. The project will be built over three decades and include a town centre, 20 education facilities, including early childhood, primary, secondary and TAFE facilities, nine sports parks, six neighbourhood centres and three district centres. The development will require entire infrastructure systems to be planned, designed and developed, including roads, rail and more than 200 kilometres of walking and cycling paths. Up to 650,000 square metres of building space will be constructed in two separate business and industrial precincts. The project has the potential to create more than 20,000 jobs.

In March 2015, the project was awarded Stockland's first Green Star Communities rating under the Green Star Communities Pilot Program. The project achieved the highest possible rating of 6 stars, representing world's best practice in community development.

Through the Green Star Communities pilot program, we have identified a framework for residential projects that enables us to articulate the benefits of sustainability initiatives we deliver across our residential portfolio. It is an independent, national rating tool and supports the design and delivery of more sustainable, productive, resilient and liveable communities.

The Green Star Communities tool enabled us to focus on the key material issues defined by the credits in the tool, including benchmarks for liveability, prosperity, environmental sustainability, design excellence, governance and innovation.

ARUP consultants were engaged to help the Caloundra project team interpret the credit requirements and embed the requirements into the project design, development process and programs. For example the project will deliver the most advanced water reticulation, filtration, storage and treatment system ever installed in an Australian city. This will ensure protection of the RAMSAR listed Pumicestone Passage and 700 hectares of land will be dedicated to conservation following the rehabilitation of old pine forest land and protection of existing ecological communities and species such as the Wallum Sedge Frog on the site.



The Green Star Communities Tool has the support of the many private sector and government agencies that were involved in its development and therefore provides a common language for the residential property industry. We will continue to pilot the tool on a number of other new projects across our portfolio over FY16.

NABERS

NABERS ratings have been completed for the calendar year 2014 for the whole of the Commercial Property office portfolio and a proportion of the Retail portfolio.

For the Office and Business Parks portfolio (ratings outlined in the table below), the portfolio average for energy in calendar year 2014 is 4.64 stars, up from 4.47 stars in 2013. We have split the portfolio for Office and Business Parks, but our targets are based on the combined portfolio of assets.

Some key achievements include:

- From our 18 energy ratings we have 12 buildings scoring 4.5 stars or better;
- Triniti T1 is the highest scoring energy rating at 5.5 stars;
- From 17 water ratings we have 8 buildings scoring 4.0 stars or better; and
- Garden Square has the highest water rating of 5.0 stars.

Table 2: Office and Business Parks NABERS Ratings

	Energy Rating				Water Rating			
	2014	2013	2012	2011	2014	2013	2012	2011
Office								
Piccadilly Tower, 133 Castlereagh St, Sydney	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5
Piccadilly Court, 222 Pitt St, Sydney	5.0	5.0	4.0	3.5	4.0	4.0	3.0	3.5
135 King St, Sydney	4.0	3.5	3.5	3.5	3.0	3.0	3.0	3.0
110 Walker St, North Sydney	4.0	3.5	2.5	4.0	3.0	3.5	3.5	3.0
77 Pacific Hwy, North Sydney	4.5	4.5	4.5	4.0	3.0	3.0	3.0	3.0
601 Pacific Hwy, St Leonards	4.5	5.0	5.0	5.0	4.5	4.5	4.0	4.0
40 Cameron Street, Belconnen ²	Exempt	Exempt	2.5	2.0	NA	-	-	4.5
Waterfront Place, 1 Eagle St, Brisbane	5.0	4.5	4.5	4.5	4.0	4.0	4.0	4.0
Garden Square, 643 Kessels Rd, Upper Mount Gravatt	4.0	4.0	4.5	4.0	5.0	5.0	4.5	4.5
80-88 Jephson Street, Toowong	4.0	4.0	2.5	1.5	4.0	4.0	4.5	4.0
Durack Centre, 263 Adelaide Terrace, Perth	5.0	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	3.0	3.5	3.5
Business Parks								
Optus Centre, 1 Lyon Park Road North Ryde	4.5	4.5	2.5	-	3.5	3.5	3.0	-
Trinity, 39 Delhi Road, Building A	5.5	5.0	5.0	5.0	4.5	3.5	4.0	4.5
Trinity, 39 Delhi Road, Building B	5.0	5.0	5.0	5.0	4.0	4.0	3.5	4.5
Trinity, 39 Delhi Road, Building C	5.0	5.0	5.0	5.0	3.5	3.5	3.0	3.0
66 Waterloo Road, North Ryde	4.5	4.0	5.0	5.0	3.5	3.5	3.5	4.5
16 Giffnock Ave, North Ryde	3.0	2.5	2.5	1.5	3.5	2.5	3.5	1.5
11-17 Khartoum Road, North Ryde	3.5	5.0	4.0	4.0	NA	NA	-	-
NABERS Office Portfolio Average	4.6	4.4	4.3	3.9	3.8	3.77	3.4	3.7

For the Retail portfolio, we have undertaken ratings on a broader selection of sites with 19 energy ratings completed for FY15 compared to 12 completed in FY14. The portfolio average for Energy is 3.96 stars and for Water, 2.68 stars³.

Some key achievements include:

- From 19 energy ratings we have 13 centres scoring 4.0 stars or better;
- Shellharbour was rated for the first time since development and achieved an Energy rating of 4.5 stars; and
- From 14 water ratings we have seven centres scoring 4.0 stars or better.

² We do not have ratings for 40 Cameron St Belconnen due to vacancy, exempted from disclosure under the BEED Act.

³ There are no ratings for Wetherill Park due to development or for Hervey Bay as we do not yet have a full 12 months of operational data for a rating. We are waiting on the ratings to be finalised for Point Cook and The Pines due to embedded networks issues. Further, Merrylands couldn't be rated because the gas utility provider has not been taking meter readings and the gas bills are based on estimated consumption. We could not get water ratings for Gladstone and Bundaberg due to utility metering issues and Riverton and Bull Creek due to the bore water supplies not being metered.

Table 3: Retail NABERS Ratings

	Energy Rating				Water Rating			
	2014	2013	2012	2011	2014	2013	2012	2011
NSW								
Stockland Cairns	4.5	4.5	3.5	NA	4.0	4.5	3.5	NA
Stockland Townsville	3.5	3.0	NA	NA	NA	NA	3.5	NA
Stockland Rockhampton	3.5	3.0	2.0	NA	3.0	3.0	1.5	NA
Stockland Gladstone	4.0	NA	NA	NA	NA	NA	NA	NA
Stockland Bundaberg	4.0	NA	NA	NA	NA	NA	NA	NA
Stockland Caloundra	4.5	5.0	NA	4.0	5.0	5.0	NA	NA
Stockland Hervey Bay	NA	NA	NA	3.5	NA	NA	NA	3.5
Stockland Burleigh Heads	3.5	NA	NA	NA	5.0	NA	NA	NA
Stockland Forster	6.0	6.0	NA	6.0	4.5	5.0	NA	4.0
Stockland Green Hills	3.5	3.0	0.0	NA	3.0	3.0	2.5	NA
Stockland Jesmond	4.5	4.0	3.0	NA	3.0	2.5	2.5	NA
Stockland Glendale	5.5	5.5	5.0	NA	3.0	4.0	3.0	NA
Stockland Bathurst	3.5	3.0	3.5	NA	3.0	2.5	2.5	NA
Stockland Baulkham Hills	3.5	3.5	3.0	NA	0.0	1.0	0.0	NA
Stockland Wetherill Park	NA	4.0	2.5	3.5	NA	4.0	2.5	2.5
Stockland Shellharbour	4.5	NA	NA	NA	0.0	NA	NA	NA
Stockland Nowra	4.5	4.5	4.0	NA	4.5	4.5	4.5	NA
Stockland Traralgon	4.0	NA	NA	NA	4.0	NA	NA	NA
Stockland Wendouree	4.0	NA	NA	NA	4.0	NA	NA	NA
Stockland Bull Creek	4.5	NA	NA	NA	NA	NA	NA	NA
Stockland Riverton	4.0	NA	NA	NA	NA	NA	NA	NA
NABERS Retail Portfolio Average	4.2	NA	NA	NA	2.6	NA	NA	NA

For our corporate offices, Stockland is a CitySwitch signatory in Sydney, Melbourne and Perth and we complete a NABERS ratings each year for these offices, as outlined below.

Table 4: Corporate NABERS Ratings

	Energy Rating			
	2014	2013	2012	2011
Sydney Head Office, L22-29, 133 Castlereagh Street	4.5	4.5	4.5	6.0
Melbourne Head Office, L7, 452 Flinders Street	3.5	3.5	NA	2.0
Perth Head Office, L1, 2 Victoria Avenue	3.0	NA	NA	5.0
Brisbane Head Office, L4, 99 Melbourne Street	NA	NA	NA	3.0

NatHERS

We achieved 8 star rating for our Willowdale Hub.

Liveable Housing

During FY15 we achieved a Liveable Housing accreditation for the design of our Sustainability Hub at Willowdale, the first in our portfolio.

Willowdale Retirement Living village commenced construction in FY15 and all units and the clubhouse are designed to LHA Gold standard and will be registered and certified upon completion.

Australia's first Corporate Green Bond

The diversity (form and timing) of our debt funding is a key element of our capital strength. Late last year we saw an opportunity to raise debt in a way that had not been done by any other Australian company.

By leveraging our position as one of Australia's leading sustainable property companies, we sought to appeal to a new type of investor and raise funds in a new market. In November 2014, we successfully issued Australia's first Corporate Green Bond raising €300 million (\$433 million Australian dollars), enabling us to further invest in leading edge sustainable projects with competitive long-term funding.

The table below outlines the allocation of these funds across our eligible projects. These projects include new and recently developed assets that meet the sustainability criteria of our green bond. The Stockland Green Bond Annual Report can be found at www.stocklandsustainability.com.au.

Table 5: Green Bond Fund Allocation

Type of projects	Site	Financial allocation (\$millions AUD)	Green Star rating
Development (Use of Proceeds Category I)	Caloundra South	10.7	6 star - Communities Pilot v0.1 - Rating achieved
	Mernda	15.0	4 star - Custom Design - Retirement Living – Rating achieved
	Selandra Rise	15.5	4 star - Custom Design – Retirement Living – Rating achieved
Redevelopment (Use of proceeds category II)	Wetherill Park	97.9	5 star - Retail Centre Design v1 - Rating achieved
	Baldivis	93.2	4 star - Retail Centre Design v1 - Rating achieved
	Hervey Bay	13.5	4 star - Retail Centre As Built v1 - Rating achieved
	Shellharbour (Development)	175.7	4 star - Retail Centre Design v1 - Rating achieved.
	Green Hills	9.4	4 star – Retail Centre Design v1 – Target rating
Capital projects (Use of proceeds category V)	Shellharbour (Solar)	2.1	Australia's largest single rooftop solar system
Total		AUD 433m⁴	

⁴ Conversion rates EUR/AUD was 1.443 corresponding to the swap rates used on the date the Green Bond was issued (3 November 2014). This will be unchanged for the life of the bond.

6. Targets and Progress

FY15 Priorities

Green Star

All shopping centre developments to achieve a minimum Green Star Design and As Built rating of 4 stars.

Achieved

We have achieved 5 Green Star Retail ratings in an eight month period at Townsville, Shellharbour and Hervey Bay (As Built v1) and at Baldivis and Wetherill Park (Design v1). We have committed to this on all Developments.

All new Retirement Living Stockland-developed villages to be Green Star rated to a minimum 4 stars Design.

In Progress

Willowdale Village registered for Green Star rating.
Mernda Village submission made to achieve 4 star Green Star rating (Round 1 rating and will complete its Round 2 for final rating in FY16).

Test the new Green Star Performance pilot tool on one shopping centre and in our operating retirement villages.

In Progress

In progress at Stockland Merrylands, moving to a Green Star Performance portfolio rating for 22 shopping centres in FY15/16. The Merrylands pilot will be encompassed in our work on Green Star Portfolio.

NABERS

Office: 4.5 Star NABERS energy portfolio average by FY17 and NABERS water portfolio average of 4 stars.

In Progress

Current portfolio average on 4.6 stars for Energy. Current portfolio average of 3.8 stars for Water.

Retail: Conduct NABERS energy and water ratings on all eligible assets⁵ in portfolio by FY17.

In Progress

19 out of 22 eligible Retail assets rated for Energy and 14 for Water. Remaining assets to be rated prior to FY17.
Current portfolio average 4.2 stars for energy and 2.6 stars for water.

NatHERS

Residential projects to demonstrate delivery of 7 stars or above homes in our display villages.

Achieved

We currently have 56 homes across 6 display villages achieving a 7 stars or above NatHERS rating.

Livable Housing

Retirement Living

Achieved

Development pipeline and all new villages to meet 100% LHA Design Guidelines Silver standard minimum.

Willowdale Retirement Living Village designed to achieve LHA Gold Standard.
New Design Guidelines for public buildings and units reflect LHA Silver standard.

FY16 Priorities

Commercial Property

- Achieve a Green Star Performance rating on the portfolio of 22 Retail assets. This will encompass all 22 shopping centres eligible for NABERS ratings (energy is an eligibility criterion for Green Star Performance and we complete this through NABERS).
- Develop approach and test application of new Green Star – Design & As Built rating tool. This will initially be reviewed against Stockland Willowdale Retirement Living.
- Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites. Incorporate Accessibility Strategy Action Plans into business unit operations.

Residential

- Continue to pilot Green Star - Communities rating tool in 4 nominated new projects with the Residential business.
- Achieve incremental progress toward Accessibility Strategy targets (FY16-19):
 - All sustainability hubs rated to meet LHA Silver standard minimum Design and As Built certified and registered FY19.
 - 2 new display homes in all new communities to display LHA silver standard by FY17.
 - All new communities to have LHA design options offered by at least 2 builders by FY17.
 - 50% of medium density and Completed Homes to meet LHA Silver standard minimum Design and As Built certified and registered FY19.

Retirement Living

- Achieve incremental progress toward Accessibility Strategy targets (FY16-19):
 - Achieving Gold standard LHA design, registration and certification on all new developments FY19.

⁵ Excludes centres that are in development or that do not have a full 12 months of data post development.

Residential

Homes commissioned by Stockland (e.g. Medium Density) to meet 40-50% LHA Silver Standard by FY16.	In Progress	Progress has been made by the medium density and completed homes team to incorporate 20% of the housing product in 2 communities to be designed to this standard. The team developed a process to incorporate LHA requirements into contracts and processes but these are yet to be tested, certified or registered. We worked with the Diversity and Inclusion Committee to integrate new targets into the Accessibility strategy over FY16-19 and developed a method to track and report progress against these new targets.
New homes built in our display villages: at least 3 display homes in each community built to Silver standard.	Not Achieved	While we did not develop the display homes to silver standard in each display village, we focused on designing our Sustainability Hubs to demonstrate sustainable design, including to LHA silver standards. New targets have been set within the accessibility strategy across a broader time horizon to facilitate greater commitment from our builder partners. We are setting targets to make a 100% commitment where we manage construction, but will aim for 2 display village target to develop industry's capability and seek to extend over time.
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.	Achieved	We released the Better Places Manual in FY15 which provides Stockland and Stockland Business partners with comprehensive guidance on integrating Accessibility into design and delivery processes.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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. Community Investment

Community investment refers to our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through employee engagement programs. Our community investment programs and initiatives are designed to deliver on our strategic objective to 'shape thriving communities' by enhancing our involvement with, and contribution to, the communities in which we operate and society more broadly.

Our program is based on our Giving and Volunteering initiatives and is focused on the areas of health and wellbeing, community connection and education.

These social impact areas align with Stockland's skills and assets and we believe we have the ability to make a positive contribution to the health and wellbeing, community connection and education in our communities. Further, our industry and customer research tells us that these social impact areas are important to customers when deciding whether to live, recreate and shop with us. Aligning our activities to these focus areas allows us to create a positive impact on our communities ensuring they thrive, now and into the future.

When choosing the initiatives to include in our community investment program, we consider both strategic alignment to our focus areas as well as employee feedback. This balance enables employees to support the communities in which we operate, as well as those charities and causes for which they have a personal passion.

Research has shown that 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 initiatives as both an employee benefit and a key driver of employee engagement.

By offering a variety of strategic giving and 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.



Shape Thriving Communities is a key focus for our Sustainability Strategy

3. Management Approach

Our community investment program is strategically aligned with our three community development focus areas: health and wellbeing, education and community connection (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 initiatives that are scalable, replicable across our asset classes and afford all employees the opportunity to provide financial or in-kind support to a charitable organisation or cause of their choosing.

Our approach has traditionally been delivered through our Giving and Volunteering programs.

Giving

Workplace Giving at Stockland allows all full-time, part-time and fixed-term employees to make a donation of up to \$5,000 per financial year to a charity of their choice from their pre-tax income. Stockland matches 100% of these employee contributions and absorbs the associated administrative costs, maximising the financial donation for the charity.

We partner with Charities Aid Foundation (CAF) to administer our Workplace Giving program. By using CAF to administer all workplace giving donations in one transaction per month, we have removed the administrative burden of managing multiple, individual donations made directly to the charity.

In FY15, we launched a new workplace giving platform, 'Good2Give', for our employees. Good2Give allows employees to engage more effectively with charitable organisations by providing them with information on charitable organisations by cause area and campaigns, providing employees with a live update of their selected charity.

Case Study: Stockland CARE Foundation



Stockland was proud to launch the Stockland CARE Foundation in May 2015. The Foundation is a charitable trust set up for the purposes of delivering infrastructure, programs and initiatives that improve the health and wellbeing and education of Australian communities. The Stockland CARE Foundation directs its support to strategic and aligned charitable partners that help Stockland deliver on this purpose.

In FY15, Redkite and the Touched By Olivia Foundation (TBO) were chosen as the first charity partners to receive financial and in-kind support from the Stockland CARE Foundation for a minimum three-year period.



In FY16, we will formalise and embed the CARE Foundation objectives, programs and initiatives through:

- Targeted internal and external communications.
- The launch of the Stockland CARE Foundation Employee Network. This volunteer network of Stockland employees across NSW, Victoria, Western Australia and Queensland will help support the CARE Foundation manager with the planning, implementation and communications of CARE Foundation programs and initiatives.
- The integration of CARE Foundation activities into our business activities e.g. introducing cause-related marketing and fundraising programs into existing retail campaigns.
- Various corporate initiatives such as employee-led fundraising and employee health and wellbeing programs.

Corporate donations

Corporate donations are made in response to specific events and ad hoc charitable purposes, with Stockland donating to various charities and not-for profit organisations throughout the year. This may be in support of emergency relief appeals in and around our assets, or to support individuals meaningfully involved in a charity or community group.

In-kind support

We also provide local community groups with in-kind support (such as community space in our retail centres or access to land for charitable purposes) at no cost or a discounted rate.

Volunteering

Our volunteering program provides our employees with the opportunity to volunteer in activities with national community partners in and around our communities or with an organisation of their choice. We provide opportunities for our employees to participate in volunteering opportunities that have a clear and positive impact on community health, education or connection.

Employees can volunteer their time and skills in three key areas:

- **Team volunteering** activities are tailored to the needs of our communities and local charity groups at any given time. Team volunteering not only provides much needed support to our local communities, it also serves as a powerful team building exercise and gives all 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. 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 our community 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. ABCN's core focus areas, of disadvantaged youth and creating pathways to employment through training and development, align to our strategic focus area of Education.
- **Personal volunteering** is an initiative that supports full-time and part-time employees take up to two days personal volunteering leave per year, in addition to their team volunteering activities for a charity of their choice. Employees must adhere to Stockland's personal volunteering policy when applying for this category of leave to ensure all details of the activity are logged.

Request for Charitable Support and Sponsorship Policy

In FY15, we developed a Request for Charitable Support and Sponsorship policy. The policy outlines Stockland's approach to requests for support from community members, employees and organisations directly or indirectly requesting financial, in-kind or other types of support from Stockland for a charitable purpose or sponsorship.

It includes an outline for Stockland employees of the essential criteria an individual or organisation requires to be eligible for Stockland financial, in-kind or other support, the process by which an eligible organisation or individual can request support from Stockland and the different classifications of sponsorships and agreements entered into by Stockland.

The policy was developed in response to changes in the structure of government funding for not for profit entities, the announcement of Stockland CARE Foundation and its associated funds and feedback from our employees who engage with customers and organisations requesting support at the asset level. An [external guideline](#) is also available for community members and organisations who request financial, in-kind or other types of support from Stockland.

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 CARE Foundation and Community Partnerships 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 and employee volunteers. This team guides Stockland's 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 their teams.

4. Review and Evaluation

We collect, measure and report all data relating to community investments on an annual basis, including our time, monetary support and in-kind donations given to charities and community groups. We continue to work with the London Benchmarking Group (LBG) to validate the data collected, verify the validity and accuracy of Stockland's reported community investment datasets and provide us with a benchmark to assess our performance relative to other LBG members.

We work with our employees across our business 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.

In FY15, we ran a strategic social impact workshop for eight of our national community and CARE Foundation partners, facilitated by LBG. The workshop was designed to:

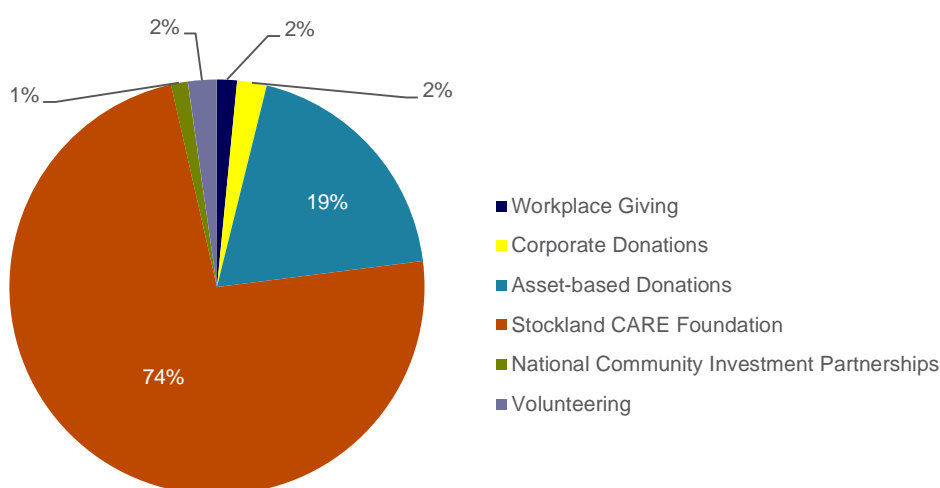
- Share our revised business and sustainability strategy;
- Introduce community partners to LBG's social impact methodology that will be used for community impact reporting from FY16; and
- Equip our partners with the tools and knowledge to apply the social impact methodology to key community development and community investment programs run in and around Stockland assets.

In FY16, we will continue to work with our partners to maximise the impact of our community programs and partnerships using the LBG social impact methodology. We will continue to run a strategic review workshop like this each year before the commencement of the new financial year.

5. FY15 Update

In FY15, we invested over \$5.4 million in our local communities and selected charities through our community investment giving and volunteering programs. As can be seen in the chart below, this was largely made up of a \$4 million dollar investment in the Stockland CARE Foundation.

Community Investment Spend



The table below provides greater detail on the allocation of our community investments.

Community Investment	Definition	Investment
Workplace Giving	Total matched donations made by Stockland through Stockland's Workplace Giving Program, administered by Charities Aid Foundation (CAF).	\$84,988
Corporate Donations	Refers to donations made on behalf of Stockland Development and/or Stockland Trust for the purposes of ad hoc community purposes including, but not limited to, disaster relief, donations to significant charitable causes.	\$124,762
Asset-based Contributions	Includes financial and in-kind support provided to local community organisations from a Stockland residential, commercial property or retirement living asset or project that is not included in their community development plan.	\$1,043,493
Stockland CARE Foundation	Includes the transfer of funds by Stockland to the Stockland CARE Foundation Trust made on June 30, 2015.	\$4,000,000
National Community Investment Partnerships	Includes financial support given to not-for-profit organisations that support the delivery of volunteering opportunities for Stockland employees.	\$71,500
Volunteering	Includes total number of hours logged from personal volunteering, team volunteering and student mentoring activities by Stockland employees. Volunteering figures are determined by the number of hours multiplied by the average hourly remuneration rate as included in LBG's guidance manual for FY15 (\$46.54).	\$122,725
Total		\$5,447,468
Total Value of Community Investment as verified by LBG¹		\$6,300,383

Giving

Workplace Giving

In FY15, Stockland employees donated \$84,988 to a total of 103 individual charities via our Workplace Giving program. Stockland matched 100% of these donations, resulting in a total investment of \$169,976.

A total of 19.5% of employees participated in our Workplace Giving program. While this was a slight decrease in participation from 21% employee participation in FY14, it represents a 32% increase in total employee donations from \$64,378 donated in FY14. It also compares favourably to the LBG average of 3.5% of employees participating in workplace giving².

Employees also engaged positively with workplace giving after the launch of the Stockland CARE Foundation, with 38 donations made in support of our CARE Foundation partners, Redkite and Touched By Olivia.

In FY16, we will focus on the roll out, stabilisation and communication of our new Workplace Giving platform 'Good2Give'. Good2Give allows employees to engage more effectively with charitable organisations by providing them with information on charitable organisations by cause area and campaigns.

Corporate Donations

In FY15, Stockland donated \$124,762 to one-off programs or charities in response to disaster relief and other causes and initiatives.

In FY16, all corporate donation requests will be funnelled through Stockland's Request for Charitable Support and Sponsorship Policy and made in line with the policy requirements.

¹ Total includes all community investment inputs as verified by LBG in our FY15 verification statement. (Link here). In addition to the Stockland community investment elements listed above, the total community investment figure as verified by LBG includes our investment in national community development partnerships, the Stockland community grants program and management costs associated with the planning, implementation and communication of these programs at Stockland. It does not include Stockland's community development activities included in asset community development plans, or donations made by Stockland employees through our Workplace Giving program.

² London Benchmarking Group 2014 Benchmark Report, p.21

In-Kind Support

In FY15, Stockland continued to provide real estate and land to bespoke charitable initiatives.

Our Residential business in Western Australia, in partnership with builder partners, contributed a parcel of land from our Amberton residential project in support of the HIA Charitable Home project³. All proceeds from the sale went to Australian Mental Health Charity, Beyond Blue. This contribution was of particular strategic importance as Stockland looks to focus on the health and wellbeing of its employees, in particular mental health within the construction industry.

All Stockland retail assets with a dedicated community leasing space offered the space free of charge or at a discounted lease rate to local not-for-profit community organisations. In FY15, our community spaces gifted over \$300,000 in foregone revenue to local community organisations.

Volunteering

Volunteering remained a key focus of our Community Investment program in FY15, with employees volunteering for numerous organisations throughout the year including schools, charities for the homeless and environmental groups.

In FY15, 21% of employees participated in our volunteering programs (either as part of a team volunteering day, by becoming a student mentor or by utilising their personal volunteering leave). This is a nine percentage point decrease from FY14 when 30% of employees volunteered their time.

This is largely due to the fact that our engagement activities focused on our smaller states and these activities were not as well attended as in previous years. Given that the CARE Foundation launched towards the end of FY15, we will concentrate our efforts in FY16 on developing and implementing a strategic volunteering strategy, aligned with our CARE Foundation activities and our community development focus areas to increase this participation rate.

Team Volunteering

In FY15, 14 teams from across the business participated in a dedicated team volunteering day. Overall, this involved 333 employees contributing 1890 hours to support the communities in which we operate. Support was provided to a number of charities and community groups including:

- The Salvation Army (The Ivanhoe Estate) – employees helped clean up the local estate park, prune trees, sweep pathways, erect marquees, lay out seating and fill sandbags for the estate's 25th anniversary event.
- The Salvation Army (Street Level Mission) – employees helped prepare and serve meals, stock shelves and pack groceries for the food market.
- The Wayside Chapel – employees helped with Wayside services, including preparing and serving food to the community.
- Conservation Volunteers Australia (CVA) – employees helped with hands-on bush regeneration at Bradleys Head and removed invasive exotic weeds to protect toadlets native Sydney sandstone woodland habitat.
- Dress for Success - employees helped to sort and iron clothing donations, refresh showroom stock and assist stylists for their seasonal clothing changeover.
- Multicap Queensland – all Queensland-based employees were invited to participate in a State volunteering day to support the high needs disability support organisation Multicap. Employees helped with garden maintenance and community garden building, assisted with day service activities and employment facilities.

Conservation Volunteers

In FY15, we formalised our partnership with Conservation Volunteers Australia (CVA) as a national volunteering partner. CVA is Australia's largest hands-on conservation organisation. Established in 1982, CVA partners with government, business and the community to provide millions of hours of volunteering opportunities across Australia and New Zealand. As a result of this new partnership, CVA will provide Stockland with eight unique volunteering opportunities for our employees across Australia each year to engage in activities such as tree planting, invasive weed removal, seed collection, erosion control, heritage protection, walking trail construction and endangered flora and fauna surveys. In FY16, we will review team and personal volunteering opportunities available to staff with a view to develop an organisation-wide volunteering strategy, incorporating skilled and pro bono volunteering opportunities with alignment to our community focus areas.

³ The Housing Industry Association (HIA) is the official body of Australia's home building industry. HIA, in partnership with Stockland and Dale Alcock Homes, will be auctioning off a four bedroom home in Eglinton in Perth's northern suburbs in March 2016, with all proceeds helping to address mental health issues in the residential building industry.

Student mentoring

In FY15, 69 Stockland employees participated in a student mentoring program via our partnership with the ABCN. Programs Stockland has supported include:

- **Focus** - 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 year 11 high school students to broaden their awareness of career options and help them make informed decisions beyond school. Year 11 is considered a critical stage 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 exploring post-school options, interview techniques and developing essential employability skills.
- **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 benefit from one-to-one attention with a mentor to build confidence and self-esteem.

We plan to pilot a new ABCN program in FY16 called TEAM, which focuses on project management skills for year 10 students. To align with Stockland's sustainability focus area of 'Optimise and Innovate' and utilise the expertise of our employees, four students will partner up with two Stockland mentors to plan, design and pitch for a Green Building Project contract.

6. Targets and Progress

FY15 Priorities		FY15 Performance
Complete community investment review and launch new strategy in FY15.	Achieved	Community investment review completed and CARE Foundation launched with Stockland's new sustainability strategy at our Employee Roadshow in May 2015.
Achieve volunteering rate of 65% by FY17.	In Progress	<p>In FY15, 21% of employees participated in our volunteering programs. This is a 9% decrease from FY14 when 30% of employees volunteered their time.</p> <p>This is largely due to the fact that our engagement activities focused on our smaller states and these activities were not as well attended as in previous years. Given that the CARE Foundation launched towards the end of FY15, we will concentrate our efforts in FY16 on developing and implementing a strategic volunteering strategy. We will continue to work towards our FY17 target and communicate progress.</p>
Achieve Workplace Giving Rate of 25% by FY17.	In Progress	19.5% achieved in FY15.
Assess each partner against the CSI framework in FY15.	In progress.	<p>In FY15, we completed the first phase of our community partnerships review by conducting a high level assessment of our partners and their alignment with our community development strategy into FY16. As a result of this high level assessment, we launched a community partnerships review survey to our retail assets, incorporating key CSI framework assessment elements to gather asset team feedback. Each community partner also participated in a strategic planning workshop to plot all key community programs and initiatives against the LBG social impact methodology to realign the operational, financial and resourcing structure of our partnerships. We also formally assessed one of our six participating community partners against the CSI framework and documented results.</p>

FY16 Priorities

- Incorporate community investment review findings into FY16 community partnership agreements and initiatives.
- Finalise and endorse CARE Foundation Employee Network membership for FY16.
- Embed CARE Foundation priorities at the corporate and asset level through the communication and delivery of a giving and volunteering toolkit and CARE Foundation toolkit across each Stockland head office location and asset.
- Develop an organisation-wide volunteering strategy and progress towards a volunteering rate of 65% by FY17.
- Roll out and stabilise new workplace giving platform with active employees registered as Good2Give users.
- Collate responses and insights from community partnership review survey data and assess remaining community partners against the CSI framework.
- Achieve Workplace Giving rate of 25% by FY17.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. Customer safety and security

Community Development

FY15

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.



Stockland's sustainability strategy helps deliver on our purpose and supports our business strategy through our three strategic sustainability pillars:

- Shape thriving communities;
- Optimise and innovate; and
- Enrich our value chain.

Community development is fundamental to delivering on our strategic pillar of shaping thriving communities.

Our proprietary Liveability Index survey, 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 demonstrate that people living in stronger, healthier communities have greater life satisfaction and above average wellbeing.

Our research also correlates satisfaction with customer referrals, which is directly linked to increased 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 from concept through to project operation, including community members, industry, government, corporate and social partners. 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 for Stockland. While we are committed to meeting our regulatory requirements, our standards for delivery of community development initiatives are informed by industry best practice. We believe that going beyond regulation and good practice is critical if we are to deliver on our purpose of creating 'a better way to live' by shaping thriving communities that are desirable for our customers and residents.

We have identified three core focus areas to drive community development through our Commercial Property, Residential and Retirement Living business units:

- Health and wellbeing;
- Community connection; and
- Education.

These focus areas were developed through a rigorous consultation and research process and assist in a focused and consistent delivery of community development initiatives across our property portfolio.



Focus Areas	Description	Objectives
 <p>Health and Wellbeing</p>	<p>Our focus and commitment to the health and wellbeing of our communities is aligned with the Federal government's priority to reduce obesity. It is also supported by research that illustrates the value communities place on parks, open spaces and recreational infrastructure and a feeling of safety within their communities. We seek to ensure our communities can access fresh, healthy food and participate in active living practices.</p> <p>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).</p>	<ul style="list-style-type: none"> • 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.
 <p>Education</p>	<p>Our focus on education is aligned with the Federal Government's commitment to quality education. It is supported by customer research, such as our Liveability Index survey, which identifies access to education and employment as a major driver of personal wellbeing and prosperity for individuals, families and communities.</p> <p>Infrastructure that supports education 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 Partnerships).</p>	<ul style="list-style-type: none"> • 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.
 <p>Community Connection</p>	<p>Stockland's commitment to community connection is aligned with the Federal government's priority to improve mental health through a reduction in social isolation. Our research also 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.</p> <p>Infrastructure that supports community connection 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 and the arts (see National Partnerships).</p>	<ul style="list-style-type: none"> • 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.

Community Partnerships and Programs

Stockland has close working relationships with a variety of community organisations to help us deliver social infrastructure and programs in and around our assets. Project and asset teams are supported by a suite of strategic, national, state, regional and local partnerships that they can draw upon for advice, resourcing and implementation needs. These partners must align to Stockland community focus areas of health and wellbeing, education and community connection.

In FY15, we expanded our suite of community partners with the launch of the Stockland CARE Foundation. The Stockland CARE Foundation will provide financial and in kind support to Foundation partners who help us to deliver programs and infrastructure in the areas of health, wellbeing and education, as well as providing meaningful employee engagement opportunities.

We categorise our community partners and programs as Foundation, National or Local.

- **Foundation** partners are those we work with through the Stockland CARE Foundation. Established in FY15, the Stockland CARE Foundation directs its support to organisations which positively impact the health and wellbeing and education of communities in and around Stockland assets. The Stockland CARE Foundation directs its investment to Foundation partners who receive financial and in-kind support.
- **National** community development programs and partners aim to work with our asset teams to deliver targeted infrastructure and programs that align to our three focus areas. Organisations must have national reach across all Stockland assets and projects. National partnerships are managed by the national sustainability team and selected based on an assessment of essential criteria as outlined in Stockland's Request for Charitable Support and Sponsorship Policy document, including:
 - The drive to deliver shared value - sustainable benefits to our communities and commercial value for Stockland.
 - Run programs at or near our assets and projects which engage all members of the community.
 - The ability to provide measurements and reporting structured to our stakeholders needs.
 - Deductible Gift Recipient (DGR) Status as determined by the Australian Taxation Office (ATO).
- **Local** community partners and programs work with Stockland asset teams at the local, regional or state level to deliver ad hoc events or programs in and around Stockland assets, servicing a particular societal need distinct to the local community of the Stockland asset. Local community partners are not required to meet the same criteria as national or Foundation partners as they meet bespoke, local community requirements.

Each year we review new Foundation or national community partner opportunities using the criteria as outlined in the Stockland Request for Charitable Support and Sponsorship Policy. An [external guideline](#) is also available for community members and organisations who request financial, in-kind or other types of support from Stockland.

Stockland's community development partnerships, programs and resources are summarised in the table below.

Table 1: Stockland's community development partnerships, programs and resources

Focus Area	Partner or Program Name	Partnership or Program Category	New or Existing	Description
Health and Wellbeing	parkrun	National	Existing	Community led running group
	National Heart Foundation	National	Existing	Community led walking group
	Jamie's Ministry of Food	National	Existing	Partner led cooking schools
	Live Life Get Active	National	New	Community fitness classes
	Redkite	Foundation	New	Partner led suite of services to support families with a young person (0-24 years) with cancer.
Education	Beacon Foundation	National	Existing	Partner led education and employment program for at risk youth
	Work Inspiration and National Partnership Broker Network	National	Existing	Partner led school, business and community partnership development
	Salvation Army Employment Plus	National	Existing	Partner led training and employment program for local unemployed people
	Mission Australia	National	Existing	Partner led training and employment program for local unemployed people
Community Connection	Stockland Inspirations Touched by Olivia Foundation (TBO) ¹	National Foundation	Existing New	Stockland led education and program for students Partner led design and consultation service to improve the delivery of all ability inclusive play spaces, and establish social enterprise cafes
	Stockland Community Grants Program	National	Existing	Stockland led community grant program assisting local community groups
	Reconciliation Action Plan	National	Existing	Stockland led program seeking to address the gap in employment and engagement with Aboriginal communities and persons

¹ Touched by Olivia Foundation is a new Foundation partner of Stockland having been selected as one of two charities to receive financial and in-kind support from the Stockland CARE Foundation. Touched By Olivia was a national community development partner of Stockland in FY13 and FY14.

Stockland's suite of community partnerships and programs provide teams with expert advice and assistance in the planning and successful execution of community development initiatives.

Community Development Toolkits and Plans

Our community development toolkit outlines minimum infrastructure and social sustainability standards to be adopted by assets and projects. Selected assets and projects across Stockland's retail, residential and retirement living businesses complete a community development plan, sustainability plan or village plan respectively, using the community development toolkit to plan community activities and initiatives for the upcoming financial year.

Project and asset teams are assisted in this process by the national sustainability team, with community development experience specifically related to residential, retirement living and commercial property developments.

A simple four step process guides the creation of each community development, village or sustainability plans:

- Understand - research our communities to better understand them via a 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 the 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 and track and report results.

The Community Development Toolkits provide project teams with recommended infrastructure and social sustainability initiatives. For each infrastructure or social initiative teams must identify:

- Infrastructure or social initiative to be undertaken to meet Stockland's minimum standards;
- Which Stockland community focus area the initiative aligns with;
- Budget allocation required;
- Timing for implementation;
- Key stakeholders required to successfully deliver or implement the initiative;
- Responsible team leader to drive the successful delivery; and
- Targeted social and commercial outcomes.

Typically, Stockland projects or assets that complete a community development, village or asset plan will have a combination of infrastructure and social sustainability initiatives. Social sustainability initiatives are developed in partnership with community organisations and members of Stockland's communities to build capacity and enable them to be self-sufficient over time. This approach supports the development of sustainable, vibrant and engaged communities, which is particularly important within the residential business after Stockland has exited a project.

Roles and Responsibilities

Stockland's Chief Operating Officer assumes ultimate responsibility at a Group level for community development performance and reports directly to the Managing Director. Our Board Sustainability Committee oversees our community development approach, targets and performance. Accountability for community development delivery within each business unit sits with various Executive Committee members, including the Chief Executive Officers (CEOs) of Commercial Property, Residential and Retirement Living businesses.

Stockland's National Sustainability Manager, supported by the business unit National Sustainability Managers, has responsibility for ensuring the effective implementation and evaluation of Stockland's Community Development approach. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of our Community Development Toolkit and Plans. Stockland Development and Asset Managers are responsible for ensuring that community development is effectively delivered and managed at a project and asset level.

Members of our executive team, including the Managing Director, Chief Operating Officer and CEOs of each business unit, as well as project and asset managers and functional staff, have KPIs relating to community development.

4. Review and Evaluation

Community Development Evaluation and Reporting

All projects and assets that complete a community development, village or sustainability plan are required to submit their plans to the national sustainability team on a six monthly basis and report on the delivery of initiatives over the previous financial year. This includes initiatives implemented, total spend and the commercial and social outcomes achieved.

The national sustainability team collates data from each Community Development or Village Asset Plan and tracks progress of community development against Stockland's sustainability strategy and targets.

Community Partnerships Evaluation

Each National Partnership is consistently reviewed and evaluated in accordance with the Centre for Social Impact (CSI) Framework to ensure successful application, community uptake and investment value is achieved. Each partner is also required to provide Stockland with consistent reporting, including the number of participants involved and program frequency.

This year we asked our commercial property asset teams to provide feedback on their overall experiences with our national community partners. The information will be used for the purpose of understanding and improving our community development partnerships and local initiatives to deliver on our purpose of creating communities that thrive.

The outcomes of the national partnerships review and evaluation directly informs the revision of our sustainability strategy and Community Development Toolkits. The outcomes indirectly inform the nature of community-related questions within the National Liveability Index, Residents Voice Survey and surveys distributed via Stockland Exchange (see [Community Engagement DMA](#) for further information on customer surveys).

After the successful launch of Stockland's inaugural community partners' workshop in FY15, all Stockland National Community Development and Community Investment Partners will be invited to attend a workshop with Stockland sustainability team members at the end of the financial year to review program activity, impact measurement reporting outcomes for the past and future financial years.

Community Engagement

Stockland uses business specific tools and resources such as online research platforms and face to face customer consultation sessions 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 strategy and Community Development Toolkits and allows us to refine our processes if required. Some examples are outlined below.

Residential - National Liveability Index

The National Liveability Index is a comprehensive survey used to measure resident satisfaction with quality of life within a Stockland community. Informed by five key drivers, Liveability seeks community insights on amenity and community design, education, community perceptions, personal circumstances and homes within the community. These key drivers of satisfaction impact how our Stockland residents perceive their quality of life specific to the Stockland community in which they live.

During FY15, Stockland invited residents at 26 communities to participate in the Liveability Index survey, with responses received from over 45 active and complete communities nationally. A total of 1,840 qualifying responses were received in FY15. Results were aggregated nationally and by state, with individual communities receiving asset specific results wherever statistically significant response rates were received. These results guide our targeted approach to community development in the residential business.

Examples of survey questions asked in 2015 include:

- Taking everything into consideration, how would you rate your overall satisfaction with living in 'Project Name'?
- To what extent do you agree that there are enough opportunities in your local area for you, or members of your household, to participate in sporting/recreational activity?
- How comfortable do you feel when you are walking in your neighbourhood during the evening?

The Stockland Liveability Index survey continues to draw a strong link between overall community satisfaction, with residents referring Stockland as a place to live to family and friends. Our Liveability Index survey is therefore a valuable tool to understand customer drivers, identify future residential business opportunities and effectively respond to our customers' needs.

Retirement Living - Residents Voice Survey

The Residents Voice Survey is a comprehensive survey used to measure resident satisfaction whilst living in a Stockland Retirement Village. The survey is typically completed annually by over 6,000 residents.

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 involves a community of over 4,150 members who are customers of our shopping centres, residential and retirement villages. Stockland Exchange allows direct engagement with retail customers and provides us with a two-way portal for our customers to provide fast and effective feedback about their experiences at our assets. We utilise this information to inform the design of community infrastructure, the provision of programs and initiatives and to provide us with a consistent feedback loop to ensure that what we have delivered is evaluated and reviewed to meet or exceed community and customer expectations. Examples of this include the 'Healthy and Happy Survey' developed in collaboration with Parkrun and the 'Retreat Zone Survey' developed in collaboration with TBO.

5. FY15 Update

The table below outlines Stockland's contributions to initiatives, partnerships and grants in FY15.

Table 2: Stockland's FY15 contributions to initiatives, partnerships and grants

	FY15	FY14
Asset and Project based initiatives ²	\$2,136,776	\$1,317,342
National Community Development Partnerships ³	\$206,750	\$297,835
Community Grants ⁴	\$218,500	\$95,880
Total \$	\$2,562,026	\$1,711,057

In FY15, we saw a considerable increase in the overall investment in community development initiatives. The key reasons for this include the introduction of several new large-scale infrastructure projects in our residential communities in partnership with TBO and the expansion of our Community Grants program from our retail centres into our Residential business. Our national community development partnership spend has decreased due to the fact that in FY14 we included our membership fee with the Australian Business and Community Network (ABCN). In FY15, our national community investment partnership fees are included in our community investment DMA only.

Local programs and initiatives continued to be the largest area of investment for our community development activities. Whilst our national partnerships and community grants investments continue to build consistent and replicable community development activities and programs across our assets, tailored programs in partnership with local organisations ensure we are adhering to local needs and preferences in delivering successful community outcomes for our communities.

² Includes programs, events, infrastructure or initiatives led by a Stockland Commercial Property and Residential asset or project, in partnership with a local or national community organisation, as listed in an asset's community development or sustainability plan. This does not include spend associated with Stockland's retirement living villages.

³ Includes financial support provided to not-for-profit organisations for the delivery of infrastructure, programs and initiatives in and around Stockland Commercial Property, Retirement Living or Residential asset or projects.

⁴ Refers to total of individual cash grants awarded to not-for-profit organisations that applied for and were successful in being awarded a Stockland community grant across its retail and residential programs in FY15 in accordance with the terms and conditions published for that particular community grants round.

Community Development FY15

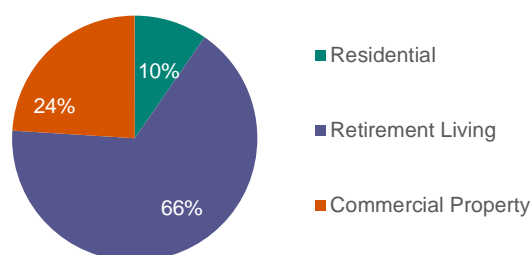
Asset and Project Based Initiatives

The charts below outline the number of community development initiatives implemented in FY15 by business unit, focus area and further broken down into details for our Commercial Property, Residential and Retirement Living business unit results⁵. Stockland implemented a total of 1224 initiatives in FY15.

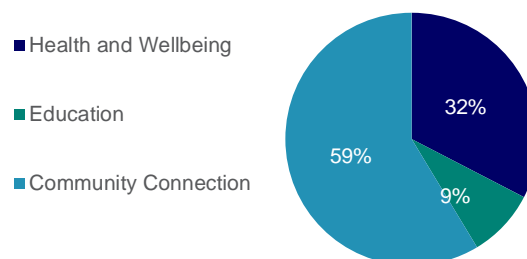
As is shown in the data below, our retirement living business conducted the greatest number of community development activities in FY15, with community connection being the most popular focus area across all three business units.

Our retirement village community rooms and clubhouses bring residents together to participate in a wide variety of social activities and programs to cater for our residents varied needs and interests. Both our Resident's Voice and Liveability Index continue to demonstrate that a connection to local community is the strongest driver of resident satisfaction, and therefore ROI for Stockland via referrals and sale.

Total Initiatives by Business Unit



Total Initiatives by Focus Area



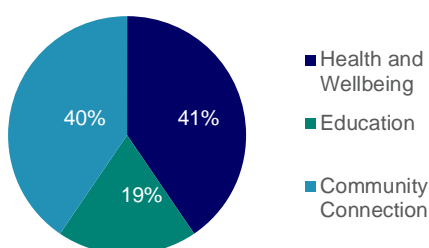
The number of community development activities run at our commercial property assets in FY15 decreased slightly from 336 activities run in FY14 to 294 activities. Reasons for this decrease may include a number of resourcing changes across our commercial property marketing teams. The balance of activities across each focus area remained similar to FY14, with activities split evenly across health and wellbeing and community connection. Education remained the focus area with the least programs and activities at the asset level.

The number of community development initiatives across our residential communities decreased overall from the previous year. This was largely due to the fact that Stockland counted philanthropy and donations as community development initiatives prior to FY15.

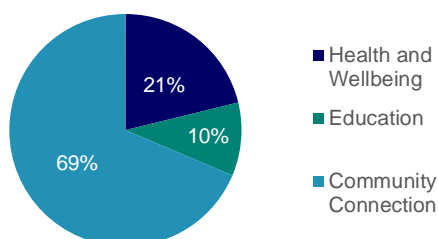
With the introduction of Touched by Olivia to the Residential business, a concerted effort to refocus residential attention to community development has resulted in a number of significant infrastructure projects being delivered in FY15.

The data presented shows over 60% of initiatives in our retirement living villages focusing on community connection. Our Resident's Voice Survey found that the biggest driver in residents choosing to come into a Stockland village is the social connection. This Retirement Living data was collected as part of the FY15 Village Asset Planning process. New asset level program and initiative results data from our Retirement Living business for FY15 will be collected within the new Village Plan process in the first half of FY16.

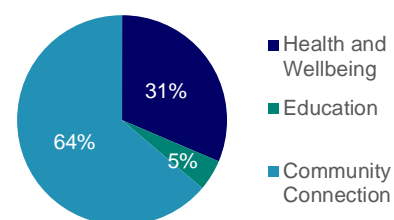
**Commercial Property Initiatives
by Focus Area**
(294 initiatives in total)



**Residential Initiatives
by Focus Area**
(118 initiatives in total)



**Retirement Living Initiatives
by Focus Area**
(812 initiatives in total)



⁵ The Retirement Living activities data was collected as part of the FY15 Village Asset Planning process.

National Community Development Partnerships

During FY15 we continued to expand our national community partnership portfolio by working with existing and new community partners across more Stockland asset locations.

The table below provides an overview of our community partners and what we achieved in FY15.

Name	Category	New or Existing	FY15 Update
Jamie's Ministry of Food (JMOF)	National	Existing	<p>In FY15, we reached an important milestone with the first Ministry of Food training kitchen in NSW opening at Stockland Wetherill Park as part of its \$222 million dollar redevelopment. This community-based five week cooking program teaches individuals the basics on how to prepare simple, healthy, fresh and affordable meals. All classes include Jamie's cooking hints and times, nutrition advice and information on seasonal produce and budgeting.</p> <p>The JMOF kitchen at Wetherill Park has provided 900 people from both the local and greater catchment areas of Stockland Wetherill Park with the opportunity to change their eating behaviours through education and practical experience.</p> <p>As an extension to the permanent kitchen at Wetherill Park, we hosted the Jamie Oliver Mobile Food Kitchen for two five-week rotations at two of our Queensland retail centres in Gladstone and Rockhampton. In that time, we provided over 900 local community members with the opportunity to change their eating behaviours through food education and practical experience.</p> <p>Volunteering opportunities at Wetherill Park, Rockhampton and Gladstone with JMOF has been embraced by the local community, with 57 volunteers at Wetherill Park, 35 volunteers at Rockhampton and 40 volunteers at Gladstone. While the partnership with Jamie's Ministry of Food allows us to increase our local communities' access to fresh food produce, nutritional education and healthy living practices, it has also created over \$580,000 in public relations value for both organisations.</p> <p>In FY16, we intend to further expand the partnership with Jamie's Ministry of Food to other sites across Australia.</p>

Touched By Olivia Foundation (TBO)	Foundation	New Foundation Partner, Existing National Community Development Partner	<p>During FY15, Touched by Olivia (TBO) was shortlisted and selected as one of two founding charity partners of the Stockland CARE Foundation (refer to the Community Investment DMA for more information on the Stockland CARE Foundation). As a CARE Foundation partner, TBO will receive financial and in-kind support from Stockland for a minimum of three years. As a result, TBO will be expanding their management team in FY16 from one executive officer to a team of four employees. This will significantly increase the capacity of TBO to deliver inclusive play spaces and social enterprise cafes in partnership with Stockland around Australia.</p> <p>In FY15, TBO and Stockland's Group Marketing team initiated discussions to develop a skilled volunteering pilot. This program will involve supporting TBO's new team to develop a strategic marketing, brand and social media strategy as well as activation strategies for Stockland assets where TBO play spaces and cafes are present.</p> <p>During FY15, TBO helped us to:</p> <ul style="list-style-type: none"> • Deliver new inclusive play spaces at Stockland Shellharbour and Baldivis; • Design a new inclusive play space that will be delivered at Stockland Point Cook Shopping Centre and our Sienna Wood and Whiteman Edge Residential communities in FY16; • Design, tender and install a 'kissing swing' at Stockland Wetherill Park. The 'kissing swing' is designed with two seats that directly face each other to connect shoppers in a creative and positive way. • Collaborate with the Willowdale project team and builder partners to deliver cubby-houses for our Display Village Green Street. This is currently in progress and once complete, these will be part of a charity auction with funds being returned to the Foundation; and • Design a communication strategy relating to 'Quiet Spaces' to improve shopping experience for people with disabilities and their carers. <p>During FY15, we worked with TBO to develop an extensive customer and community consultation process. This included establishing an online customer survey hosted through our Stockland Exchange community portal. We engaged with primary play space users (children) either via local primary schools or community events, local disability groups within our communities and local regions, as well as parents and carers who continue to play a significant part in our engagement processes.</p> <p>Social Enterprise Cafes</p> <p>In FY15, Stockland launched our first social enterprise cafes, an expansion of our Touched by Olivia partnership, to enhance physical and social inclusion in our Residential communities. Livvi's Cafés at Whiteman Edge and Amberton were developed to bring early amenity to our residents in new communities, while expanding our relationship with TBO into our residential business.</p> <p>The cafes operate as social enterprises, with a percentage of all coffee sales returning to the Foundation, supporting research into rare children's' diseases and TBO's ongoing campaign for accessibility. Stockland and the Foundation work closely together to appoint a local community member as the operator at each café, driving local employment and community pride. As part of the agreement, Stockland provide the infrastructure for use free of charge and formal training in hospitality is provided to locals living with disability to support them through to full time employment.</p> <p>While our cafes operate successfully as stand-alone assets, wherever possible they will be located with TBO inclusive play spaces in our communities, strengthening the commitment to inclusion for people of all ages and abilities.</p>
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Redkite	Foundation	New	<p>In FY15, Redkite was shortlisted and selected as one of two Foundation partners of the Stockland CARE Foundation.</p> <p>As a result of financial and in-kind support from the Stockland CARE Foundation, Redkite will be able to provide 40 families across Australia who have a child with cancer with the full suite of Redkite services. Through their Cancer Journey Program, Redkite offer financial assistance, education services and counselling services to young people (0-24 years) and their families. Redkite will also provide Stockland employees with various opportunities to volunteer and fundraise for children and young people with cancer. The results of these initiatives will aim to significantly increase awareness of Redkite and raise much needed funds. All activities will integrate into our asset marketing and events plans.</p> <p>In FY15, several employee engagement activities have already taken place in support of Redkite.</p>
Mission Australia	National	Existing	<p>If FY15, we continued our partnership with Mission Australia to connect local jobseekers in and around Stockland developments and operational assets with meaningful training and employment opportunities.</p> <p>In partnership with our builder partners Brookfield Multiplex, our training and employment program at our Wetherill Park shopping centre development has seen four formwork labourers and one apprentice roof plumber placed into employment.</p> <p>In partnership with the Salvation Army, two formwork labourer positions and one retail position were filled, whilst Job Find placed two job seekers into apprentice roof plumber positions and one retail position.</p> <p>In FY15, we continued to communicate the benefits of the Mission Australia partnership to our retailers through targeted communication sessions, with 62 of our retailers agreeing to source any future staff through the employment initiative. We will continue to work with Mission Australia in FY16 to identify any further opportunities to connect local jobseekers with meaningful training and employment.</p>
Beacon Foundation	National	Existing	<p>Throughout FY15 we continued to support the Beacon Foundation to work with schools and local businesses in and around our assets to provide a successful transition from education to meaningful employment.</p> <p>In particular, we undertook our first workshop day across all of our business units in one location at Highlands in Victoria. We showcased our retail centre, residential development and retirement village across a full day to over 30 students interested in understanding how these assets are run and developed and what types of careers are associated with working in these areas.</p> <p>Through Stockland's national partnership support and employee volunteers, Beacon was able to reach a total of 2,010 young people through 121 facilitated school business relationships and 59 career development activities.</p> <p>The Beacon Foundation continued to engage a number of local schools in the NSW Blacktown Local Government Area, as part of our Elara partnership. During FY15, the Elara development team attended a number of programs, including a Business Breakfast, supporting students to expand their understanding of potential future career opportunities. Our early engagement in this community continues to support a strong focus on education and student wellbeing, as part of Stockland's Education Strategy. This annual Western Sydney partnership reached 750 young people through 89 career development activities, resulting in the creation of 11 jobs for young people in Western Sydney.</p>

parkrun	National	Existing	<p>FY15 was the third year of our partnership with parkrun. Parkrun continues to build a strong and passionate following of local runners utilising our local parks to increase their health and well-being and social connection. Operating weekly at eight of our residential communities and four shopping centres, 624 runs were held at our sites in FY15, with 22,761 registered runners.</p> <p>In FY15, our parkrun network within Stockland's Residential business expanded into Brightwater on the Queensland's Sunshine Coast. As at 20 June 2015, Brightwater currently has 318 registered participants, averaging six new registrations per week.</p> <p>During FY15, we worked closely with our research team and parkrun to survey parkrun participants to understand how healthy they are, with 875 people completing the survey. We asked them questions ranging from how they rate their most recent parkrun event to how safe and connected they felt in their community. Using the Australian benchmark of the Unity Wellbeing Index, the results of the survey showed that 'parkrunners' have a higher personal well-being than Australians overall.</p> <p>We will continue to expand the parkrun program into our retail centres and new residential communities in FY16, along with revisiting the Healthy and Happy Survey to expand the set of questions and to understand any changes over time.</p>
Heart Foundation	National	Existing	<p>Our Heart Foundation Walking Groups continue to walk weekly through seventeen of our retail centres, and one of our retirement villages 'Arilla'. A loyal following of 820 walkers from our local communities are now staying healthy and building new social connections each week, with some groups meeting daily to enjoy one another's company and get physical exercise. Since FY09, a total of 81,804 walks have been completed in and around Stockland assets in partnership with the Heart Foundation.</p>
Work Inspiration and National Partnership Broker Network	National	Existing	<p>In FY15, we ran two Stockland Inspiration programs with our Balgowlah centre team. Two local schools, Chatswood High School and Mackellar Girls, were invited onsite to participate in a structured, hands-on work experience program to experience what it means to be a Stockland centre manager, marketing manager and facilities manager. Thirty two students from Mackellar Girls and 13 students from Chatswood High School helped draft a fresh food campaign and learnt about retail leasing and facilities management.</p>
Live Life Get Active (LLGA)	National	New	<p>The Live Life Get Active program operates at five residential communities across NSW and Queensland and offers residents and broader community members free fitness classes five days per week, for 40 weeks per year.</p> <p>Progress reports for the program are completed on a 10 week cycle, with 166 local members registered for the McKeachie's Run camp within the first term – with 78 registrations prior to the first launch. Of active participants, just over two thirds have been assessed as overweight and just over 20% have self-identified as experiencing depression.</p> <p>As the program at McKeachie's Run continues to mature, outcomes and impacts will be evaluated. This is measured against initial participant data including weight profile and prevalence or risk of disease (including depression, diabetes, high blood-pressure). In FY16, we will explore opportunities to establish Live Life Get Active fitness camps in our retail assets.</p>

Community Grants Program

Following the successful launch of the Stockland Community Grants Program across nineteen of Stockland's retail centres in FY14, the Stockland Community Grants program was launched for the second time in FY15 across 28 eight retail centres and for the first time across 29 residential communities.

Our Community Grants Program is designed to streamline the financial contribution we make to local communities, based on merit and need, in accordance with Stockland's Community Development focus areas. In FY15, our Residential and Retail Community Grants Programs encouraged local community organisations to apply for funding of one-off cash payments of up to \$1,000 from participating Stockland residential communities and shopping centres. A maximum of five winners were awarded a grant at each participating project or retail centre.

The media response to the program throughout FY15 was very positive, with the retail community grants program generating over \$130,000 worth of publicity for Stockland.

In FY16, we will roll the program out to our Retirement Living business with a view to running the community grants program across all three business units on an annual basis, enabling national coverage and maximising our engagement with customers and residents.

The table below summarises the community grants received across our business units.

Table3: Community Grants

Commercial Property	Residential	Retirement Living
<ul style="list-style-type: none"> 447 applications were received, across 28 centres; 101 grants were awarded to local community organisations; and \$92,500 was invested back into the local community as a result of the program. 	<ul style="list-style-type: none"> 269 applications were received, across 27 communities; 126 grants were awarded to local community organisations; and \$126,000 was invested back into the local community as a result of the program. 	<ul style="list-style-type: none"> The first retirement living Community Grants program will launch across the entire portfolio in August 2015.

Case Study: Social Impact Workshop

In FY15, we ran a strategic social impact workshop for eight of our national community development, community investment and our CARE Foundation partners, facilitated by the London Benchmarking Group (LBG).

The workshop was designed to:

- Share Stockland's revised business and sustainability strategy;
- Introduce community partners to LBG's social impact methodology that will be used for community impact reporting from FY16; and
- Equip our partners with the tools and knowledge to apply the social impact methodology to key community development and community investment programs run in and around Stockland assets.

In FY16, we will continue to work with our partners to maximise the impact of our community programs and partnerships using the LBG social impact methodology. We will continue to run a strategic review workshop like this at the end of each financial year to review past activity and plan for future programs.

Other National Community Development Programs and Initiatives

Community Engagement

Engagement is generally driven 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 our customers and residents to provide fast and effective feedback about their experiences at our assets. We utilise this information to inform the design of community infrastructure, the provision of programs and initiatives, and to provide us with a consistent feedback loop. Examples of surveys through Stockland Exchange include the 'Healthy and Happy Survey' developed in collaboration with parkrun, the 'Retreat Zone Survey' developed in collaboration with TBO and our internal Community Partnership Review Survey.

Brand Survey Results

In FY15, our Customer Insights team also supported community development outcomes by surveying our communities on issues related to community connection within our broader brand image survey. The purpose of this survey was to see how well Stockland was perceived as creating spaces where communities thrive and how well we create a sense of belonging to the place where our customers and residents live and/or shop.

The survey results show an improved perception of the extent to which we 'create places where communities thrive' (45% up from 40% in FY14) and the extent to which we 'create a sense of belonging to the place where people live/shop' (43% up from 35% in FY14).

Retirement Living “Residents Voice” Survey

The Residents Voice Survey is a comprehensive survey used to measure resident satisfaction whilst living in a Stockland Retirement Village. The survey is typically completed annually by over 6,000 residents. It measures the satisfaction of our retirement living residents with the community elements of the village and their personal wellbeing for FY15. The FY15 results improved across all elements compared to FY14, except for one aspect for which the score stayed the same.

Ninety one per cent of residents told us that they were satisfied with their emotional wellbeing (up from 84% last year), 92 per cent were satisfied with their personal relationships/ social life of the village (up from 85% last year) and 87 percent were satisfied with the sense of community in their village (up from 86% last year). Further details on the Residents Voice survey results can be found in the [Community Data Pack](#).

Total Value Framework

We commenced work in FY15 to investigate and quantify the value of our community development activities to the organisation and our stakeholders. The project aims to identify and articulate the outcomes of the activities across the ‘six capitals’; financial, manufactured, intellectual, human, social and relationship and natural capital. The resulting model and analysis will support more informed decision-making on community development activities across the organisation’s portfolio.

A case study approach has been adopted, with two of our retail centres (Traralgon in Victoria and Burleigh Heads in Queensland) forming the basis of the model that will be extended over time to our whole portfolio of shopping centres. We have undertaken workshops at the two centres to develop a Theory of Change for three sustainability activities at each centre. During this process, we identify the inputs, actions and outcomes achieved by each initiative or program.

Residential - Stockland Education Strategy

In November 2014, the Stockland Board approved the Stockland Education Strategy, which aims to provide access to educational resources of excellence within our communities.

The strategy is aligned to Stockland’s community development focus area of education. Launched in Stockland’s residential business, the strategy is structured for future growth across our Commercial Property and Retirement Living assets.

The education strategy seeks to improve residents’ perceptions of access to, and quality of, education, including early learning and childcare, primary and secondary school, higher education and adult learning. The strategy is underpinned by four key actions:

1. Achieve Stockland’s first Green Star rated learning environment;
2. Provide a diversity of education infrastructure to support all life-stages;
3. Support all projects in the residential portfolio by expanding the Stockland Link and Learn Program; and
4. Support all schools within Stockland communities with a partnership program.

During FY16, the education strategy will be further informed by quantifying the financial value of education infrastructure to the Stockland residential business. This will be achieved by evaluating strategic government and private sector partnership opportunities and refining our framework to drive return on investment.

The above actions will be measured by a range of tools annually, including Stockland’s National Liveability Index, rate of registered Green Star projects achieved and successful implementation of school partnership programs.

Accessibility Strategy

During FY15, the Sustainability team, in collaboration with the Diversity and Inclusion Committee, worked on developing a strategy to respond to the needs of people living with disabilities across our communities and further integrate Livable Housing Australia (LHA) standards across our portfolios.

We worked with each of the business units to identify opportunities to expand upon our existing practices to meet and exceed expectations of our customers and community.

In FY15, we continued to:

- Integrated Accessible and Inclusive principles into the new residential Better Places Manual. The manual provides assistance and guidance for design and development professionals for Residential communities;
- Achieved a Silver LHA rated design for Willowdale House, our sustainability and community hub;
- Maintained our Platinum Corporate Partnership and Board membership with Livable Housing Australia;
- Maintained our partnerships with Australian Network on Disability, Diversity Dimensions;
- Updated and relaunched our Retirement Living Design Guidelines to reflect LHA principles; and
- Maintained our approach to achieve a target of 20% of Medium Density homes to be developed in accordance with Livable Housing Australia guidelines.

Under this strategy, we will seek to expand on some of our existing partnerships and commit to new actions in FY16, such as:

- Incorporate Accessibility Audit plans into operational procedures for our Commercial Property and Retirement Living assets;
- Work towards a minimum LHA Silver standard (design and as built certified and registered) for 50% of our Medium Density and Completed Homes;
- All new Retirement Living developments to achieve a Gold LHA standard (up from Silver); and
- Embed LHA principles into Retirement Living unit refurbishment standards.

6. Targets and Progress

FY15 Priorities		FY15 Performance
Commercial Property		
Participants of health and wellbeing programs to have wellbeing score above the National Wellbeing Index average of 72-76. (FY17).	In Progress.	Of the several health and wellbeing programs run in and around Stockland commercial property assets in FY15, parkrun was the only health and wellbeing program that was surveyed. Respondents scored 76.1% in the 2015 Healthy and Happy Survey.
5% increase in the number of participants in learning, mentoring, employment, training opportunities by FY17.	Achieved.	In FY14, the total number of participants that directly benefited from learning, mentoring, employment and training opportunities from working with our community development partners Beacon and Mission Australia and participating in our Work Inspirations program was 1,180 ⁶ . In FY15, the total number of participants was 2,064, showing a 75% increase on FY14 totals.
Customer satisfaction score for community elements (FY17).	In Progress.	<p>Throughout the year, surveying is undertaken on our communities' perceptions of the sense of community we provide in our centres and of the activities within and around those centres.</p> <p>The following community elements were surveyed in July 2014 and March 2015 as part of a broad Stockland brand survey that asked people who live in our broad Stockland catchment areas about their perception of Stockland. The results of these surveys are also outlined below.</p> <ul style="list-style-type: none"> Creates spaces where communities thrive (40% in July 2014 and 46% in March 2015) Create a sense of belonging to the place where people live/shop (July 35% and March 43%).
Residential		
Maintain above 80% resident satisfaction in Community Design Elements influencing health and wellbeing.	Achieved.	We scored 84% as measured in our FY15 Livability Index survey results.
Average resident's well-being scores above National Wellbeing Index average of 72-76.	Achieved.	We scored 80% as measured by our FY15 Livability Index survey results
Maintain above 80% resident satisfaction in Community Design Elements.	Achieved.	88% as measured by our FY15 Livability Index survey results

FY16 Priorities

Commercial Property

- Participants of health and wellbeing programs to have wellbeing score above the National Wellbeing Index average of 72-76. (FY17). In FY16 we will expand coverage of health and wellbeing national partnerships surveyed against the NWI to include Heart Foundation and Live Life get Active (and resurvey parkrun).
- Implement the Accessibility Action Plan for Commercial Property and undertake a desktop audit of existing amenities across 100% of the Commercial Property portfolio.

Residential

- Achieve a GBCA Green Star Communities rating for at least one project in each state our Residential business operates.
- Achieve Stockland's first GBCA Green Star rated school.
- Maintain the following levels of satisfaction as measured through the Liveability Index (FY17):
 - Above 80% resident satisfaction in Community Design Elements influencing health and wellbeing (FY17).
 - Average resident's well-being scores above National Wellbeing Index average of 72-76 (FY17).
 - Above 80% resident satisfaction in Community Design Elements (FY17).
- Seek to achieve the following levels of satisfaction as measure through the Liveability Index (FY17):
 - 80% resident satisfaction with access to education, measured by our Liveability Index.
 - 80% resident satisfaction with quality of education (FY17).
- All projects with a school in the project boundary to offer an annual education partnership / program.

Retirement Living

- Maintain wellbeing of residents above Australian national average National Wellbeing Index of 72-76 (FY17).
- In FY16 we will set a benchmark for participation in learning, mentoring and training opportunities with a view to increasing participation in learning, mentoring and training opportunities.

⁶ FY14 totals include 1,135 Beacon student participants, 35 Work Inspirations participants with practical experience and 10 placements in Construction and Retail in Hervey Bay and Wetherill Park through our partnership with Mission Australia. FY15 totals include 2,010 Beacon program participants, 45 Work Inspirations participants and 9 placements in Formwork, Roof Plumbing and Retail roles at our Wetherill Park development through our work programs with Mission Australia and Brookfield Multiplex.

80% resident satisfaction in Community Perceptions.	Not Achieved.	We scored 78% as measured by our FY15 Livability Index survey results.
80% Stockland Livability Index Score.		

Retirement Living

Maintain wellbeing of residents above Australian national average National Wellbeing Index of 72-76.	Achieved	We scored 83.1% as measured by our FY15 Resident's Voice Survey, as compared with the National Wellbeing Index Australian average of 75%.
5% increase in resident participation in learning, mentoring and training opportunities.	Not Achieved	In FY15, we were not able to measure our resident's participation in learning, mentoring and training opportunities due to our data collection timelines falling outside of the designated reporting period.
Maintain satisfaction score (of 86% as achieved in FY14 Resident's Voice Survey) for 'sense of community'.	Achieved	We scored 87% as measured by our FY15 Resident's Voice Survey Results.

- Maintain FY15 satisfaction score of 87% for 'sense of community' in Resident's Voice survey.
- Complete first community grants program across Retirement Living Business.
- Incorporate Accessibility Audit plans into operational procedures for Retirement Living operational assets.
- Embed LHA principles into Retirement Living unit refurbishment standards.

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. 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 Engagement

We have a diverse range of customers across our three business units (Commercial Property, Retirement Living and Residential) and our strong commitment to our customers is consistent across our portfolio.

Our customer base includes:

- The people who live in our residential communities;
- The people who live in our retirement living communities ;
- Shoppers and retailers in our shopping centres; and
- Office, business and logistic park tenants across our commercial assets.

We engage with our customers to understand and respond to their changing needs and to monitor, measure and improve 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 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 operation of our assets. This includes annual surveys and regular ongoing engagement with our customers to ensure quality service and prompt issues management.

Stockland's key customer engagement mechanisms for each customer group are outlined in the table below.

How we engage	Why we engage
GROUP	
All consumer groups	
In 2014, Stockland launched its very own research community, <u>Stockland Exchange</u> . This involves a community of over 4,150 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 and experience journey.	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 customers' needs.
The Stockland Exchange community has been growing steadily since inception, with particular focus on the over-55 year group, which now accounts for 20% of members.	
In 2014, Stockland implemented a Group-wide tracking program, partnering with AMR, an Australian research consultancy. The purpose of this research is to measure Stockland's brand awareness, image and reputation compared to key competitors on an ongoing basis, as well as track the impact of our campaigns.	This program provides Stockland with deeper insight into the drivers of our reputation and helps us identify how we can improve our reputation and how we compare to our peers.

COMMERCIAL PROPERTY

Retail tenants

We conduct annual satisfaction tracking research among our tenants via two research studies:

- Stockland proprietary approach, a research study of centre-based tenants conducted on Stockland's behalf.
- Monash University 'Ten Sat' Survey, an industry study of head office based retailers run on behalf of a number of landlords.

To better understand the drivers and motivations for lease renewal so that we can respond to concerns which impact most heavily on retailer retention.

Shoppers

We conduct 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 customers' needs through offering the right product mix and engaging shopping environments.

We operate a comprehensive Mystery Shopping Program across our retail assets annually.

To provide an operational assessment and measure of centre facilities, maintenance and customer service.

We engage with shoppers through market research studies such as surveys, focus groups and discussion forums.

To better understand shoppers' views, perceptions and behaviour.

We use transactional data to analyse the spending habits of our shoppers and residents who live in our centres' trade areas.

To inform our tenancy mix and retail development planning as well as track our centre performance over time.

Logistics, Office and Business Park Tenants

We are rolling out a program of annual surveys with tenants across our office, business and logistic park assets.

To assess tenant satisfaction and help us build stronger customer relationships.

RETIREMENT LIVING

Prospective Village Residents

We conduct sales experience research with inquiring residents and those who have recently placed a deposit with us.

To better understand the sales experience and prospective customers' needs to ultimately increase sales conversion.

Village Residents

We conduct an annual satisfaction survey with all residents called Residents' Voice .

To monitor how our customers feel about life in their Stockland retirement village.

We conduct a 'Welcome Home' survey with residents when they move in to better understand the overall move in experience and hence identify improvement opportunities.

Residents who have high satisfaction levels will be inspired to share their experiences and this has a positive influence on prospective residents.

Resident Feedback Program - each Welcome Pack explains how residents can provide feedback.

Opportunity for residents to provide us with feedback at any time on village life.

RESIDENTIAL

Prospective Residents

We conduct ongoing research with prospective customers and when they place a deposit with us through our Customer Pulse program.

To better understand the sales experience and prospective customers' needs to ultimately increase conversion.

We have recently 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 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

A key element of our residential customer engagement is our proprietary Liveability research that identifies the specific elements that enhance customer satisfaction among our community residents. This annual research measures how satisfied our residents are with life as a whole in their community and benchmarks our residents' overall personal wellbeing against the Australian average, as measured by Deakin University's 'Personal Wellbeing Index' - "How satisfied are you with Life as a Whole?".

To identify the specific elements that most significantly enhance customer satisfaction.

By focusing our development and community creation activities on these elements we can increase satisfaction, drive greater referral rates and improve margins over time.

Case Study: Housing Needs of Australia's Ageing Population

There are currently more than 175,000 people living in approximately 2,000 retirement villages around Australia. And with our ageing population, the retirement living sector is expected to increase almost threefold over the next four decades.

It is therefore important that Stockland understands the needs of Australia's ageing population to cater for the future housing needs of this important market.

In FY15, Stockland conducted quantitative research with over 1,000 Australians aged over 55 to better understand their evolving product and lifestyle needs, perceptions of retirement villages and reasons preventing them from entering a retirement village. Three key insights were identified:

- While retirement itself is aspirational, retirement living is not. There is an opportunity for the sector to educate older Australians about what a retirement village has to offer and the associated lifestyle and health benefits.
- There are opportunities for the sector to consider a wider range of housing types, beyond a standard retirement village, to cater for the needs of mature Australians.

It is imperative that the amenities and services offered enable our residents to pursue their passions, create a sense of community and ultimately allow them to feel young, active and vibrant.



To understand and respond to our diverse customers' changing needs, it is critical that we maintain consistent systems and processes for engaging with customers across all our businesses. The Residential business has a formal customer relations management system in place to enable the documentation, management and investigation of customers' grievances, feedback and enquiries. Other business units are yet to implement a formal system, however they record complaints and corresponding actions.

Customer feedback for the Residential business 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. The information collated is reported to relevant groups (such as sales managers, customer service managers etc) on a monthly basis and offers insights into the volume and types of customer concerns.

Further, Stockland's Complaints Management Policy encourages customer feedback as a valuable way to identify opportunities to improve the quality of our products and services.

Roles and Responsibilities

Ultimate responsibility for Customer Insights at a Group level lies with the Group Executive for Strategy and Stakeholder Relations. Stockland's National Manager Research of Customer Insights is responsible for managing company-wide customer research and feeding the results of this research into strategic recommendations. Our Market Insights team is responsible for analysing industry data and translating this into product and pricing strategy.

Ultimate responsibility for the Customer Experience lies with the CEOs of Commercial Property, Residential and Retirement Living. Each of our business units have customer focused KPIs designed to continually improve customer engagement. Further, all customer-facing employees are evaluated on their customer service and we maintain a considerable investment in research and training.

4. Review and Evaluation

Customer research is provided to the respective business units and projects. Customer insights are used across the business (such as development, sales, marketing) to inform strategy and decision-making and help our assets to meet the evolving needs of our customers and the community. Customer research is used and reviewed at Project Control Group (PCG) meetings (held monthly) to review and respond to customer experience findings. All adjustments are considered with a view to rolling out across all projects to improve overall customer engagement.

The research team works with the business units to set and review customer research related KPIs to ensure that these are attainable and in line with customer expectations.

5. FY15 Update

In FY15, Stockland conducted brand reputation research with consumers using AMR's RepTrak methodology. AMR is the Australian partner of the Reputation Institute which is a global leader in both measurement and management of corporate reputation. Our brand reputation score nationally in FY15 was 69.9 out of 100. This would place us 18th in the top 60 companies in Australia according to AMR's RepTrak study¹. Our brand reputation score for the catchments where we operate is higher at 75.5 as of March 2015. This represents a 20% increase on the year prior.

Residential

- This year we have taken our proprietary Liveability Index to the next level of maturity. Significant improvements were made to the Liveability survey and its delivery. The survey was administered using our own online research community platform, Stockland Exchange, and was promoted to our Stockland Exchange members, through letterbox drops and social media. By using our own research platform, we were able to extend our market reach nationally (increasing the number of communities covered from 10 to 45) and significantly lower delivery costs. The intention is to complete the research annually, allowing us to continually evolve our approach to community design, development and engagement.
- Our Liveability results have also increased on a number of key measures:

	FY15	FY12/13
Average Liveability Index score ² across our communities	84%	75%
Average resident Personal Wellbeing score as measured using Deakin University's methodology (compares to 73-76 nationally)	80%	79%
Resident satisfaction with Community Design elements that influence health and wellbeing	88%	81%
Resident satisfaction with Community Perceptions	78%	71%

¹ AMR's RepTrak survey only includes companies with a brand familiarity of at least 50% nationally. Stockland's familiarity levels mean it is currently excluded from this research so the result is based on Stockland's own research and applying the same methodology.

² Liveability score is a single number which measures resident satisfaction on a range of attributes calculated using regression analysis.

Commercial Property

- Our FY15 retail tenant satisfaction target was 77% and we met that target with a score of 79% (as per the weighted customer satisfaction score in the table below³). The weighted customer satisfaction score measures performance against four key metrics (the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors and experience of renewing tenants). The score is developed by Stockland with data sourced from two different surveys conducted by Monash University.

	FY15	FY14	FY13	FY12
Weighted customer satisfaction score ⁴	79%	80%	71%	69%

- As outlined above, a key metric in the Monash University survey is 'satisfaction ranking relative to competitors'. This is asked only of retailers who are responsible for leasing and work with more than one landlord. In FY15, retailers scored Stockland joint first (scoring equal with another landlord) for the second year in a row.

	FY15	FY14	FY13	FY12
Relative competitor position ⁵	1st	1st	2nd	3rd

- We completed transactional data analysis for all our regional and sub-regional centres. This research measures the market share of our centres by category and feeds into our development and centre management strategies. We also evolved our program of monitoring market share and spend of our development centres to ensure the latest data is fed into the ongoing development of these centres.
- We reviewed our Mystery Shopping Program and made enhancements which launched in October 2014. The program now covers 34 of our centres. Our Mystery Shopping score in FY15 was 88% compared to a target of 80%. Due to changes in reporting, the FY15 score isn't directly comparable with previous results.
- In FY15 we continued shopper experience audits with our Stockland Exchange community. In FY16 we are streamlining this research based on the insights we have gathered to date and setting KPIs.

Retirement Living

- In early FY15 we launched a new program of research to measure customer satisfaction among our Lead and newly Depositing customers.
- The business has met its Retirement Living satisfaction target and we have further increased the proportion of residents completing the Residents' Voice survey.

	FY15	FY14	FY13
Average overall satisfaction (out of 10)	8.5	8.5	8.5
Proportion of residents rating satisfaction as seven or more	90%	90%	90%
Response rate (% of residents responding)	59%	68%	66%

³ Weighted based on performance against four key metrics: the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors and experience of renewing tenants. Sample is all those retailers responsible for leasing.

⁴ Weighted based on performance against four key metrics: the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors and experience of renewing tenants. Sample is all those retailers responsible for leasing.

⁵ Relative position relative to our peers on the question of how satisfied retailers are with the service provided by landlords. 'Joint first' based on the combined result from Ten Sat and Centre Sat. Stockland has combined the two scores provided by Monash to come up with an overall competitor position.

- Some additional metrics that provide insights about the experiences of our Retirement Living residents include:
 - 90% of residents are satisfied in their village;
 - 93% of residents are satisfied with their homes;
 - Residents were most satisfied with the ability to remain independent (96%) and feeling safe and secure (93%);
 - 89% of residents are extremely happy with their social life at the village;
 - The social life in the village and the home overall are the biggest drivers of overall satisfaction amongst residents; and
 - 80% of residents would recommend their village to friends and family and 41% have done so in the last year.
- We have recently undertaken a large scale quantitative research study to better understand the future housing needs of mature Australians (55 years-plus). This study has highlighted various development, sales and marketing opportunities that Stockland can unlock to better meet the needs of this growing demographic, namely the need for choice in finance options across the portfolio.

We constantly research and review the changing needs of our customers to ensure that our business strategy reflects the changing marketplace.

6. Targets and Progress

FY15 Priorities

Achieve retailer satisfaction target of 77% and maintain our leadership position on retailer satisfaction.

Achieved

FY15 Performance

Retailer satisfaction was 79% based on a weighted metric that takes into account the proportion of retailers who are satisfied, the proportion who are dissatisfied and our relative position vs our peers on this metric. Maintained leadership position in 2015, as measured by the Monash University survey, which found we were joint first in terms of satisfaction compared to competitors (among those responsible for leasing).

Set customer experience benchmarks for the retail portfolio and each centre.

In Progress

More data required before benchmarks can be set.

Achieve satisfaction target of 80% across Lead and Deposit customers in our Residential business.

Not Achieved

We achieved a slight decline in results to 75%, largely driven by our NSW projects that have a very high proportion of Leads, which are typically less satisfied with the sales experience than Deposit customers (72% vs 82% respectively). In addition, limited stock meant that demand outstripped supply leaving some of our Lead customers disappointed at not being able to secure land. We are currently reviewing our existing target (80% of Lead and newly Depositing customers to be satisfied with the sales experience) and looking at a number of alternatives which better reflects the customer conversion journey.

Achieve National Livability Index target score of 85% across our residential communities by FY17.

In Progress

In FY15, our Liveability score was 84% and we are on track to meet our target of 85% by FY17.

Maintain satisfaction score of 8.5 amongst retirement village residents.

Achieved

National average satisfaction score for FY15 is 8.5

20% of Medium Density homes to be developed in accordance with Livable Housing Australia guidelines by end FY16.

In Progress

We have planning approvals in place and are on track to deliver 20% of Medium Density homes to be developed in accordance with "Silver Level" Livable Housing Australia guidelines by end FY16. We need to establish an efficient way to track and monitor 'as-built' compliance. Currently the cost to review is about 30% of the initial capital cost to comply which isn't sustainable.

FY16 Priorities

- Maintain retailer satisfaction target at 77% and retain leadership on satisfaction in FY16.
- Shopper experience benchmarks will be set in FY16 once our research with shoppers has been consolidated and has broader reach.
- Set KPIs for tenant satisfaction amongst Business Park & Logistic tenants.
- Prospective resident satisfaction target of 77% for our Residential business.
- Achieve National Livability Index target score of 85% across our residential communities by FY17.
- For our Retirement Living residents, maintain a national mean score of 8.25/10 for average resident satisfaction.
- Set KPIs for the sales experience amongst our Retirement Living prospective customers.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. Customer safety and security

Customer Safety and Security

FY15

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 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 of 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. 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 and also throughout our Group-wide business activities, as indicated below.

Projects and assets	Integrate customer safety into the design of our projects and assets. Ensure customer safety and security throughout the development and operation of our projects and assets.
Group-wide activities	Safeguard 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' 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 to identify opportunities for improved health and safety systems and process performance.

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. 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.

In Residential, we are committed to delivering communities where our residents and visitors feel safe at all times and recognise that feelings of safety contribute to resident satisfaction, enhance the community value proposition and drive customer referrals. Residents' perceptions of safety were surveyed as part of our Liveability Index in FY15, which was completed by 1,840 residential customers at 26 targeted communities during FY15. When asked to quantify how comfortable residents were in the following situations, the following results were reported:

- 96% feel safe or very safe alone at home during the day;
- 95% feel safe or very safe at home during the evening;
- 97% feel safe or very safe walking alone within their community during the day; and
- 81% feel safe or very safe walking alone within their community during the evening.

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.

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 customer 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).
- Access - mechanism for requesting to access or delete personal information.
- Complaints - mechanism for complaints regarding privacy and related concerns.
- Privacy Officer - 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.

In addition to this, self-assessments are undertaken by each asset 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 and Asset Risk Specialists.

5. FY15 Update

Projects and Assets

Emergency Management

The safety and security of our people, customers and visitors attending Stockland assets is of critical importance. As such a significant focus has been placed on establishing robust emergency response and business continuity processes across our operating assets. This included the development of a Stockland-specific Emergency Response and Business Continuity Plan for Commercial Property covering a broad range of scenarios comprising standard emergencies (e.g. fire evacuation, flood) as well as the global threats of active shooter, civil unrest and terrorism. This plan was successfully rolled out across the Retail and Logistics & Business Parks businesses throughout FY15, with the intent to replicate the process across the Retirement Living and Residential businesses in FY16. In addition, dedicated training practices have been established including the provision of monthly desktop scenarios at each asset to continually refresh response protocols.

Security Management Framework

Stockland has commenced the development of an enhanced 'Security Management Framework'. Key drivers of the initiative include a focus on ensuring robust preventative strategies are consistently applied across our asset portfolio to prevent security incidents, manage insurance liabilities and costs and also assure the ongoing safety of our employees, customers and visitors. The first stage of developing the framework involved undertaking risk assessments at a number of pilot assets to identify the current level of security and public safety standards. This information will assist in the formation of the Security Management Framework and minimum standards to be delivered in FY16.

CCTV Review

A CCTV review was undertaken in FY15 to examine the location of CCTV cameras in relation to public liability and security incident locations. The review was undertaken across the retail portfolio and involved overlaying CCTV camera positions over incident maps (floor plans tracking incident locations). Based on this review, a national CCTV strategy will be developed and incorporated into the Security Management Framework.

Slip Resistance

In FY14, a new 3M non-slip penetrating sealer was applied to the terrazzo tile surface of seven shopping centres, increasing grip levels and reducing the likelihood of slips and falls. In FY15 the non-slip sealer was applied to approximately 40% of the retail portfolio, with the intention being to continue with this initiative across all remaining retail centres throughout FY16. Stockland will continue to work closely with 3M, cleaning contractors, Group Risk and our insurance broker to monitor the effectiveness of this treatment in reducing slip and fall incidents, public liability exposure and maintenance costs.

6. Targets and Progress

FY15 Priorities

Finalise and implement Stockland-specific emergency response plans across assets.	In Progress	Emergency Response and Business Continuity Plans have been developed and implemented for all Commercial Property assets. The focus for FY16 will be to continue this approach across Retirement Living and Residential assets.
Review CCTV capabilities across all retail assets and develop a CCTV standard for the installation of CCTV throughout all retail assets.	In Progress	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 incorporated into the Security Management Framework.
Continue to assist National Operations in monitoring the effectiveness of the slip resistant floor treatment, throughout the retail portfolio.	Achieved	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.
Finalise and implement a series of safety standards across projects and assets.	Not Achieved	Our approach to developing a series of safety standards is under review. Design standards remain a key focus and will continue to be reviewed throughout FY16.

FY16 Priorities

- Develop and implement Security and Loss Prevention management strategy including CCTV review.
- Create a Public Safety and Security Framework for implementation across all asset classes.
- Review safety in design processes and further embed risk management protocols into design standards.
- Implement a Security Management Framework to ensure robust preventative strategies are consistently applied across our asset portfolio.

7. Appendix A

Complete list of documents in the DMA series:

Enrich Our Value Chain	1. Governance and risk
	2. Stakeholder engagement
	3. Supply chain management
	4. Employee engagement
	5. Human capital development
	6. Diversity and inclusion
	7. Health and safety
	8. Human rights
Optimise and Innovate	9. Energy and emissions
	10. Climate resilience
	11. Biodiversity
	12. Water management and quality
	13. Waste
	14. Materials
	15. Asset ratings and certification
Shape Thriving Communities	16. Community investment
	17. Community development
	18. Customer engagement
	19. Customer safety and security

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 FY15 sustainability reporting more broadly has been externally assured.

In FY15 we will be streamlining the London Benchmarking Group (LBG) and sustainability reporting processes to ensure we are able to disclose one set of consistent, verified, and assured community data each year.

Overview

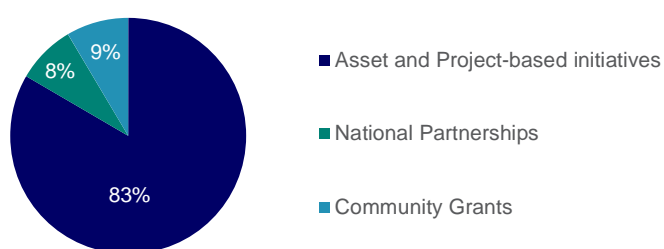
Our Community Data presents the total value of our strategic community investment activities including our Community Development activities, which focus specifically on the development of communities around our projects and assets, and our Community Investment initiatives, which focus on giving and volunteering activities at corporate level and among our employees. In FY15 we invested over \$8 million dollars through our community development and community investment programs.

Community Development

Community Development refers to our strategic approach to delivering infrastructure and social programs in partnership with not-for-profit organisations in the areas of health and wellbeing, education and community connection in and around Stockland assets.

	FY15	FY14
Asset and Project based initiatives ¹	\$2,136,776	\$1,317,342
National Community Development Partnerships ²	\$206,750	\$297,835
Community Grants ³	\$218,500	\$95,880
Total	\$2,562,026	\$1,711,057

Total Community Development Spend (total = \$2,562,026)



¹ Includes programs, events, infrastructure or initiatives led by a Stockland Commercial Property and Residential asset or project, in partnership with a local or national community organisation, as listed in an asset's community development or sustainability plan. This does not include spend associated with Stockland's retirement living villages.

² Includes financial support provided to not-for-profit organisations for the delivery of infrastructure, programs and initiatives in and around Stockland Commercial Property, Retirement Living or Residential asset or projects.

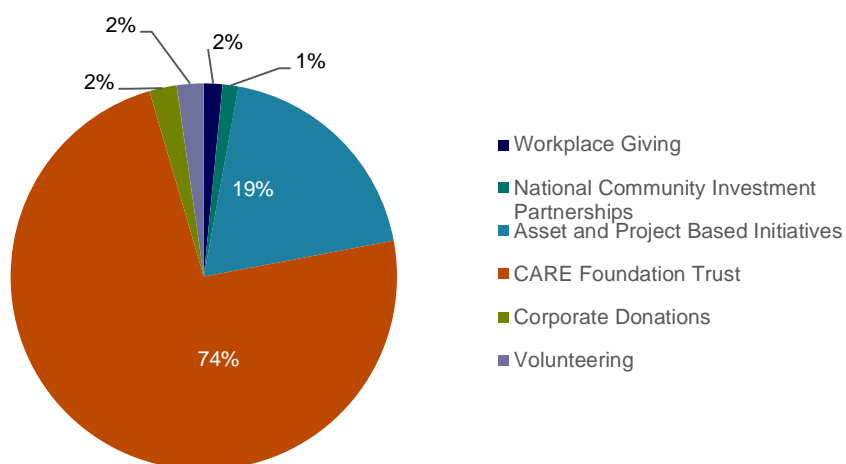
³ Refers to total of individual cash grants awarded to not-for-profit organisations who applied for and were successful in being awarded a Stockland community grant across its retail and residential programs in FY15 in accordance with the terms and conditions published for that particular community grants round.

Community Investment

Community Investment refers to our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through employee engagement programs.

	FY15	FY14
Workplace Giving ⁴	\$84,988	\$64,378
National Community Investment Partnerships ⁵	\$71,500	\$0
Asset and Project Based Contributions ⁶	\$1,043,493	\$0
CARE Foundation Trust ⁷	\$4,000,000	\$0
Corporate Donations ⁸	\$124,762	\$82,683
Volunteering ⁹	\$122,725	\$263,210
Total	\$5,447,468	\$474,649
Total Value of Community Investment as verified by LBG¹⁰	\$6,300,383	

Total Community Investment Spend (total = \$5,447,468)



⁴ Total donations made by Stockland through workplace giving system administered by Charities Aid Foundation (CAF).

⁵ Includes financial support given to not-for-profit organisations that support the delivery of volunteering opportunities for Stockland employees.

⁶ Includes financial and in-kind support provided to local community organisations from a Stockland residential, commercial property or retirement living asset or project that is not included in their community development plan.

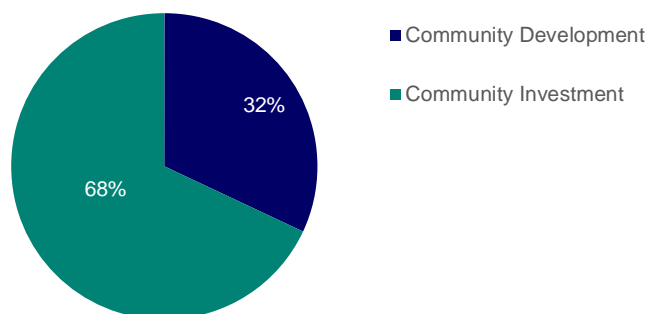
⁷ Includes the transfer of funds by Stockland to the Stockland CARE Foundation Trust made on June 30, 2015.

⁸ Refers to donations made on behalf of Stockland Development and/or Stockland Trust for the purposes of ad hoc community purposes including but not limited to disaster relief, ad hoc donations to significant charitable causes.

⁹ Includes total number of hours logged from personal volunteering, team volunteering and student mentoring activities by Stockland employees. Volunteering figures are determined by the number of hours multiplied by the average hourly remuneration rate as included in LBG's guidance manual for FY15 (\$46.54).

¹⁰ Total includes all community investment inputs as verified by LBG in our FY15 verification statement. In addition to the Stockland community investment elements listed above, the total community investment figure as verified by LBG includes our investment in national community development partnerships, the Stockland community grants program and management costs associated with the planning, implementation and communication of these programs at Stockland. It does not include Stockland's community development activities included in asset community development plans, or donations made by Stockland employees through our Workplace Giving program.

Breakdown of Total Community Investment at Stockland (total = \$8,009,494)



Stockland continues to use the London Benchmarking Group (LBG) to measure and benchmark our community activities. LBG captures all data relating to our community investments and allows us to put a dollar figure on our time, monetary support and in-kind donations to charities and community groups.

In FY15, the total amount of community investment made by Stockland and verified by LBG in FY15 was \$6,300,383.

The total community investment figure as verified by LBG includes our investment in national community development partnerships, the Stockland community grants program and management costs associated with the planning, implementation and communication of these programs at Stockland. It does not include Stockland's community development activities included in asset community development plans, or donations made by Stockland employees through our Workplace Giving program.

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 FY15. Results are recorded by business unit (Residential, Retirement Living and Commercial Property), and against our three key focus areas.

The Retirement Living activities data was collected as part of the FY15 Village Asset Planning process. This Retirement Living data was collected as part of the FY15 Village Asset Planning process. New asset level program and initiative results data from our Retirement Living business for FY15 will be collected within the new Village Plan process in the first half of FY16.

Number of Community Development/Village Asset Plans¹¹

	FY15	FY14
Residential	30	29
Retirement Living	53	53
Commercial Property	34	32

Asset and project based initiatives implemented in FY15

Asset and project based initiatives included within a Stockland retirement living, commercial property or residential community development plan. These initiatives are programs, events or other initiatives that are run in-centre in partnership with local organisations and causes. These initiatives must be more than a financial or in kind donation.

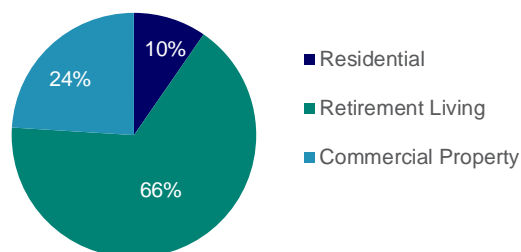
	FY15	FY14
Residential	118	215
Retirement Living	812	812
Commercial Property	294	336

Asset and project based initiatives by Focus Area

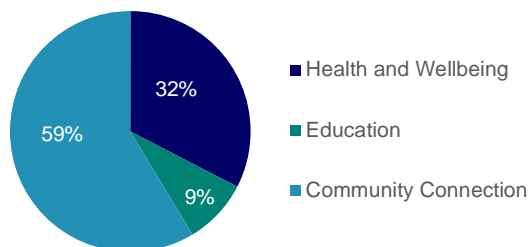
The table below outlines the asset and project based initiatives by community development focus area.

	FY15	FY14
Health and Wellbeing	399	453
Education	107	178
Community Connection	718	732

Total Initiatives by Business Unit (total = 1224)



Initiatives by Focus Area (total = 1224)



¹¹ Selected assets and projects across Stockland's retail, residential and retirement living businesses complete a community development plan (incorporated into the sustainability plan for residential and village plan for retirement living) using the community development toolkit to plan community activities and initiatives for the upcoming financial year. All approved residential projects that have forecast their first lot sale within the ensuing financial year complete a 'Sustainability Plan' for that asset. This includes addressing 'Whole of Life' minimum standards for the project, as well as identifying specific deliverables for the forthcoming Financial Year across the Community Development and Environmental Focus Areas. All city, regional, sub-regional and neighbourhood Stockland retail centres with a Gross Leasable Area (GLA) of under 10,000 m², non-branded Stockland retail assets and joint ventures are generally not required to complete a community development plan. The Stockland community development team and Stockland retail centre teams may determine that a community development plan is needed for a particular Stockland retail assets with a GLA of less than 10,000m² taking into consideration any one or more of the following factors:

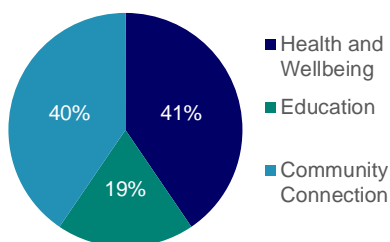
- The community need of surrounding area
- The proximity of the asset to a Stockland retail, residential or retirement living asset
- The availability of financial resources that would enable community development activities
- The availability of Stockland resources to administer the community development plan and associated activities.

All Stockland-owned Retirement Living Villages complete a village plan that includes a list of social infrastructure and programs conducted at the village.

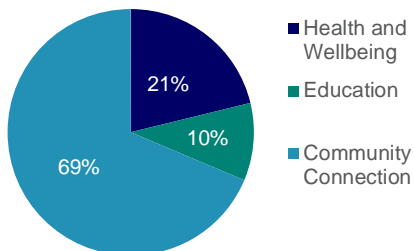
Asset and project based initiatives by Focus Area and Business Unit

The charts below outline the asset and project based initiatives by community development focus area for each business unit.

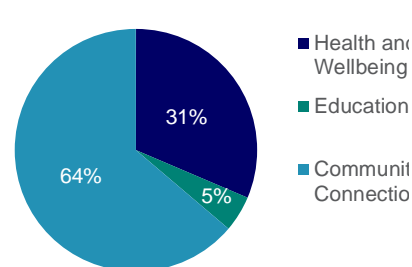
Commercial Property Initiatives by Focus Area (total = 294)



Residential Initiatives by Focus Area (total = 118)



Retirement Living Initiatives by Focus Area (total = 812)



Examples of Programs and Initiatives delivered at project and asset level

Commercial Property

Health and Wellbeing

5-Star parents/family room
Accessible & inclusive playground
Active & Public transport
Active Living Facilities/Programs
Centre hosted community programs
Community Health and Wellbeing Services
Community Room
Connect community to information
Education training for retailers and customers
End trip facilities
Fresh Food Program
Green Travel/Active Transport program
Indigenous Health Program
Interactive Open Space Program
Safety and Accessibility Plan
Local community group support (infrastructure)
Transport Access Guide
Universally accessible community facilities

Education

Indigenous Health Program
Community Information Sessions
Co-located community facilities
Co-working spaces
Cultural Heritage Programs
ELC/Childcare within centres
Employment program
Environmental Program
Learning facilities
Local community program
Multi-purpose facilities
Retail education program
School/Tertiary Partnerships
Small business access
Social enterprises
Stockland Online Security Training
Supply Nation procurement program
Long Term Vacant Tenancy Activation Program

Community Connection

Reconciliation Program
Community events/festivals
Community Emergency Assistance Planning
Community Managed Facilities
Cultural Diversity
Entertainment/leisure precinct
Place-making initiatives
Public Art
Regular customer engagement
Social engagement facility
Social engagement programs
Stockland Community Grants
Stockland Exchange use
Youth Forum
Youth Protocol

Residential

Health and Wellbeing

Adult fitness programs
Children's fitness programs
Cooking classes
Dog training
Playspace designed for varying levels of abilities, risk and challenge
Park launch events encouraging use
Integrated pedestrian and cycle network delivery and way-finding

Education

Resident energy saving education
Schools based engagement
Collaborative design workshops for education infrastructure design and delivery
Sustainability Hubs activation

Community Connection

Community engagement and visioning
Community engagement for design
'Welcome' program
Social and seasonal events calendars
Social Enterprise Cafes
Inclusive and accessible playspaces

Retirement Living

Health and Wellbeing	Education	Community Connection
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

1.2 National Partnerships

We contributed our time and financial investment of over \$200,000 to our national community development partnerships throughout FY15. An overview of our key National Partnerships is provided below:

Beacon Foundation

FY15 was the fourth year of our partnership with Beacon Foundation.

Input	Output	Impact	Future
Contribution <ul style="list-style-type: none"> Annual partnership fee 	COMMUNITY <ul style="list-style-type: none"> 121 school business relationships Reached a total of 2010 young people Held 59 career development activities <ul style="list-style-type: none"> Of these 59 activities, 5 activities involved Stockland volunteers 12 Stockland staff volunteered 	<ul style="list-style-type: none"> 100% of students maintained full engagement in education, work or training for the year ending 2014. (Compared to Australian average of 87.1% for 16-17 year olds from low SES areas¹²) 	<ul style="list-style-type: none"> Expansion into additional schools 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 Education	BUSINESS <ul style="list-style-type: none"> Media coverage Time spent on relationship development Website Industry recognition of alignment to partner 	<ul style="list-style-type: none"> Increased brand recognition Increased stakeholder engagement, visibility and awareness across community, businesses, residents, customers, retailers. 	

¹² Beacon Foundation Partnership Report Jan – Dec 2013

parkrun

FY15 was the third year of our partnership with parkrun.

Input		Output	Impact	Future
Contribution <ul style="list-style-type: none"> Annual partnership fee Over 100 hours volunteering time for co-ordination of events. 	COMMUNITY	<ul style="list-style-type: none"> Weekly runs at 8 of our residential communities and 4 shopping centre locations. 624 runs held across our sites in FY15 22,761 total registered runners and over 1,300 finishers per week (as at July 2015) 	Perceived impact <ul style="list-style-type: none"> Residents and customers staying healthy and building new social connections each week Physical activity reduces the risk of type 2 diabetes, and favourably influences body weight, blood pressure. 	<ul style="list-style-type: none"> Expansion of partnership to include more retail, residential and retirement village parkrun events. Parkrun looking to work with other Stockland partners including Heart Foundation Walking and Touched By Olivia Foundation.
Focus Area: Health and Wellbeing		BUSINESS <ul style="list-style-type: none"> Marketing Local media Website Industry recognition of alignment to partner 	<ul style="list-style-type: none"> Generates greater number of referrals and new leads in Residential Increased foot traffic in our centres meaning more business for our retailers. Enhance satisfaction of residents and customers 	

Heart Foundation

FY15 was the fifth year of our partnership with Heart Foundation

Input		Output	Impact	Future
Contribution <ul style="list-style-type: none"> Contribution towards administration of walking groups at each site Some customer care staff at centres administer and facilitate walking groups, others participate 	COMMUNITY	<ul style="list-style-type: none"> Weekly walking groups through 16 of our retail centres and 1 residential community (5 days a week in some shopping centres) Total of 81,804 walks completed as of June 23rd, 2015. 820 walkers from our local communities 	<ul style="list-style-type: none"> Residents and customers staying healthy and building new social connections and support networks. Reduced feelings of isolation. Physical activity offers an effective, non-pharmacological, public health intervention for increasing and maintaining quality of life among older adults 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) Walking has mental health benefits as well, an Australian study showed daily walking could result in a 38% lower risk of dementia in men 	<ul style="list-style-type: none"> Will we be surveying walkers' well-being in FY16 to understand its actual impact upon our communities. Expansion of partnership to include more retail, residential and retirement village walking groups.
Focus Area: Health and Wellbeing; Community Connection		BUSINESS <ul style="list-style-type: none"> Media coverage Walkers volunteer time to assist centres with events and community engagements Co-branded marketing materials and information on benefits Industry recognition of alignment to partner 	<ul style="list-style-type: none"> Increased foot traffic in our centres meaning more business for our retailers. Greater exposure of retailers to walkers lead to increased sales Increased brand recognition Increased customer and community engagement 	

Live Life Get Active

FY15 was the first year of our partnership with Live Life Get Active.

Input	Output	Impact	Future
Contribution <ul style="list-style-type: none"> Partnership established October 2014. FREE Outdoor Activity Camps to promote Fitter, Healthier and Happier communities Tailored nutritional plans given to each person who signs up One on one motivation given by Instructors To date 2 residential communities have been launched in NSW and 3 in QLD 	COMMUNITY <ul style="list-style-type: none"> 800 residents across 5 Residential communities registered with a Stockland LLGA camp Regular reports to assess engagement within Stockland community and surrounding areas Reported health and wellbeing of registered members Local employment generation (trainers) 	<ul style="list-style-type: none"> Average 65% participation rate from registered members Cross generational appeal to residents Reduction in community members at risk of disease Increased Stockland resident community connectivity 	<ul style="list-style-type: none"> Scalability through Stockland Residential business, and across business units.
Focus Area: <ul style="list-style-type: none"> Health and Wellbeing Community Connection Providing a sense of belonging 	BUSINESS <ul style="list-style-type: none"> Stockland brand recognition via media and marketing exposure Positive stakeholder relations with Government and local businesses Supporting Stockland Sustainability Strategy KPI attainment 	<ul style="list-style-type: none"> Increased Stockland brand recognition and PR Increased stakeholder engagement, visibility and awareness across community, businesses, residents, customers 	

Inspirations and National Partnership Broker Network

FY15 was the third year of this partnership. The network was defunded by the Federal Government at the end of 2014. We will continue to deliver the program, using existing partnership brokers wherever possible.

Input	Output	Impact	Future
Contribution <ul style="list-style-type: none"> Contribution of funds and time towards facilitation and administration of sessions at each school and site. Work experience opportunities for students. Time contribution to support for national broker network 	COMMUNITY <ul style="list-style-type: none"> Presented to approximately 1000 students in 6 of our local schools Provided hands on, practical experience for 35 year 10 students, showcasing careers available at Stockland, in running a shopping centre and insights to our retail tenant businesses. 	<ul style="list-style-type: none"> 91% of students agreed or strongly agreed they learnt about different ways careers can develop. 92.5% of students agreed or strongly agreed that the program has increased their awareness of different options for future work. 44.5% of students agreed or strongly agreed that taking part in Stockland Inspirations has increased their motivation to do well at school.¹³ 	<ul style="list-style-type: none"> We are planning to host a further 100+ students on our sites in FY16. Expand assets and projects participation in program. Community Development Toolkits for each Stockland asset or project must have at least one school partnership in place.

¹³ Stockland Inspirations Program - Illawarra Pilot 14 November 2013

Focus Area:

Education

BUSINESS

- Retailer and builder partners relationship building.
- Media
- Website
- Time spent on advocacy of cause and network.
- 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.
- Increase profile of Stockland and the retail, development and construction industries and career opportunities within them.
- Increased customer, community and retailer engagement.

Mission Australia

FY15 was the second full year of this partnership

Input		Output	Impact	Future
Contribution <ul style="list-style-type: none"> • Time in hours facilitating and administering programs. • Advocacy of cause and partner. 		Wetherill Park <ul style="list-style-type: none"> • facilitate connections between local job seekers and our sub-contractors and retailers. • 4 local job seekers to commence in FY15 as construction labourers. • 4 job seekers being considered for the 7 apprenticeship positions committed. • A further 15 positions in formwork labouring and formwork carpentry to be advertised shortly. 	<ul style="list-style-type: none"> • Promoting and facilitating local employment and training in our communities. • Enhancing employment pool for retail, development and construction industry. 	<ul style="list-style-type: none"> • Continuing expansion of partnership and employment programs across portfolios during FY16 and beyond. • Increasing skilled job placements and career development within industry and communities.
Focus Area Education	COMMUNITY	<ul style="list-style-type: none"> • Partnership development across retailers, builder partners, schools, TAFE, RTO's etc. • Media coverage • Website • Stakeholder relationship development 	<ul style="list-style-type: none"> • Engagement and employment support for retailers and builder partners. • Increased training and skill levels in talent pool for our stakeholders. 	

Jamie's Ministry of Food

New partnership in FY14

Input	Proposed Output	Proposed Impact	Future
Contribution <ul style="list-style-type: none"> Annual operational support and rental abatement Time in hours to facilitate partnership and development of kitchen sites Advocacy of cause and partner. 	<ul style="list-style-type: none"> Opening of Jamie's Ministry of Food kitchen at Stockland Wetherill Park December 2014 Stockland Retail - hosting Jamie's Ministry of Food Mobile Kitchen in Rockhampton and Gladstone Community based 5 week cooking program that teaches individuals the basics on how to prepare simple, healthy, fresh and affordable meals. Council and Local Community Groups engaged Local High Schools and Primary Schools engaged during Food Revolution Day (FRD) – Wetherill Park & Gladstone 900 Enrolments December 2014 – June 2015 406 Enrolments at Rockhampton 6 February – 21 April 2015 504 Enrolments Gladstone 24- April – 2 July 2015 57 volunteers Wetherill Park. 35 Volunteers Rockhampton 40 Volunteers Gladstone 	<ul style="list-style-type: none"> With over 63% of Australian adults and 26% of Australian children under the age of 15 being overweight or obese, JMOF kitchen has provided hundreds of people from both the local and greater catchment areas with the opportunity to change their eating behaviours through education and practical experience. Jamie's Ministry of Food proven effective in increasing vegetable consumption and decreasing take away consumption in participants over the long term. The program assist participants to make their own change and develop healthy habits Increased social connectedness, particularly for socially isolated participants and participants with disabilities Participants staying healthy and building new social connections each week FRD – provided hands on, practical experience for a total of 82 children at Wetherill Park & 12 Students from a Rosella Park School Gladstone. 	<ul style="list-style-type: none"> Expand partnership with Jamie's Ministry of Food to other sites across Australia. Integrate partnership across business
Focus area: Health and Wellbeing	COMMUNITY <ul style="list-style-type: none"> Significant media coverage Community/customer events Marketing Website Engagement with local council, government ministers, health champions Industry recognition of alignment to partner Time spent on relationship development 	<ul style="list-style-type: none"> Increased brand recognition Increased community satisfaction in centres Increased foot traffic in centres with JMOF participants travelling up to 50+kms to attend the course. Increased stakeholder engagement, visibility and awareness across community, business, customers and retailers. 	
	BUSINESS		

Touched by Olivia Foundation

New CARE Foundation partnership in FY15.

Input	Output	Impact	Future
Contribution <ul style="list-style-type: none"> Donation of coffee cart to start social enterprise pop up café and cash donation. Time in hours to facilitate partnership development at assets 	COMMUNITY <ul style="list-style-type: none"> Inclusive playspace delivered at Stockland Shellharbour Play groups and parents groups use the play space weekly Livvi's Cafe launched at Amberton and Whitman Edge estates, over \$1000 donated to TBO in first 5 months of operations. Designed communication strategy around Retreat Zone to improve shopping experience for people with disabilities and their carers. Assisted in the design, tender and installation of a kissing swing at Stockland Wetherill Park. Hosted community activities to engage residents in upcoming projects. 	<ul style="list-style-type: none"> Improve accessibility and inclusion at our properties. Enhance community connectivity and sense of belonging. Increase local employment and training opportunities at our assets. 	<ul style="list-style-type: none"> Several Commercial Property assets at concept stage for the design and delivery of inclusive play spaces, Collaborative delivery of Touched by Olivia playgrounds within residential projects with local councils. Increase accessible and inclusive industry standard Increase footprint of Livvi's Cafes in Stockland communities including Elara (July) and Willowdale (September) Open first outdoor joint project, Livvi's Place at Whiteman Edge in October. Point Cook My Funland to launch. Cross promotional "PlayHouse" campaign at Willowdale to launch in July (6 months)
Focus area: Sense of Belonging and Vitality Lifelong Learning and Vitality	BUSINESS <ul style="list-style-type: none"> New and refurbished accessible and inclusive play spaces. Media coverage Website Reviewed accessibility and design procedures with Stockland internal teams Developed promotional campaigns for reside Undertook design consultations in new sites Hosted focus groups and prepared reports on outcomes in retail playspace redevelopment Abstract accepted for co-presentation at national local government conference Attracted discounts and grant funding to residential projects. Developed skilled volunteering programs with Stockland corporate team to engage staff as part of CARE Foundation. 	<ul style="list-style-type: none"> Increase accessibility and appeal of our assets to individuals and/or families with disabilities Increased dwell time in centres leading to increased spend with retailers Increased customer satisfaction. 	

1.3 National Community Development Projects

Stockland Community Grants Program

The program provides an easily accessible, structured criteria based platform for our assets and projects to respond to sponsorship requests. It allows us to track the impacts of our community investment with grant winners required to provide updates on progress. It also allows for increased engagement opportunities with local community groups and brand exposure and media coverage.

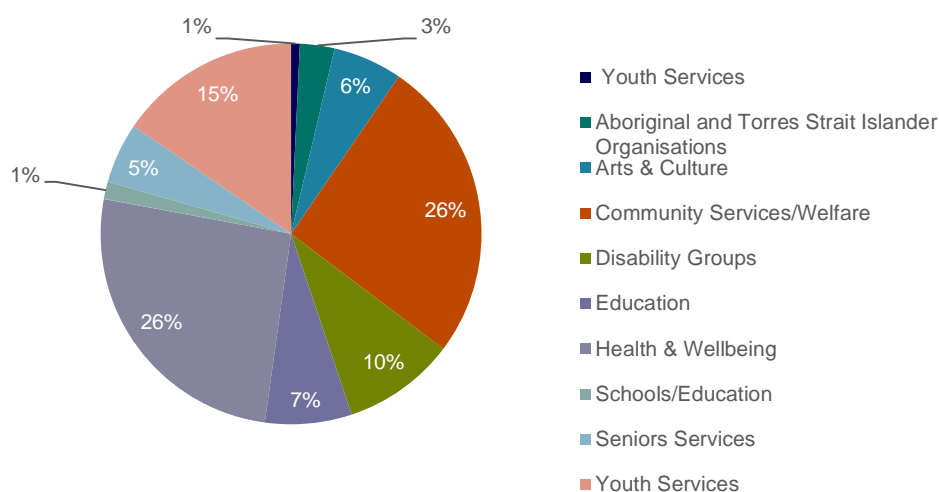
Commercial Property

- Run across 28 shopping centres;
- Maximum financial grant of \$1000;
- 447 applications received from local community organisations;
- 101 grants awarded; and
- \$92,500 invested into our local communities.

Residential

- 269 applications were received, across 27 communities;
- 126 grants were awarded to local community organisations; and
- \$126,000 was invested back into the local community as a result of the program.

Breakdown of grant winners by sector/category in the FY15 Residential community grants round



Retirement Living

The community grants program will be rolled out to the Retirement Living portfolio for the first time in FY16.

Community Engagement

Brand Survey Results – Commercial Property

In FY15, our Customer Insights team also supported community development outcomes by surveying our communities on issues related to community connection within our broader brand image survey. The purpose of this survey was to see how well Stockland was perceived as creating spaces where communities thrive, and how well we create a sense of belonging to the place where our customers and residents live and/or shop.

The tables below outlines the results of two surveys held in July 2014 and March 2015, which highlight overall improvements in how respondents from around our catchment areas answered these questions.

In FY16 we will extend community-focused questions to our shopper and retailer surveys.

Element	March 2015	July 2014
Creates spaces where communities thrive	46%	40%
Creates a sense of belonging to the place where people live/shop	43%	35%

Retirement Living - Residents Voice

The Residents Voice Survey is a comprehensive survey used to measure resident satisfaction whilst living in a Stockland Retirement Village. The survey is typically completed annually by over 6000 residents.

The table below outlines the satisfaction of our retirement living residents with the community elements of the village and their personal well-being for FY15. The FY15 results improved across elements compared to FY14, except for one aspect for which the score stayed the same.

		Response (% satisfaction score)	
Focus Area	Element	FY15	FY14
Health and Wellbeing	Physical Health	78%	69%
	Emotional Wellbeing (health)	91%	84%
	Personal relationships/ social life of the village	92%	85%
	Feeling safe	93%	93%
	Number of social activities to participate in	84%	80%
	Satisfaction with accessibility features	88%	87%
Education	Satisfaction with the opportunity to try new things & learn	77%	73%
Community Connection	Satisfied with sense of community	87%	86%
	Satisfied with opportunity to connect with others	88%	85%

Residential – Liveability Index Survey

The table below outlines the satisfaction of residents with the liveability of their communities. Results above indicate FY12-13 survey results compared to our FY15 results. We did not conduct survey in FY14 as we were refining our delivery.

Response (% satisfaction score)		
Element	FY15	FY12-13
National Liveability Index Score	84%	75%
Community Design Elements	88%	81%
Community Perceptions	78%	71%
Personal Wellbeing	80%	79%

1.4 Community Investment

Workplace Giving

	FY15		FY14	
	Amount donated	Charities Supported	Amount donated	Charities Supported
Employee Donations ¹⁴	\$84,988	103	\$64,378	116
Corporate Dollar Matching ¹⁵	\$84,988		\$64,378	
TOTAL	\$169,976		\$128,756	

Volunteering

	FY15			FY14		
	Employees	Total Hours	Proxy Financial Value ¹⁶	Employees	Total Hours	Proxy Financial Value
Team Volunteering ¹⁷	242	1890	\$87,961	332	2624	\$159,880
Student Mentoring ¹⁸	69	625	\$29,087	152	1704	\$93,850
Personal Volunteering ¹⁹	11	122	\$5,678	12	104	\$9,4809
TOTAL	322	2,673	\$122,726	496	4,432	\$263,210

Employee Participation

	FY15	FY14	FY13	FY12
Workplace Giving Program ²⁰	19.6%	21%	15.7%	14.7%
Volunteering Program ²¹	21%	30%	27%	49%

¹⁴ Total employee donations made by fulltime, part time and permanent contract Stockland employees through Stockland's workplace giving system.

¹⁵ Total amount of matched funds donated by Stockland to various charities in FY15 through Stockland's Workplace Giving Program administered by Good2Give.

¹⁶ Calculated using LBG standard values for FY14.

¹⁷ Includes total number of employees and hours that Stockland employees have participated in a team volunteering day with a not-for-profit organisation. Proxy financial values for FY15 are determined by the number of hours multiplied by the average hourly remuneration rate as included in LBG's guidance manual for FY15 (\$46.54).

¹⁸ Facilitated student mentoring programs run in partnership with the Australian Business and Community Network (ABCN) and offered to Stockland employees in FY15 in NSW, WA and Victoria.

¹⁹ Number of individual employees who took up personal volunteering leave in FY15 and took up to 2 days annual leave to volunteer their time to a charity of their choice. Personal volunteering details including the number of hours volunteered and chosen charity must be logged in Stockland's HR system and approved by the individual's manager.

²⁰ Total number of individual employees who participated in Stockland's workplace giving program in FY15 as an ongoing or one-off donor as a percentage of total average workforce for FY15.

²¹ Total number of individual employees who have participated in Stockland's team volunteering program, students mentoring or personal volunteering programs as a percentage of Stockland's total average workforce for FY15.

Environmental Data

Background Notes

All figures in our Environmental Data relate to our Australian operations, which fit into our reporting boundaries as described in Section 1.

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
Group Operations	<i>Internal corporate operations</i>	<p>Unless there are significant changes to the tenancies which we operate from, minor fluctuations generally reflect external factors beyond our control.</p> <p>Scope 1: Vehicle fleet fuel</p> <p>Scope 2: Purchased electricity</p> <p>Scope 3: airline and care hire travel</p>	<p>The water, waste and other natural resources are typically managed by the base building which we are a tenancing. Where we are a tenant within our own buildings, these resources are reported under the base building.</p>
Commercial Property	<i>Operating our retail, office, business parks and logistics assets.</i>	<p>Unless there are significant changes to our portfolio, or key infrastructure upgrades/installations, changes generally reflect energy efficiency programs and initiatives.</p> <p>Scope 1: Gas consumption, Refrigerants</p> <p>Scope 2: Purchased electricity*</p> <p>Scope 3: Transmission losses</p>	<p>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.</p> <p>Water: Potable water consumption</p> <p>Waste: Operational waste, development construction waste</p>
Residential	<i>Development of our projects and communities, predominantly undertaken by our "Residential contractors".</i>	<p>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.</p> <p>Scope 1: Emissions from gas and fuel consumption reported by our contractors, and our direct gas consumption.</p> <p>Scope 2: Emissions from electricity * consumption reported by our contractors, and our purchased electricity.</p> <p>Scope 3: Transmission losses</p>	<p>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.</p> <p>Water: Potable and non-potable water consumption reported by our contractors, and our direct water consumption.</p> <p>Waste: Waste generation reported by our contractors</p> <p>Biodiversity metrics vary and reflect the specific characteristics of our project development sites.</p>
Retirement Living	<i>Development of our retirement villages, undertaken by our "Retirement Living contractors"</i>	<p>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.</p> <p>Scope 1: Emissions from gas and fuel consumption and explosives reported by our contractors, and our direct gas consumption.</p> <p>Scope 2: Emissions from electricity consumption reported by our contractors*</p> <p>Scope 3: Transmission losses</p>	<p>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.</p> <p>Increased finishing works (landscaping and village upgrades) also contributes to increased water consumption, and these works are generally undertaken by Retirement Living contractors.</p> <p>Water: Potable and non-potable water consumption reported by our contractors, and our direct water consumption.</p> <p>Waste: Waste generation reported by our contractors</p>

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, climactic conditions (i.e. milder temperatures reduce energy demand). unit vacancy and development villages opening to residents.

Scope 1: Our direct gas consumption (can include our residents' consumption where a village is not sub metered).

Scope 2: Our direct consumption of purchased electricity (can include our residents' consumption where a village is not sub metered)*.

Scope 3: Transmission losses

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 and development villages opening to residents.

Water: Water consumption

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	<p>Direct emissions- i.e. emissions from fuels that are combusted on-site (including natural gas, diesel and petrol from fleet) as well as refrigerant leakage.</p> <p>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.</p> <p>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.</p> <p>Tenant gas usage is not included except where we are the tenant.</p>
Scope 2	<p>Indirect emissions from the consumption of electricity only.</p> <p>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.</p> <p>Emissions from base-building electricity across the office and business parks, retail, logistics, residential and retirement living assets for which we have operational control. For those assets that have missing invoices estimates are provided.</p> <p>Tenant electricity usage is not included except where we are the tenant.</p>
Scope 3	<p>Other indirect emissions, including car hire and airline travel, and transmission and production losses from purchased electricity, gas and fleet fuel.</p>

Notes:

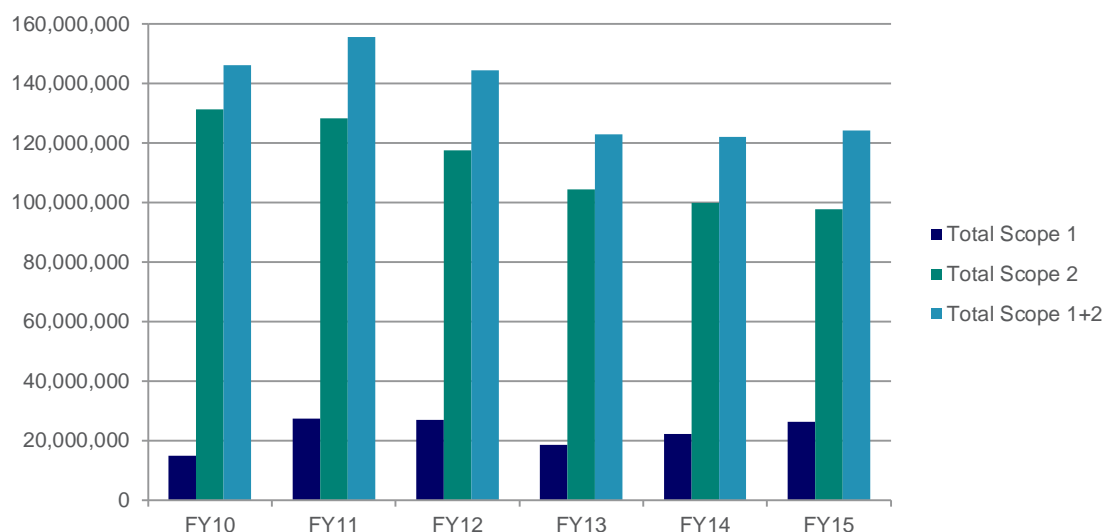
- Retirement living data source improvements were tested in FY14 and implemented in FY15. This included sourcing electricity data directly from our embedded electricity networks which permits us to separate resident use from Stockland use at villages where we have embedded networks. This has resulted in a noticeable reduction in reportable energy use for the retirement living business. In FY11, we moved from reporting estimates based on sampling to reporting actual performance data across all Retirement Living and Residential sites within our operational control. All villages without embedded electricity networks continue to report via this process.
- Data is provided to us by third party contractors in accordance with National Greenhouse and Energy Reporting Act (NGER) reporting requirements.

1.2 Emissions

Total greenhouse gas emissions (kgCO₂-e)

	FY15	FY14	FY13	FY12	FY11	FY10
Stockland group total Scope 1	26,368,416	22,101,740	18,509,406	26,960,684	27,459,144	14,904,868
Stockland group total Scope 2	97,763,050	99,927,336	104,392,844	117,517,462	128,283,100	131,369,103
Stockland group total Scope 1+2 emissions	124,131,467	122,029,076	122,902,250	144,478,146	155,742,244	146,273,971

Total greenhouse gas emissions (kgCO₂-e)



Total scope 1 emissions (kgCO₂-e)

	FY15	FY14	FY13	FY12	FY11	FY10
Office and business park base building gas	998,717	832,162	1,149,252	1,763,437	1,827,474	1,574,047
Logistics centre gas	0	1,437	6,789	10,707	7,540	36,037
Retail centres gas	185,180 ²	97,454	97,823	129,603	52,558	29,216
Vehicle fleet fuel	83,598	87,163	55,751	222,767	166,538	178,083
Refrigerants leaked	2,782,867	2,380,426	2,476,630	1,919,215	1,094,926	1,108,671
Residential sites gas	14,557	19,234	17,420	40,055	157,816	50,778
Residential contractors fuel and gas	21,626,129 ¹	18,142,265	14,087,750	21,805,911	22,357,767	11,669,158
Retirement Living villages gas	590,916 ²	376,722	168,711	210,200	332,065	2,930
Retirement Living contractors fuel, gas & explosives	86,452	164,877	449,280	858,789	1,462,460	255,948
Total Scope 1 emissions	26,368,416	22,101,740	18,509,406	26,960,684	27,459,144	14,904,868

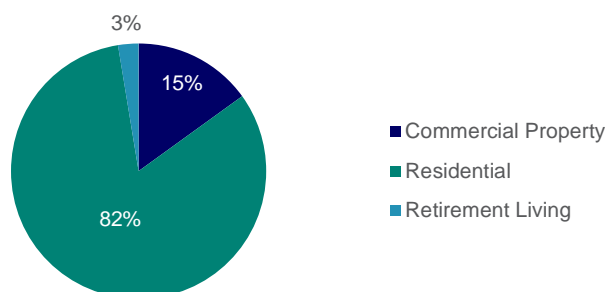
Scope 1 Emissions by Business Unit

Residential constitutes the largest proportion of our Scope 1 emissions due to contractor construction activity across our developments.

Projects in active development in FY15 include:

- Highlands (award-winning community in Victoria)
- Calleya and Vale (in Western Australia)

Together these communities account for over 30% of our total Scope 1 emissions. See our [Energy and Emissions DMA](#) for further information on our FY15 performance.



¹ Figures reflect our activity profile: increased development activity on existing sites in FY15 and FY14, and reduced activity in FY13 due to sell down of existing lot profiles.

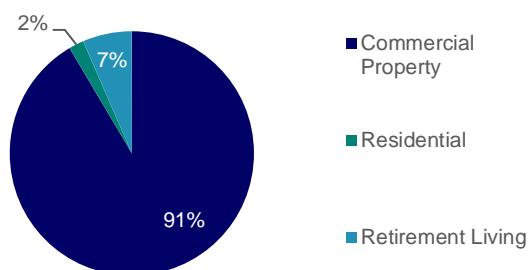
² Increased figure due to all mechanical services in retail centre expansions, most central plant upgrades and new retirement living villages being connected to gas.

Total Scope 2 emissions (kgCO₂-e)

	FY15	FY14	FY13	FY12	FY11	FY10
Corporate tenancies electricity	1,371,912	1,405,640	1,483,751	1,426,852	1,818,240	1,511,979
Office and business park base building electricity	22,981,231 ³	23,160,992	28,340,665	38,597,988	53,052,082	56,761,064
Logistics centres electricity	2,047,925	2,997,736	3,443,281	2,758,342	3,088,275	3,261,711
Retail centres electricity	63,134,316 ⁴	57,957,403 ⁵	58,635,635	63,459,512	61,702,581	63,205,479
Residential sites electricity	1,573,101	1,852,475	2,506,780	2,203,250	2,668,804	4,435,837
Residential contractors electricity	314,953	632,129	212,390	281,150	252,821	96,149
Retirement Living villages electricity	6,323,482	11,870,046	9,755,062	8,776,277	5,689,929	2,096,884
Retirement Living contractors electricity	16,130	50,915	15,280	14,091	10,368	-
Total Scope 2 emissions	97,763,050	99,927,336	104,392,844	117,517,462	128,283,100	131,369,103

Scope 2 Emissions by Business Unit

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 FY15. See our [Energy and Emissions DMA](#) for further information on our FY15 performance.



Total Scope 3 (kgCO₂-e)

	FY15	FY14	FY13	FY12	FY11	FY10
Total transmission and production losses (from purchased electricity, gas and fleet fuel)	17,255,477	19,860,930	19,572,199 ⁶	22,246,487	21,275,232	23,159,819
Car hire travel	51,097	51,696	73,722	139,032	79,475	65,048
Airline travel	3,695,467*	3,643,550	3,803,154	1,340,777	1,859,621	1,241,197
Total Scope 3 emissions	21,002,042	23,556,176	23,449,075	23,726,296	23,214,328	24,466,064

³ Decrease due to divestment of office assets and additional operational efficiency programs

⁴ Retail has increased through both new acquisitions and centre expansions.

⁵ Increased energy efficiency across retail assets

⁶ Airline travel actually increased by 30% from more movements between the east and west coasts. Carbon emissions appear to not change substantially as the DEFRA emission factors have been updated for FY15. This reflects improvements in the airline industry and their carbon accounting methods.

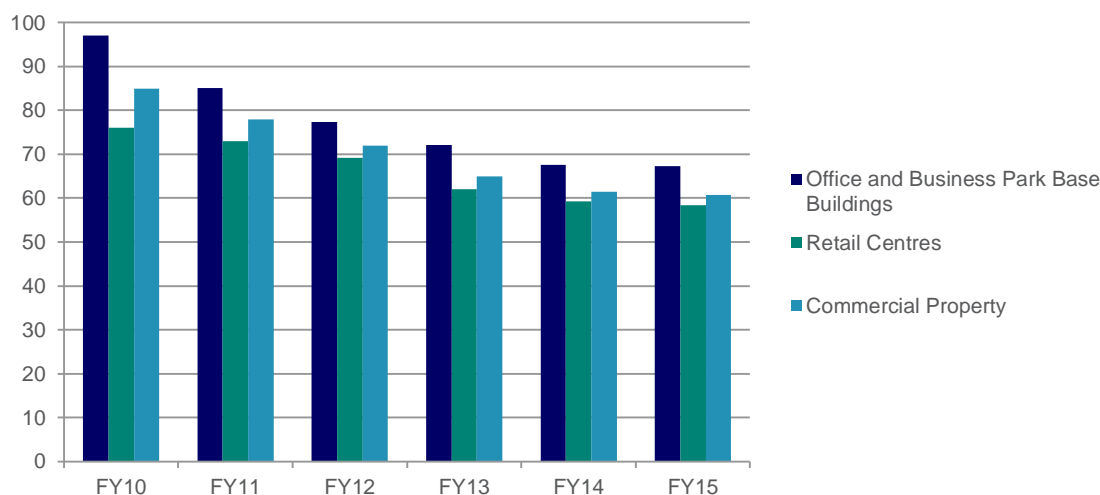
1.3 Emissions Intensity

We track our emissions on an intensity basis as this helps represent the greenhouse gas emissions from our Commercial Property portfolio in a way which is isolated from the increases and decreases in emissions due to investments, divestments and vacancies. Intensity metrics are based on the standard measures of net lettable area (NLA) or gross lettable area (GLA) in square metres (where appropriate for each asset class). Emissions intensities only apply to stable operating assets such as the Commercial Property portfolio.

Greenhouse gas emissions intensity (kgCO₂-e/m²)⁷

	FY15	FY14	FY13	FY12	FY11	FY10
Office and business park base buildings	67.32	67.55	72.1	77.3	85.1	97.0
Floor area (NLA) of buildings in intensity metric (m ²)	356,060	355,073	409,134	527,028	642,279	600,788
% portfolio in intensity metric	100%	100%	100%	100%	100%	100%
Retail centres	58.32	59.34	62.0	69.2	73.0	76.0
Floor area (GLA) of buildings in intensity metric (m ²) ⁸	1,014,045	978,257	947,435	918,725	852,108	831,821
% portfolio in intensity metric	100%	100%	100%	100%	100%	99%
Commercial Property⁹	60.66	61.52	65	72	78	85
Floor area of buildings in intensity metric (m ²)	1,370,119	1,333,330	1,356,569	1,445,753	1,494,387	1,432,609
% portfolio in intensity metric	100%	100%	100%	100%	100%	99.5%

Greenhouse gas emissions intensity (kgCO₂-e/m²)



Emissions Intensity Reductions

	Annual Intensity Change (%)					
	FY15	FY14	FY13	FY12	FY11	FY10
Office and Business Parks	0%	-6%	-7%	-9%	-12%	-7%
Retail Centres	-2%	-4%	-10%	-5%	-4%	2%
Commercial Property ¹⁰	-1%	-5%	-10%	-8%	-8%	-2%

⁷ Based on Scope 1 and 2 emissions, excluding all refrigerants

⁸ Townsville Kmart excluded - common area usage not available

⁹ Combined Office and Retail

1.4 Energy Consumption

This section drills down to the consumption of specific energy types across the three businesses and group operations. These are the sources of the Greenhouse gas emissions reported under Scope 1 and 2.

Electricity

Purchased electricity (kWh)

	FY15	FY14	FY13	FY12	FY11	FY10
Corporate tenancies	1,538,236	1,564,314	1,599,709	1,533,632	1,924,901	1,622,297
Office and business parks base buildings	27,759,472	27,627,604	32,651,857	44,138,176	60,025,840	63,370,687
Logistics centres	2,416,170	3,474,882	3,906,359	3,180,561	3,442,690	3,622,030
Retail Centres	72,666,207	65,017,061	63,550,659	68,948,036	66,771,363	69,030,062
Residential sites	1,841,916	2,265,986	2,744,611	2,395,863	2,764,084	4,724,216
Residential contractors	437,697	619,789	193,050	245,594	249,272	89,785
Retirement Living villages	6,888,485 ¹¹	12,045,323	9,579,561	8,060,324	5,548,781	1,725,830
Retirement Living contractors	16,264	73,001	35,316	2,328	8,493	7
Total	113,564,446	112,687,960	114,261,122	128,505,514	140,735,424	144,224,914

Electricity intensity (kWh/m²)

	FY15	FY14	FY13	FY12	FY11	FY10
Office and business parks base buildings	77.91	77.8	79.8	84.7	93.1	104.8
Floor area (NLA) of buildings in intensity metric (m ²) ¹²	356,118	354,955	409,061	526,062	646,279	600,788
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%	100%
Retail centres	66.27	66.45	67.1	75.0	78.9	83.0
Floor area (GLA) of buildings in intensity metric (m ²) ¹³	1,014,074	978,256	947,536	918,722	852,108	831,821
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%	99%
Commercial Property ¹⁴	69.30	69.47	70.9	78.5	85.0	92.1
Floor area of buildings in intensity metric (m ²)	1,370,177	1,333,211	1,356,597	1,444,784	1,498,387	1,432,609
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%	99.5%

¹⁰ Area-weighted intensity combination of Office and Retail assets

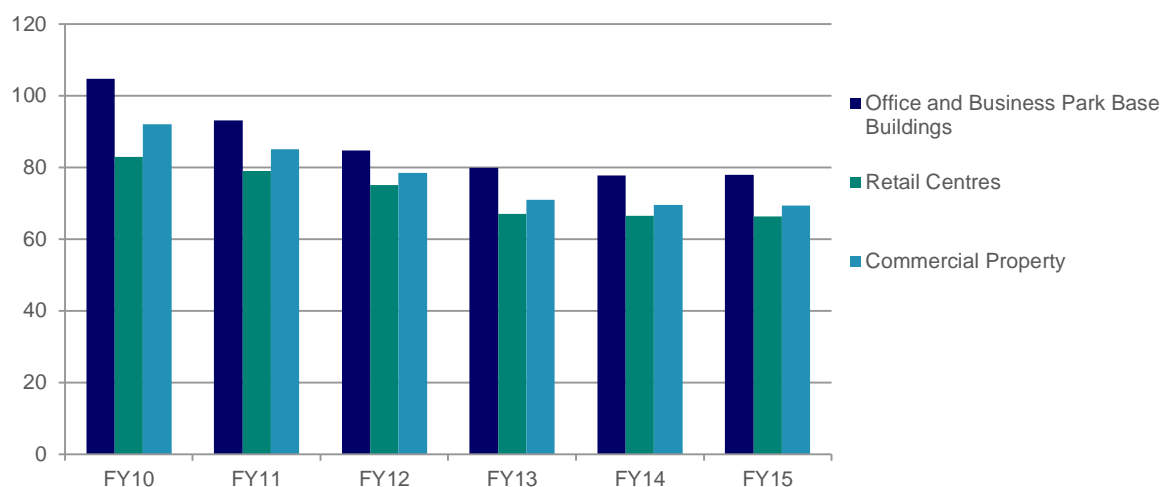
¹¹ Retirement living data source improvements were tested in FY14 and implemented in FY15. This included drawing electricity consumption data directly from our embedded electricity networks which permits us to separate resident use from Stockland use at villages where we have embedded networks. This has resulted in a noticeable reduction in reportable energy use for the retirement living business. In addition, the retirement living asset divestments and exit from the aged care business in FY15 have accounted for a further 24% drop in electricity consumed compared to FY14.

¹² NLA - Net Lettable Area; GLA - Gross Lettable Area

¹³ Townsville Kmart excluded - common area usage not available

¹⁴ Area-weighted intensity combination of Office and Retail assets

Electricity Intensity - Commercial Property (kWh/m²)



Electricity Intensity Reductions

	Annual Intensity Change (%)					
	FY14-15	FY13-14	FY12-13	FY11-12	FY10-11	FY09-10
Office and business parks base buildings	0%	-3%	-6%	-9%	-11%	-5%
Retail centres	0%	-1%	-11%	-5%	-5%	4%
Commercial Property	0%	-2%	-10%	-8%	-8%	-0.1%

Fuel Consumption

Gas consumption (MJ)¹⁵

	FY15	FY14	FY13	FY12	FY11	FY10
Office and business parks base buildings	19,456,794	16,211,993	22,389,489	34,251,647	35,602,367	30,665,244
Logistic Centres	0	27,986	132,268	208,532	146,890	702,056
Retail centres	3,607,633	1,898,574	1,905,757	2,524,838	1,023,893	569,172
Residential sites	261,852	331,020	123,294	505,782	2,832,885	747,679
Residential contractors	200	2,993	2,275	8,914	1,189	0
Retirement Living villages	7,177,497	7,119,574	2,940,671	3,565,526	6,002,361	57,082
Retirement Living contractors	0	0	0	294	0	0
Total	30,503,976	25,592,140	27,493,754	41,065,533	45,609,585	32,741,233

¹⁵ Includes natural gas and liquid petroleum gas.

Total fuel consumption by type

	FY15	FY14	FY13	FY12	FY11
Diesel (L)	7,714,541	6,597,215	5,245,570	7,962,892	8,406,045
Bio-diesel (L)	566,473	236,637	285,219	419,912	301,821
Petrol (L)	257,135	155,275	116,360	180,146	293,004
Ethanol (L)	2,102	5,486	2,257	11,507	8,688
LPG (L)	26	81	180	37,480	178
Oil (L)	94,981	63,939	42,916	340,674	73,421
Grease (kg)	65,703	32,541	20,583	95,706	20,168

Fuel consumption by type - Breakdown by source

Residential contractors

	FY15	FY14	FY13	FY12	FY11
Diesel (L)	7,661,826	6,509,370	5,126,549	7,788,730	7,865,518
Bio-diesel (L)	564,133	236,217	277,714	419,912	301,821
Petrol (L)	247,066	149,479	110,844	121,149	226,595
Ethanol (L)	274	4,971	2,085	6,345	5,190
LPG (L)	26	81	180	19,822	178
Oil (L)	94,731	63,714	42,703	54,617	70,203
Grease (kg)	65,551	32,494	20,396	16,008	20,168

Retirement Living Contractors

	FY15	FY14	FY13	FY12	FY11
Diesel (L)	27,211	59,951	103,601	134,431	519,416
Bio-diesel (L)	2,340	420	4,000	-	-
Petrol (L)	5,217	1,089	1,892	12,972	21,118
Ethanol (L)	0	39	-	130	590
LPG (L)	0	0	-	17,658	-
Oil (L)	250	225	213	286,057	3,218
Grease (kg)	152	47	187	79,698	-

Fleet vehicles

	FY15	FY14	FY13	FY12	FY11
Diesel (L)	25,504	27,894	15,420	39,731	21,111
Bio-diesel (L)	0	0	3,505	-	-
Petrol (L)	4,853	4,707	3,624	46,025	45,291
Ethanol (L)	1,828	476	172	5,032	2,908

2. Biodiversity

Biodiversity Impact and Management

	FY15	FY14	FY13	FY12
Portfolio				
Total projects with masterplan approval ¹⁶	39	42	44	42
Total land area (ha)	12,302	7,303	7,210	6,733
Biodiversity Impact				
Total projects with areas of significant biodiversity value ¹⁷	30	20	20	18
Total land area of significant biodiversity value (ha)	1,736	1,198	1,197	910
Total area of land of significant biodiversity value to be cleared (ha)	639	655	641	489
Biodiversity Management				
Total projects with areas of significant biodiversity value that have a biodiversity management plan (%)	100	100	100	100
Total area of land to be regenerated, re-vegetated, restored or rehabilitated onground or through offsets (ha)	1,581 ¹⁹	358.5	342.5	190.5
Total projects working with community and non-governmental organisations	5	1	12	10

¹⁶ Our biodiversity results are representative of our residential projects that have received masterplan approval and/or were active developments as at 30 June 2015.

¹⁷ As defined by the relevant state and Federal legislation

¹⁹ In FY15, this section has been expanded to include land onsite and offsite offsets as this is a key method in balancing the provision of ecological habitats with development activities.

Projects with areas of significant biodiversity value

Status	Region	Development	Location	Total Land (ha)
Released to market	Victoria	Allura	Truganina	140
		Eucalypt	Epping	81
		Highlands	Craigieburn	970
		Mernda Villages	Mernda	203
	Western Australia	Amberton	Eglinton	198
		Calleya	Banjup	145
		Corimbia	Lansdale	59
		Sienna Wood	Brookdale	330
		Vale	Aveley	541
	New South Wales	Brooks Reach	South Coast	65
		McKeachies Run	Maitland	150
		Murrays Beach	Lake Macquarie	160
		Waterside	Penrith	53
		Willowdale	Leppington	350
	Queensland	Augustine Heights	Augustine Heights	68
		Bells Reach	Caloundra	65
		Brightwater	Sunshine Coast	215
		Hundred Hills	Murwillumbah	44
		North Shore	Townsville	1,031
		Ormeau Ridge	Ormeau	17
		Stone Ridge	Narangba	47
		The Observatory	Kingsmore	300
		Vale	Logan	43
Development Pipeline	Victoria	Cloverton	Kalkallo	1,141
		The Grove	Tarneit	98
	New South Wales	Schofields	Schofields	52
	Queensland	Pallara	Pallara	122
		Paradise Waters	Deebing Heights	338
		Bahrs Scrub	Logan	131
		Caloundra Downs	Caloundra South	2,360

3. Water Management and Quality

3.1 Boundary and Methodology

We report our water 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 100 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)

	FY15	FY14	FY13	FY12	FY11
Residential sites	353,620	297,826	76,254	227,853	25,586
Retirement Living villages	48,500	162,930	152,065	391,734	4,156
Contractors - Residential	1,469,853 ²¹	351,046	213,118	1,499,264	348,637
Contractors - Retirement Living	49,285	216,910	60,648	6,356	12,308
Total	1,921,258	1,028,712	502,085	2,125,208	390,687

Residential and Retirement Living water consumption – potable and non-potable (kL)

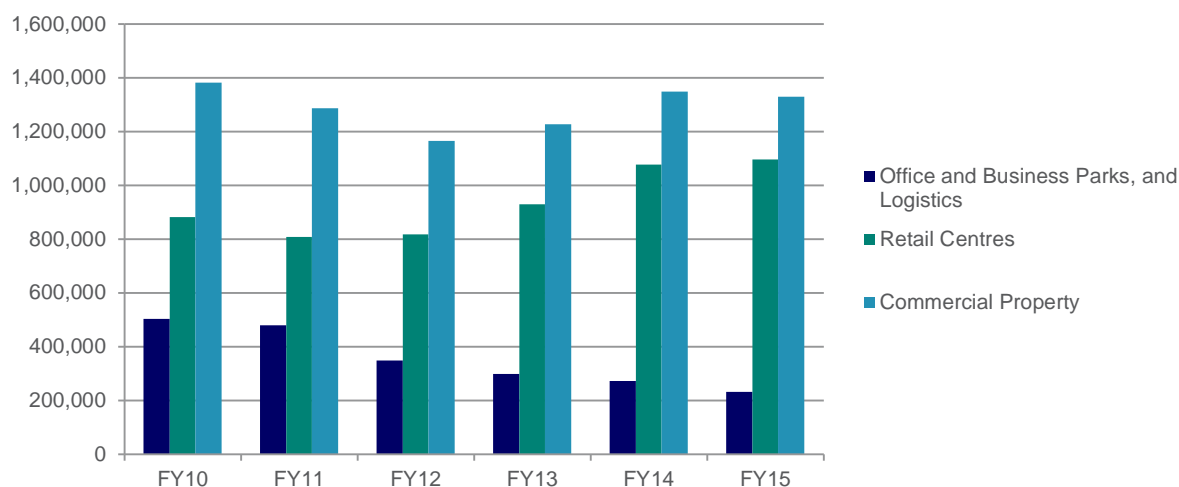
	Potable				Non-potable			
	FY15	FY14	FY13	FY12	FY15	FY14	FY13	FY12
Residential sites	53,233	16,562	17,944	22,170	300,387	281,264	58,310	205,683
Retirement Living villages	48,500	162,930	152,065	384,772	0	0	0	6,962
Contractors - Residential	644,034	127,198	176,995	1,264,907	825,820	223,849	36,123	234,358
Contractors - Retirement Living	38,897	188,000	60,468	5,956	10,388	28,910	180	400
Total	784,664	494,690	407,472	1,677,805	1,136,594	534,023	94,613	447,403

Commercial Property water consumption (kL)

	FY15	FY14	FY13	FY12	FY11	FY10
Office logistics and business parks	232,249	271,905	299,122	347,865	478,646	502,191
Retail centres	1,096,808	1,077,563	928,198	818,058	807,636	880,490
Commercial Property	1,329,057	1,349,468	1,227,320	1,165,923	1,286,282	1,382,681

²¹ Residential contractor water data varies from year to year due to activities such as filling lakes in large developments and location specific variables such as natural rainfall, project life cycles, market conditions, site management techniques and local landscaping requirements set by Councils. Further, contractors self-report water data, which means we do not review each contractor's data collection processes. In FY 15 we completed a comprehensive review of data sets provided to us by contractors, which ensured a higher level of accuracy than in previous years.

Water Consumption - Commercial Property (kL)



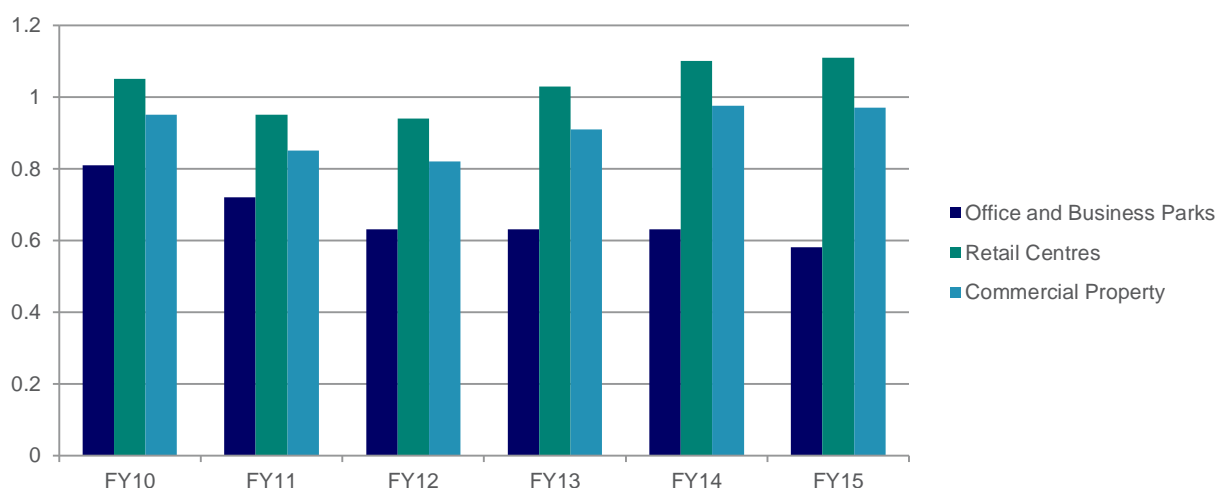
3.3 Water Consumption Intensity

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)

	FY15	FY14	FY13	FY12	FY11	FY10
Office and Business Parks	0.58	0.63	0.63	0.63	0.72	0.81
Retail Centres	1.10	1.10	1.03	0.94	0.95	1.05
Commercial Property ²²	0.96	0.976	0.91	0.82	0.85	0.95

Water Intensity - Commercial Property (kL/m²)



²² Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

Water consumption intensity reductions

	Annual Intensity Change (%)					FY10
	FY15	FY14	FY13	FY12	FY11	
Office and Business Parks	-8%	0%	0%	-13%	-11%	-9%
Retail Centres	0%	7%	10%	-1%	-10%	13%
Commercial Property ²³	-2%	7%	10%	-3%	-10%	4%

4. Waste

4.1 Boundary

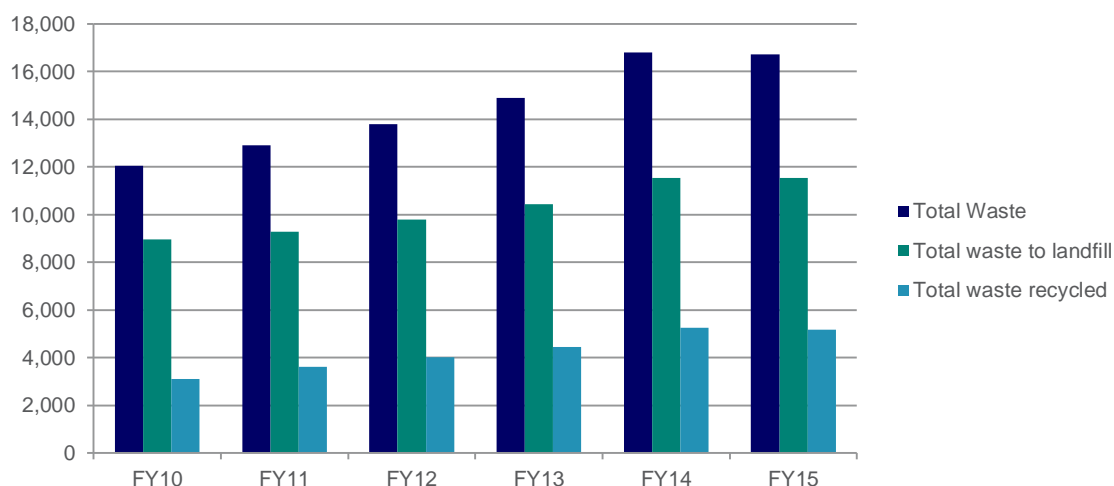
We report against the same National Greenhouse and Energy Reporting Act (NGERA) 'operational control' boundary that we use for energy and water. We report on all properties within this boundary, with the exception of some properties where our tenants run their own waste contracts. We also report on a 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 Centres						Office and Business Parks					
	FY15	FY14	FY13	FY12	FY11	FY10	FY15	FY14	FY13	FY12	FY11	FY10
Total Waste	16,717	16,809	14,890	13,808	12,907	12,058	1,298	1,607	1,810	2,697	3,644	2,781
Total waste to landfill	11,537	11,549	10,443	9,793	9,275	8,956	806	763	538	972	1,189	947
Total waste recycled	5,181	5,260	4,446	4,015	3,632	3,101	491	944	1,272	1,725	2,455	1,834
Diversion from landfill (%)	31	31	30	29	28	26	38	53	70.3	64	67	66
% portfolio reporting ²⁴	95	95	95	95	95	100	85 ²⁵	100	100	100	100	100

Retail - Operational Waste (tonnes)

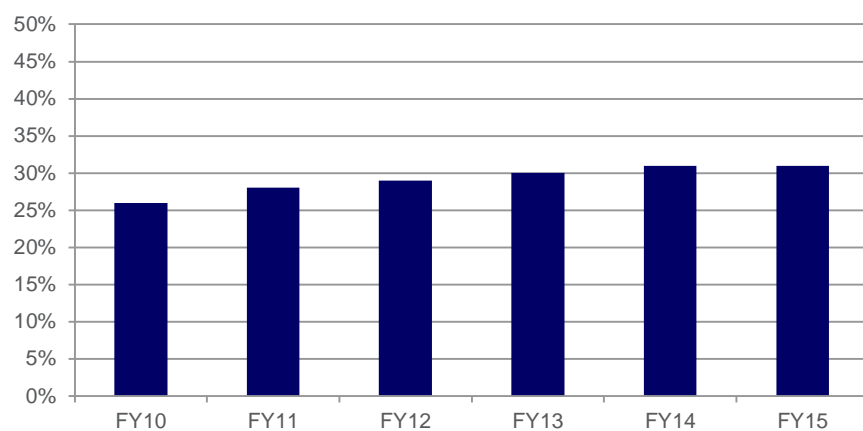


²³ Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

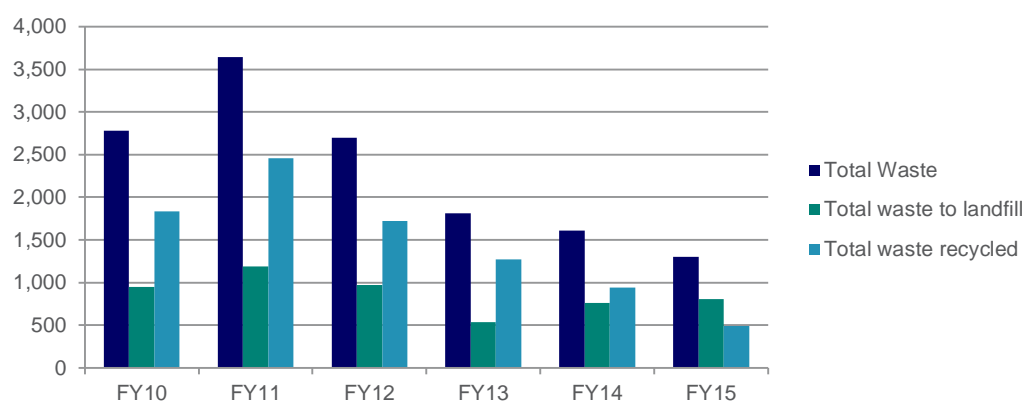
²⁴ At our Hervey Bay and Caloundra retail centres (acquired in FY11) waste is managed by local council - we are not provided with data for these assets.

²⁵ In FY15 we had issues with collecting data from one waste contractor which was subcontracting the data provision.

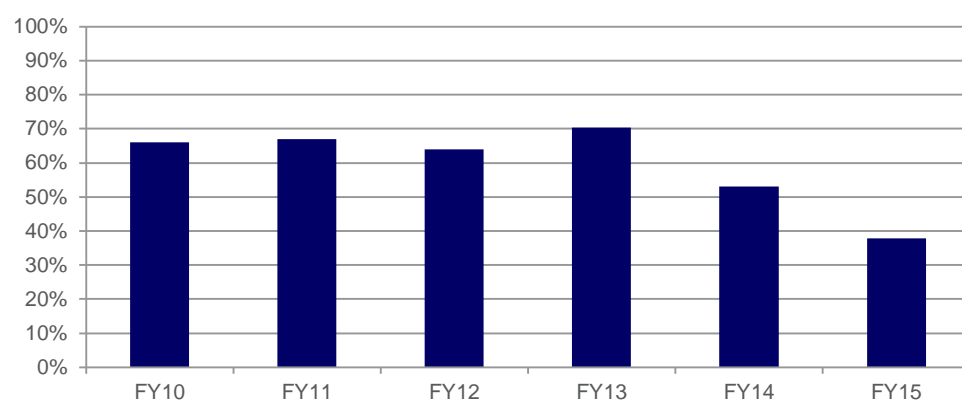
Retail - Diversion from Landfill (%)



Office and Business Parks - Operational Waste (tonnes)



Office and Business parks - Diversion from Landfill (%)



4.3 Development Waste

Commercial Property

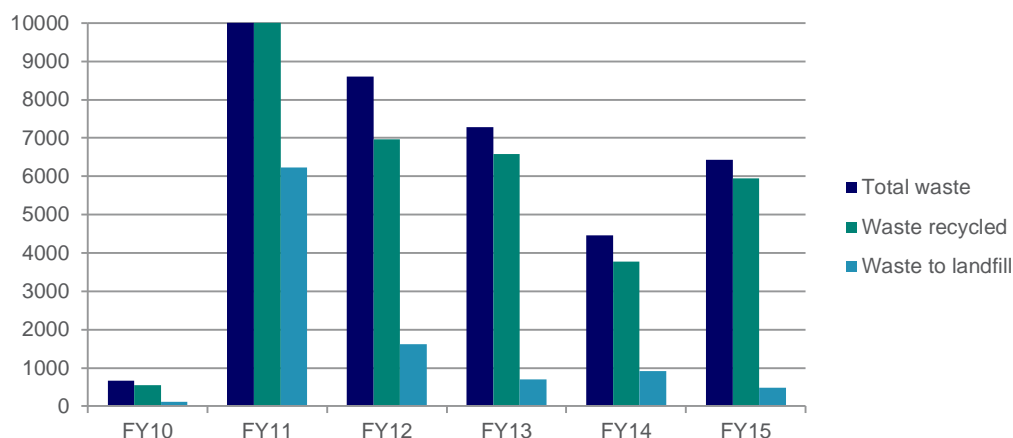
Our Commercial Property development construction waste is calculated based on total number of projects for which we are the developer. Active waste is tracked through the builders, as for these sites the principal contractor has active control.

There were no significant office developments since FY12.

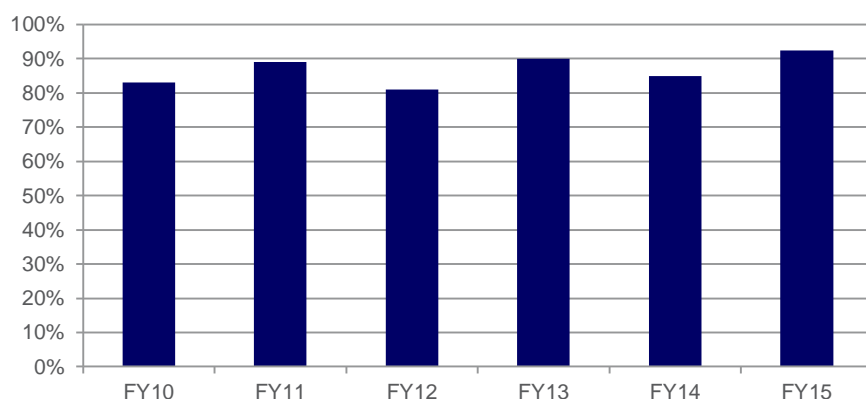
Development construction waste (tonnes) - Retail

	FY15	FY14	FY13	FY12	FY11 ²⁶	FY10
Total waste	6,428	4453	7284	8,596	58,558	663
Waste recycled	5,940	3778	6583	6,971	52,322	552
Waste to landfill	487	924	704	1,625	6,236	111
Diversion from landfill (%)	92%	85%	90%	81%	89%	83%
Developments included (%)	100%	100%	100%	100%	100%	50%

Retail - Development Waste (tonnes)



Retail - Development Waste Diversion from Landfill (%)



²⁶ Significant increase in retail development waste in FY11 due to the development of Shellharbour, Merrylands and Townsville.

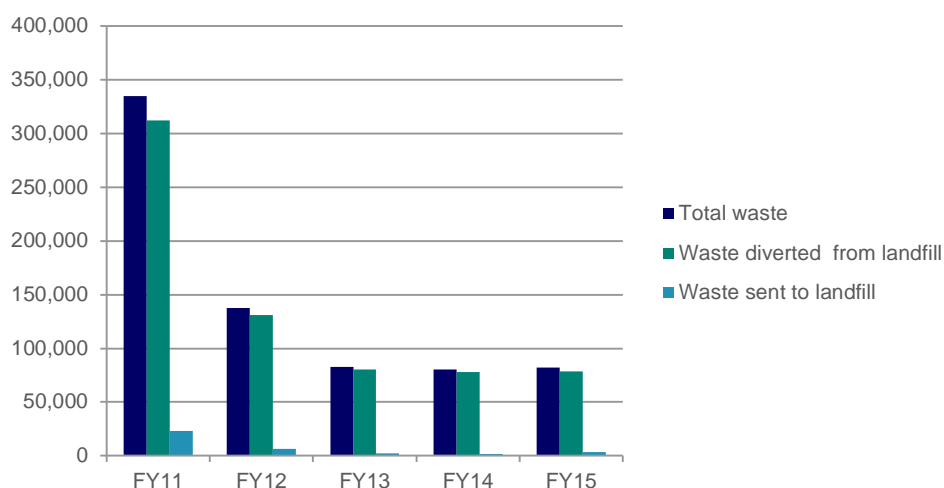
Residential and Retirement Living

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 collected from monthly Health, Safety and Environment reports submitted to Stockland by our contractors.

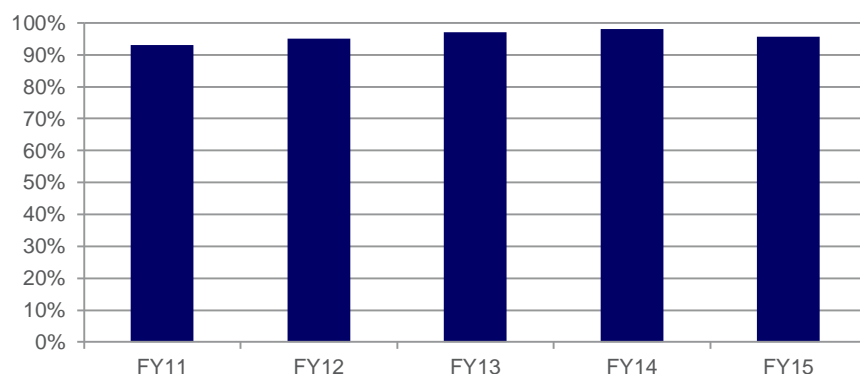
Residential and Retirement Living contractor waste (tonnes)

	FY15	FY14	FY13	FY12	FY11
Total waste	82,033	80,135	82,503	137,748	334,899
Waste diverted from landfill	78,415	78,149	80,148	131,270	311,811
Waste sent to landfill	3,617	1,986	2,355	6,478	23,088
Diversion from landfill	96%	98%	97%	95%	93%

Residential and Retirement Living Contractor Waste (tonnes)



Residential and Retirement Living Contractor Waste (tonnes)



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.

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. As such, we no longer report on Aged Care metrics. Historical figures have been adjusted so that each reported years' metrics are comparable with each other.

Our Workforce

Workforce by Employment Status

Status	FY15	FY14	FY13	FY12	FY11
Full-Time	1,121	1,120	1,067	1,211	1,257
Permanent ¹	1058	1,072	1,019	1,141	1,208
Fixed Term ²	63	48	48	70	49
Part-Time	295	282	255	234	219
Permanent	282	269	247	224	217
Fixed Term	13	13	8	10	2
Casual ³	46	38	45	79	93
Total Headcount ⁴	1,462	1,440	1,367	1,524	1,569
FTE⁵	1,345	1,286	1,262	1,407	1,439

Workforce by Region

State	FY15	FY14	FY13	FY12	FY11
NSW	826	816	774	888	959
QLD	283	280	265	294	292
VIC	229	228	210	220	207
WA	98	90	88	91	88
SA	22	22	23	26	23
ACT	4	4	7	5	-
Total	1,462	1,440	1,367	1,524	1,569

¹ Permanent employees are employed by Stockland on a full time (38 hours per week) or part time basis (less than 38 hours per week).

² Fixed term employees are employed by Stockland for a fixed term (their employment has an agreed end date).

³ Casual employees are paid on an hourly basis.

⁴ Total headcount includes permanent employees, fixed term employees and casual employees. It excludes Board members, temps, special contractors, vendors and employees on extended leave.

⁵ FTE (Full Time Equivalent) adjusts headcount for hours worked. It is calculated by dividing an employee's working hours by the standard full time working hours (38). The FTE measure excludes casual employees.

Workforce by Gender

FY15					
State	Female	Female %	Male	Male %	Total
Full Time	513	48%	545	52%	1058
Part Time	242	86%	40	14%	282
Fixed Term	54	71%	22	29%	76
Casual	36	78%	10	22%	46
Total	845	58%	617	42%	1,462

Workforce by Age Category

FY15				
State	Female	Male	Total	Total %
<25	48	20	68	5%
25 - <35	274	175	449	31%
35 - <45	248	208	456	31%
45 - <55	157	128	285	19%
55 - <65	98	70	168	11%
>65	20	16	36	2%
Total	845	617	1,462	100%

Median Age of Workforce

Year	Stockland
FY15	39
FY14	38
FY13	38
FY12	37
FY11	37
FY10	35

Remuneration Ratio – Employee / Management

Remuneration Measure	FY15 ⁶	Ratio	FY14 ⁷
Managing Director's annual total compensation to employee median annual total compensation	44		44
% increase in Managing Director's annual total compensation to employee's median % increase	1.50		6.04

⁶ Annual total compensation for FY15 is calculated as Fixed Pay FTE (as at 30 June 2015) + STI FTE (awarded for FY15 performance year) + LTI (FY15, allocated September 2014), STI & LTI eligible.

⁷ Annual total compensation for FY14 is calculated as Fixed Pay FTE (as at 30 June 2014) + Actual STI (awarded for FY14 performance year) + LTI (FY14, allocated September 2013).

Employee Engagement

Employee Engagement

Stockland measures employee engagement annually through the 'Our Voice' employee survey, independently administered by survey provider Towers Watson. In 2015 we undertook our eleventh annual 'Our Voice' survey, maintaining an engagement score of 85 per cent. We remain above the Australian National Norm and Towers Watsons Global High Performing Norm (GHPN), with 93 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.

Absenteeism⁸

	FY15	FY14	FY13	FY12	FY11	FY10
Absent Days per FTE	4.9	4.6	4.7	4.4	3.8	4.4

New Hires by Age Group

	<25	25 - <35	35 - <45	45 - <55	55 - <65	>65
Number	36	135	104	43	21	2
%	10.6	39.6	30.5	12.6	6.2	0.6

New Hires by Gender

	Men	Women
Number	148	193
%	43.4	56.6

Turnover⁹

	FY15	FY14	FY13	FY12	FY11
Employee Initiated ¹⁰	13.8% (193)	15.0%	15.8%	13.6%	14.8%
Employee Initiated For Good Performance or Above ¹¹	12.2% ¹² (150)	12.6% ¹³	N/A	N/A	N/A
Stockland Initiated ¹⁴	3.0% (42)	5.2%	12.3%	8.9%	4.2%
Total	16.8 (235)	20.2%	28.1%	22.5%	19.0%

⁸ Absenteeism reflects the amount of personal/carer's leave taken in the last twelve months. It is calculated by dividing [Total Days Of Personal/Carer's Leave In The Last 12 Months] By [12-Month Average FTE]. Absenteeism includes permanent, extended leave and fixed term employees only.

⁹ Turnover presents the proportion of the Stockland workforce that has exited in the last 12 months. It is calculated by dividing [Total Number Of Exits In The Last 12 Months] by [12-Month Average Headcount]. All turnover data (including headcount) excludes those employed on a casual or fixed term basis. The first number represents this turnover. From FY15 onwards, Stockland now reports on the number of exits (the second number in parentheses).

¹⁰ Employee initiated turnover includes resignations and retirements.

¹¹ Stockland uses a four-point rating scale for performance. This metric assesses turnover for the three highest performance ratings. Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating].

¹² FY14 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 31 July 2014].

¹³ FY15 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 30 June 2015].

¹⁴ Stockland Initiated Turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).

Turnover by Tenure Group¹⁵

Tenure Group	FY15	FY14	FY13	FY12	FY11	FY10
< 1 Year	18.8% (40)	31.0%	26.8%	32.1%	21.0%	18.9%
1 - <3 Years	20.0% (71)	24.5%	28.5%	21.2%	20.5%	17.4%
3 - <5 Years	16.4% (43)	15.1%	30.1%	20.4%	18.8%	14.5%
5 - <10 Years	14.8% (59)	16.6%	27.5%	21.2%	18.7%	11.3%
>10 Years	14.0% (22)	12.0%	25.4%	18.7%	6.1%	-

Turnover by Age Group¹⁶

Age Group	FY15	FY14	FY13	FY12	FY11	FY10
<25	14.6% (7)	24.5%	38.8%	24.4%	21.0%	15.2%
25 - <35	19.4% (87)	23.5%	27.7%	17.9%	20.8%	14.5%
35 - <45	14.2% (63)	18.2%	30.2%	27.6%	17.7%	17.7%
45 - <55	14.0% (38)	15.5%	24.7%	18.2%	18.6%	11.9%
55 - <65	17.5% (27)	20.5%	19.3%	28.0%	9.7%	8.9%
>65	41.4% (13)	29.7%	58.8%	55.6%	35.4%	26.3%

Turnover by Gender¹⁷

Gender	Turnover	FY15	FY14	FY13	FY12	FY11	FY10
Men	Total	19.2% (111)	20.8%	29.6%	26.7%	19.8%	15.6%
	Employee Initiated	16.4% (94)	16.1%	16.5%	13.4%	14.0%	10.9%
	Employee Initiated For Good Performance or Above	14.6% (72)	14.0%	N/A	N/A	N/A	N/A
	Stockland Initiated	2.8% (17)	4.8%	13.0%	13.3%	5.8%	4.7%
Women	Total	15.2% (124)	19.8%	26.9%	19.2%	18.2%	14.4%
	Employee Initiated	12.1% (99)	14.3%	15.2%	13.8%	15.5%	10.5%
	Employee Initiated For Good Performance or Above	10.7% (78)	11.6%	N/A	N/A	N/A	N/A
	Stockland Initiated	3.1% (25)	5.5%	11.7%	5.4%	2.7%	3.9%

¹⁵ Turnover (%) by Tenure Group is calculated by dividing [Total Number Of Exits In The Last 12 Months Of Particular Tenure Group] by [12-Month Average Headcount Of Particular Tenure Group].

¹⁶ Turnover (%) by Age Group is calculated by dividing [Total Number Of Exits In The Last 12 Months Of Selected Age Group] by [12-Month Average Headcount Of Selected Age Group].

¹⁷ Turnover (%) by Gender is calculated by dividing [Total Number Of Exits In The Last 12 Months Of Particular Gender] by [12-Month Average Headcount Of Particular Gender].

Parental Leave Return Rate¹⁸

Gender	Total Leave	Within 6 Months				Within 12 Months			
		Returns	Return Rate	Exits	Exit Rate	Returns	Return Rate	Exits	Exit Rate
Male	53	51	96.23%	2	3.77%	33	91.67%	3	8.33%
Female	93	86	92.47%	7	7.53%	60	88.24%	8	11.76%
Overall	146	137	93.84%	9	6.16%	93	89.42%	11	10.58%

Human Capital Development

Learning

	FY15	FY14	FY13	FY12	FY11	FY10
Training Days per Employee ¹⁹	2.5	3.1	1.5	3.4	5.0	5.9

Development

	% Eligible Employees
Performance Review ²⁰	100
Career Development Plan	100

Diversity and Inclusion

Workforce by Cultural Background (%)²¹

Culture	FY15 ²²	FY14 ²³	FY13	FY12	FY11	FY10
Australian	56.2	69.6	64	67	66	69
Aboriginal and Torres Strait Islander	0.4	0.3	0.3	0.2	0.2	0.3
European ²⁴	25.4	14.6	12	13	14	12
Asian ²⁵	9.3	6.5	6	6	7	6
Maori and New Zealand	2.4	2.3	2	2	3	2
Middle Eastern	0.8	0.7	-	1	1	1
South African	1.0	0.9	1	1	1	-
North American	0.6	1.2	1	1	-	-
Other	4.0	3.9	2	4	4	6

¹⁸ Parental leave return rates look at the return rates of employees who have returned from parental leave in FY14 and FY15 and either remain employed (returns) or exited during FY15 either within 6 months or 12 months of return.

¹⁹ Training days per employee is calculated by dividing [Total Number Of Training Hours / 7.8] by [12-Month Average Headcount].

²⁰ Employees are eligible for a performance review after working at Stockland for 3 months.

²¹ Data presented as a percentage of respondents who chose to disclose their cultural background to the Our Voice survey, Stockland's employee engagement survey. Some employees choose not to disclose their cultural background. Responses to this survey are completely confidential – Stockland have no access to individual data points.

²² 91% of respondents chose to disclose their cultural background in FY15. In FY15, the response options for the cultural association question were reviewed. The review highlighted the opportunity to provide clearer options and descriptors. The response options are now structured by region with several country examples. The structure is based on the UN regional groupings. This change has contributed to a significant change in cultural background distribution from FY14 to FY15.

²³ 94% of respondents chose to disclose their cultural background in FY14.

²⁴ Includes north-west, central, southern, eastern, British, Irish and Scottish.

²⁵ Includes south-east, north-east, southern and central.

Workforce by Gender²⁶

Job Band	FY15		FY14		FY13		FY12	
	Total Employees	% Women	Total Employees	% Women	Total Employees	% Women	Total Employees	% Women
Management	515	44.7	464	45.4	454	43	523	43
Executive ²⁷	9	11	7	-	5	-	7	14
Senior Management ²⁸	138	36	132	35	125	33	147	36
Manager	368	49	325	50	324	47	369	47
Employee	1,012	66	938	66	913	66	1,001	66
Stockland	1,527	59	1,697	59	1,711	64	1,857	63

Women in Management by Business (%)²⁹

Business	FY15	FY14	FY13	FY12	FY11	FY10
Stockland	44.7	45.4	43	43	38	35
Commercial Property	32.4	32.1	38	44	41	37
Corporate	56.6	58.9	49	57	49	48
Residential	23.4	22.7	34	31	25	24
Retirement Living	56.5	55.4	57	50	43	41

Average Fixed Remuneration Ratio by Job Band³⁰

Job Band	FY15	FY14	FY13	FY12	FY11	FY10
Executive	0.60	N/A	N/A	0.51	0.51	0.43
Senior Management ³¹	0.93	0.89	0.88	0.85	0.83	0.78
Management	0.85	0.83	0.84	0.84	0.86	0.81
Employee/ Professional Technical	0.86	0.86	0.86	0.83	0.84	0.77
Total employees ³²	0.66	0.65	0.64	0.64	0.63	0.57

We believe the methodology of measuring pay equity is limited if based solely on average fixed pay by job band as it ignores different market values placed on different jobs. Stockland believes a better and more accurate process is that we assess gender pay equity by considering an individual's positioning against the relevant market benchmark. This analysis is shown below in the Gender Pay Equity Ratio table.

Gender Pay Equity Ratio³³

	FY15	FY14
Stockland	97.2%	96.9%

²⁶ Workforce by gender includes permanent employees, fixed term employees, casual employees and employees on extended leave. It excludes Board members, special contractors, temps and vendors.

²⁷ ExCo is Stockland's Executive Committee.

²⁸ Includes General Manager and Senior Manager job bands.

²⁹ Includes Executive Committee, General Manager, Senior Manager and Manager job bands.

³⁰ Average fixed remuneration ratio looks at the ratio of the average female fixed pay to the average male fixed pay by job band.

³¹ Senior Management includes Senior Manager and General Manager job bands.

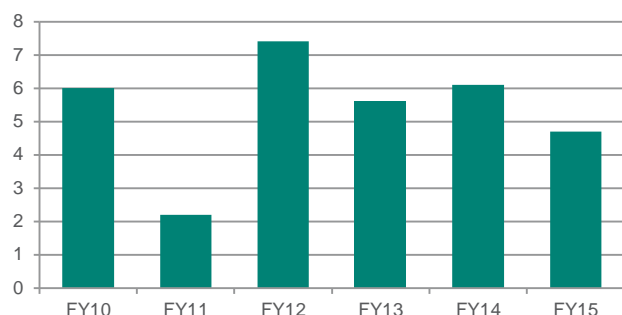
³² The ratio is a function of total pay and employee number by gender.

³³ The gender pay equity ratio is calculated by dividing the female compa-ratio by the male compa-ratio for employees in roles where there is at least one female and one male. Compa-ratio represents the ratio of employees' Fixed Pay to the median of the applicable benchmark. For example, if an employee's Fixed Pay is \$120,000 and the market mid-point is \$100,000, the compa-ratio versus the median of the applicable benchmark is 120% (\$120,000 / \$100,000). An employee's position against the applicable benchmark will vary based on relative experience and skills. If a female has a compa-ratio of 102% and a male has a compa-ratio of 104%, then the gender pay equity ratio would be 98%.

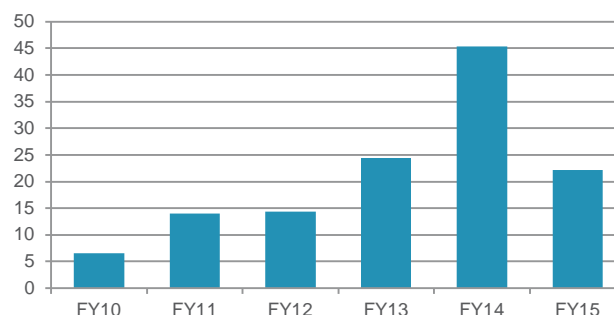
Health and Safety

	FY15	FY14	FY13	FY12	FY11	FY10
Total average workforce ³⁴	1,438 ³⁵	1,695	1,736 ³⁶	1,384	1,330	1,243
Total hours worked (million)	2.53	2.97	3.03	2.42	2.32	2.17
Independent contractors ³⁷	5	10	14	11	12	-
Number of lost time injuries (LTI) ^{38,39}	12	18	17	18	5	13
Lost time injury frequency rate (LTIFR) ⁴⁰	4.7	6.1	5.6	7.4	2.2	6
Number of injuries requiring medical treatment (MTI) ^{41,42}	14	14	11	13	8	12
Medical treatment injury frequency rate (MTIFR) ⁴³	5.5	4.7	3.6	5.4	3.7	5.5
Frequency rate (LTI and MTI) ^{44,45}	10.2	10.7	9.2	12.8	5.9	11.5
Occupational diseases instances	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0
Lost days (total for the recorded lost time injuries)	267	817	417	257	70	87
Average lost day rate (Severity rate) ^{46,47}	22.2	45.3	24.5	14.3	14	6.6

Lost Time Injury Frequency Rate



Average Lost Day Rate



³⁴ Total average workforce uses monthly employee totals rather than the end of financial year figure used in Our People metrics.

³⁵ Total average workforce in FY15 has reduced as a result of the sale of the Aged Care business in FY14.

³⁶ Total average workforce was updated in FY13 to include Aevum payroll employees.

³⁷ Contractors working on-site to whom Stockland are liable for in terms of the general safety of the working environment.

³⁸ Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.

³⁹ An injury resulting in the loss of one or more shifts.

⁴⁰ Number of LTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours

⁴¹ Not including lost time injuries.

⁴² An injury resulting in the injured person receiving further treatment from a medical practitioner i.e. GP, physio, hospitalisation etc.

⁴³ Number of MTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours

⁴⁴ Not including injuries requiring first aid treatment only.

⁴⁵ Number of LTI's + MTI's / total hours worked from July 2014 to June 2015 x 1,000,000 hours

⁴⁶ Average number of days lost per lost time injury.

⁴⁷ Number of Lost Days / number of LTI's

Breakdown by gender and region

	Men	Women	NSW	Act	Qld	Vic	WA
FY15							
Number of lost time injuries	9	3	7	0	2	3	0
Number of occupational diseases	0	0	0	0	0	0	0
Number of lost days	231	36	249 ⁴⁸	0	13	5	0
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 ⁴⁹	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

⁴⁸ FY15 metrics includes 105 lost days related to the re-aggravation of a previous lost time injury reported in FY14 but continued to lose time in FY15.

⁴⁹ FY14 metrics includes 558 lost days related to three long standing lost time injuries reported in FY13 but continued to lose time in FY14. All three employees have since ceased employment with Stockland.

GRI INDEX

General Standard Disclosures

GRI	Definition	Location	Comment
G4-1	Statement from the most senior decision-maker of the organization.	Financial Report Financial Report Annual Review Governance and Risk DMA	<i>All of our developments follow the D-Life project development process, as outlined in the Governance and Risk DMA.</i>
G4-2	Description of key impacts, risks, and opportunities.	Asset Ratings and Certification DMA Annual Review	
G4-3	Name of the organization.	About Stockland	
G4-4	Primary brands, products, and/or services.	Annual Review About Stockland	
G4-5	Location of organization's headquarters.	Stockland website 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 Annual Review	
G4-7	Nature of ownership and legal form.	Our Business	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Annual Review About Stockland People Data Financial Report	
G4-9	Scale of the reporting organization.		
G4-10	Workforce	People Data	
G4-11	Percentage of employees covered by collective bargaining agreements.	Human Rights DMA Supply Chain	
G4-12	Organisation's supply chain	Management DMA	
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.		<i>No significant changes in FY15.</i>
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.	Memberships, Initiatives and Awards	
G4-17	List all entities included in organisation's consolidated financial statement.	Financial Report Reporting Approach GRI Index, Specific Standard disclosures for material aspects	
G4-18	Process for defining report content (how applied Principles)		
G4-19	List all material Aspects identified in the process for defining report content.	Reporting Approach	

GRI	Definition	Location	Comment
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	Reporting Approach	
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	Reporting Approach	
G4-22	Report the effect of any restatements of information provided in previous reports.		<i>Any restatements are clearly indicated in the content of the report. None have had a significant effect.</i>
G4-23	Report significant changes from previous reporting period in the Scope and Aspect Boundaries		<i>No significant changes from previous reporting periods.</i>
G4-24	Provide a list of stakeholder groups engaged by the Organisation	Stakeholder Engagement DMA	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder Engagement DMA	
G4-26	Organisation's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process)	Stakeholder Engagement DMA	
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	
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	Reporting Approach	
G4-29	Date of most recent previous report (if any).	Reporting Approach	
G4-30	Reporting cycle (annual, biennial, etc.)	Reporting Approach	
G4-31	Contact point for questions regarding the report or its contents.	Stockland website Contact Us	
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 Assurance Report	
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report.	Reporting Approach Assurance Report	
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 Governance and Risk DMA	
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 to positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Governance and Risk DMA	

GRI	Definition	Location	Comment
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; competences relating to economic, environmental and social impacts; stakeholder representation.	Governance and Risk DMA Financial Report Corporate Governance Remuneration Report	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance and Risk DMA Financial Report Corporate Governance Remuneration Report	
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 Remuneration Report	
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 Remuneration Report	
G4-42	Highest governance body's and senior executives' roles in the development, approval and updating of the organisation's purpose, value or missions statements, strategies, policies and goals related to economic, environmental and social impacts.	Governance and Risk DMA Financial Report Corporate Governance	
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. (Independent or not? Frequency? Self-assessment?) 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	

GRI	Definition	Location	Comment
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 Financial Report Corporate Governance Remuneration Report	
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management process for economic, environmental, and social topics.	Governance and Risk DMA Stakeholder Engagement DMA Financial Report Corporate Governance Remuneration Report	
G4-47	Frequency of the highest governance body's review of economic, environmental, and social impacts, risks and opportunities	Governance and Risk DMA	
G4-48	Highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	Reporting Approach Governance and Risk DMA	
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 ASX disclosures made by Stockland	
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	
G4-52	Process for determining remuneration	Financial Report Remuneration Report	
G4-53	How stakeholders views are sought and taken into account regarding remuneration	Financial Report Remuneration Report	
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	
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	

GRI	Definition	Location	Comment
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 Stockland corporate governance website	
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 Stockland corporate governance	
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 Stockland corporate governance	

Specific Standard Disclosures for Material Aspects

The table below outlines Stockland's response to GRI indicators that are relevant to our identified material aspects. Our response to all other GRI indicators are outlined in Stockland GRI Other Aspects.

ECONOMIC

GRI	Definition	Location	Comment	Relevant Material Issue
Economic Performance				
G4-DMA	Disclosure on Management Approach	Financial Report		Future customer demand
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 Community Investment DMA Stakeholder Engagement DMA		
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 Health and Safety DMA Supply Chain DMA Customer Engagement DMA		Future customer demand
Procurement Practices				
G4-DMA	Disclosure on Management Approach	Supply Chain Management DMA	<i>Due to the geographical spread of our developments, the majority of our spend is either procured directly or through our delivery partners with Australian suppliers. We currently do not have a system to report this data, however on an upcoming major development Stockland will be working with our delivery partner to further encourage local procurement and pilot the collection this data for reporting.</i>	Infrastructure and amenity delivery
G4-EC9	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			

ENVIRONMENT

GRI	Definition	Location	Comment	Relevant Material Issue
Supplier Environmental Assessment				
G4-DMA	Disclosure on Management Approach			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supply Chain DMA Human Rights DMA	Refer to prequalification process in Supply Chain DMA. Our process for identifying and managing environmental risks in or supply chain is outlined in the Supply Chain DMA (Management Approach). While we respond to any environmental risks or impacts identified through this process, we do not capture the total number of impacts or the percentage of suppliers with risks or impacts. We have not terminated any supplier agreements due to significant actual and potential negative environmental impacts.	Infrastructure and amenity delivery
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Supply Chain Management DMA		Infrastructure and amenity delivery

SOCIAL - LABOUR PRACTICES AND DECENT WORK

GRI	Definition	Location	Comment	Relevant Material Issue
Occupational Health and Safety				
G4-DMA	Disclosure on Management Approach	Health and Safety DMA	Stockland's Health and Safety Management system covers policy and procedures on procurement, transport, handling, use and disposal of all hazardous materials, compensation and benefits for employees for work-related injuries or fatalities, for the commissioning, operation and decommissioning of equipment, for the prequalification of suppliers and contractors relating to health and safety. It does not cover 'education and training related to assisting workforce members, their families, or community members regarding serious diseases' as this is not considered applicable to our business. Our policy for assisting employees with substance and alcohol abuse is covered by our Alcohol and Other Drugs policy.	
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 utilise other agreed arrangements to undertake consultation on WHS matters. Operational and development teams across the business are required to address WHS as a standard agenda item on business meetings, replacing the need for formal WHS Committees. However, it is noted that as per regulations, committees must be established if requested by workers.	Ability to attract and retain talent

GRI	Definition	Location	Comment	Relevant Material Issue
			<i>Stockland outsources all construction work and all high risk maintenance work to suitably qualified third party contractors. Work undertaken by direct Stockland employees is limited to low risk professional duties, low risk domestic duties and low risk maintenance duties. Subsequently, employee incident types typically include manual handling related injuries, ergonomic related injuries, muscle strains/sprains and slip, trip, fall incidents.</i>	Ability to attract and retain talent
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.	Health and Safety DMA People Data		
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	Health and Safety DMA	<i>100% in compliance with the Australian and New Zealand standard 4801.</i>	Ability to attract and retain talent
			<i>Stockland outsources all construction work and all high risk maintenance work to suitably qualified third party contractors. Work undertaken by direct Stockland employees is limited to low risk professional duties, low risk domestic duties and low risk maintenance duties. Subsequently, employee incident types typically include manual handling related injuries, ergonomic related injuries, muscle strains/sprains and slip, trip, fall incidents.</i>	Ability to attract and retain talent
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Health and Safety DMA People Data		
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Human Rights DMA		Ability to attract and retain talent
Diversity and equal opportunity				
G4-DMA	Disclosure on Management Approach	Diversity and Inclusion DMA		
			<i>We report on the diversity of our employees in the Diversity and Inclusion DMA and People data pack.</i>	Ability to attract and retain talent
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.	Diversity and Inclusion DMA Governance and Risk DMA Financial Report People Data	<i>Our governance bodies are outlined in the Governance and Risk DMA and the Financial Report. However we do not provide a breakdown of our governance bodies by age or minority group.</i>	
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		Ability to attract and retain talent
Supplier Assessment for Labour Practices				
G4-DMA	Disclosure on Management Approach	Supply Chain DMA Health and Safety DMA		
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Supply Chain DMA Human Rights DMA Health and Safety DMA	<i>Refer to prequalification process in Supply Chain DMA.</i>	Infrastructure and amenity delivery

GRI	Definition	Location	Comment	Relevant Material Issue
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Supply Chain DMA	Our process for identifying and managing labour practice risks in our supply chain is outlined in the Supply Chain DMA (Management Approach). While we respond to any labour practice risks or impacts identified through this process, we do not capture the total number of impacts or the percentage of suppliers with risks or impacts. We have not terminated any supplier agreements due to significant actual and potential negative labour practice risks.	Infrastructure and amenity delivery

SOCIAL - HUMAN RIGHTS

GRI	Definition	Location	Comment	Relevant Material Issue
Supplier Human Rights Assessment				
G4-DMA	Disclosure on Management Approach	Supply Chain DMA Human Rights DMA		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply Chain DMA Human Rights DMA	Refer to prequalification process in Supply Chain DMA.	Infrastructure and amenity delivery
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Human Rights DMA	Our process for identifying and managing impacts in our supply chain is outlined in the Supply Chain DMA (Management Approach). While we respond to any impacts or risks identified through this process, we do not capture the total number of impacts or the percentage of suppliers with risks or impacts. We have not terminated any supplier agreements due to significant actual and potential impacts on human rights.	Infrastructure and amenity delivery

SOCIAL - SOCIETY

GRI	Definition	Location	Comment	Relevant Material Issue
Local Communities				
G4-DMA	Disclosure on Management Approach	Community Development 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 Community Data Pack	Refer to Community Development DMA for an overview of community development planning and programs. The Stakeholder Engagement DMA outlines our approach for developing asset and project-specific stakeholder engagement plans.	Future customer demand
G4-SO2	Operations with significant potential or actual negative and positive impacts on local communities.	Community Development DMA	All of our assets involve the creation and management of communities, thereby with the potential for impact. Our process for identifying and managing impacts on local communities is outlined in the Community Development DMA.	Future customer demand
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.		We did not have any displacements or resettlements in FY15.	Future customer demand

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 DMA Human Rights DMA	Refer to prequalification process in Supply Chain DMA. Our process for identifying and managing impacts on society in our supply chain is outlined in the Supply Chain DMA (Management Approach). While we respond to any social impacts or risks identified through this process, we do not capture the total number of impacts or the percentage of suppliers with risks or impacts. We have not terminated any supplier agreements due to significant actual and potential impacts on society.	Infrastructure and amenity delivery Infrastructure and amenity delivery
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Supply Chain DMA		

SOCIAL - PRODUCT RESPONSIBILITY

GRI	Definition	Location	Comment	Relevant Material Issue
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		Future customer demand
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 confirmed incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of product and service information during their life cycle.	Future customer demand

Specific Standard Disclosures – Other Aspects

The table below outlines Stockland's response to GRI indicators that have not been identified as material to our business. While they have not been identified as material, we actively manage these issues and collect relevant data. Our GRI response for these non-material aspects has therefore been outlined below for completeness. You can also review the GRI indicators relevant to our identified material aspects.

ECONOMIC

GRI	Definition	Location	Comment
G4-DMA	Disclosure on Management Approach	Financial Report	
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Financial Report	<i>Stockland do not offer defined benefit plans.</i>
G4-EC4	Financial assistance received from government.		<i>Stockland has not received financial assistance from government in FY15. Government budgets have allocated housing affordability funding in recent years, and some this funding will ultimately be allocated to Stockland to pass on to customers.</i>
G4-DMA	Disclosure on Management Approach	Community Development DMA Community Investment DMA	G4-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 Investment DMA	G4-EC7
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Community Development DMA Community Investment DMA	G4-EC8

ENVIRONMENT

GRI	Definition	Location	Comment
G4-DMA	Disclosure on Management Approach	Materials DMA	
G4 -EN1	Materials used by weight, value or volume.		<i>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). As we do not have operational control over materials used we do not capture this data.</i>
G4-EN2	Percentage of materials used that are recycled and reused input materials.		<i>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). As we do not have operational control over materials used we do not capture this data.</i>
G4-DMA	Disclosure on Management Approach	Energy and Emissions DMA	
G4-EN3	Energy consumption within the organisation	Energy and Emissions DMA Environmental data	<i>17 shopping centres have embedded networks with a total consumption of 67,726,374kWh.</i>
G4-EN4	Energy consumption outside of the organisation	Energy and Emissions DMA Environmental data	
G4-EN5	Energy intensity	Energy and Emissions DMA Environmental data	
CRE1	Building energy intensity.	Energy and Emissions DMA Environmental data	
G4-EN6	Reduction of energy consumption	Energy and Emissions DMA Environmental data	
G4-EN7	Reductions in energy requirements of products and services	Energy and Emissions DMA Asset Rating and Certification DMA	
G4-DMA	Disclosure on Management Approach	Water Management and Quality DMA	
G4-EN8	Total water withdrawal by source.	Environmental Data	<i>Non-potable water includes rainwater tanks and bore water.</i>

GRI	Definition	Location	Comment
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	Stockland Residential recycles water and purchases recycled water.
CRE2	Building water intensity.	Environmental Data	
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	
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.		A total of 56 species on our development sites are listed under Australian State and Federal legislation. We do not currently break these down by IUCN Red List and Nature Conservation list species.
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	
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-DMA	Disclosure on Management Approach	Energy and Emissions DMA	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Energy and Emissions DMA Environmental Data	
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Energy and Emissions DMA Environmental Data	
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Energy and Emissions DMA Environmental Data	
G4-EN18	Greenhouse gas emissions intensity	Energy and Emissions DMA Environmental Data	
CRE3	Greenhouse gas emissions intensity from buildings.	Energy and Emissions DMA Environmental Data	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.
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Energy and Emissions DMA Environmental Data	
G4-EN19	Reduction of greenhouse gas emissions	Energy and Emissions DMA Environmental Data	
G4-EN20	Emissions of ozone-depleting substances	Energy and Emissions DMA Environmental Data	Our emissions of ozone-depleting substances are minimal and not material.
G4-EN21	NOx, SOx, and other significant air emissions	Energy and Emissions DMA Environmental Data	NOx and SOx are material for property companies that operate key generation plants including trigeneration. Stockland has Scope 2 exposure to trigeneration, and is not in control of this plant, so we do not report emissions from generation, as per any other energy generation. Therefore NOx and SOx are not material.

GRI	Definition	Location	Comment
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.		Some of our undeveloped residential sites contain land that was contaminated before we acquired the sites. Contamination sources range from asbestos, lead, copper, zinc and general waste. Six sites have been confirmed contaminated, three have been remediated and three are partially remediated. Total area of remediated land is approximately 26 hectares. Total area of land that is currently being remediated is approximately 14 hectares and over 80 per cent of this remediation is complete.
G4-DMA	Disclosure on Management Approach	Waste DMA	
G4-EN22	Total water discharge by quality and destination.	Water Quality and Management DMA	We do not measure or report bulk discharge separately. We do measure water used by contractors by site. Details are provided in the Water Quality and Management 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 FY15
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 as we work with contractors for the development of our assets.
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 Quality and Management DMA	
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	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		Not relevant for our organisation
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 FY15
G4-DMA	Disclosure on Management Approach		Environmental impacts from transport are not considered material and are therefore not measured
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Environmental impacts from transport are not considered material and are therefore not measured
G4-EN31	Total environmental protection expenditures and investments by type.		While we don't track total expenditure on all environmental protection measures, we do track capital expenditure on sustainability initiatives in retail (\$11.4 million in FY15) and the cost of operating waste and recycling in retail (\$4.8 million in FY15).
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		Our current CRM records each interaction with a customer, which means there can be multiple touch points which have been recorded regarding the same concern. We have recorded 51 interactions regarding environmental concerns.

SOCIAL - LABOUR PRACTICES AND DECENT WORK

GRI	Definition	Location	Comment
G4-DMA	Disclosure on Management Approach	Employee Engagement DMA Human Capital Development DMA Diversity and Inclusion DMA Health and Safety 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	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		<i>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.</i>
G4-LA3	Return to work and retention rates after parental leave, by gender.	People Data Diversity and Inclusion DMA	
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 Capital DMA	<i>Stockland must discuss with affected employees (and their representatives if any), regarding the introduction of the changes, the effects the changes are likely to have and measures to avert or mitigate the adverse effects of such changes on employees. Stockland must give prompt consideration to matters raised by the employees and/or their representatives in relation to the changes. The discussions must commence as early as practicable after a definite decision has been made by the employer to make the changes.</i>
G4-DMA	Disclosure on Management Approach	Employee Engagement DMA Human Rights DMA	
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 Capital DMA	<i>Stockland does not specify minimum notice periods. Where employees are covered by an award, minimum notice periods will be set out in the award. In the case of significant operational changes, Stockland must discuss with impacted employees (and their representatives if any) the introduction of the changes, the effects the changes and measures to avert or mitigate the adverse effects of such changes on employees. We must also give prompt consideration to matters raised by employees and/or their representatives in relation to the changes. The discussions must commence as early as practicable after a definite decision has been made by the employer to make the changes.</i>
G4-DMA	Disclosure on Management Approach	Human Capital DMA	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Capital DMA	<i>This data is provided but not captured per employee category or by gender</i>
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 DMA	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender.	Human Capital DMA Human Rights DMA	
G4-DMA	Disclosure on Management Approach	Employee Engagement DMA	
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Human Rights DMA	

SOCIAL - HUMAN RIGHTS

GRI	Definition	Location	Comment
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.		<i>All significant investments were made in Australian property. These investments did not signal the need for human rights screening.</i>
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.		<i>Stockland has a number of core mandatory training programs that all new employees must undertake to ensure we comply with our obligations under our Human Rights Policy. All employees are then required to refresh this training every 18 months which is due to take place in FY16 for the majority of employees. This training includes modules on Equal Opportunity in Employment, Sexual Harassment in the Workplace and Workplace Bullying. During FY15 the total hours of employee training in this regard was 328 hours, representing 24% of our employees.</i>
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	<i>We had no substantiated incidents of discrimination in FY15.</i>
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	
G4-DMA	Disclosure on Management Approach	Human Rights DMA	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Human Rights DMA	<i>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.</i>
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 labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Human Rights DMA	<i>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.</i>
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	
G4-DMA	Disclosure on Management Approach	Human Rights DMA	<i>Since the launch of our Reconciliation Action Plan (RAP) in June 2014, we have made good progress strengthening our understanding and awareness of Aboriginal and Torres Strait Islander peoples and culture.</i>
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights DMA	
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	
G4-DMA	Disclosure on Management Approach	Human Rights DMA	

GRI	Definition	Location	Comment
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Human Rights DMA	

SOCIAL – SOCIETY

GRI	Definition	Location	Comment
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	Confirmed incidents of corruption and actions taken		No confirmed incidents of corruption in FY15
G4-DMA	Disclosure on Management Approach	Stakeholder Engagement DMA	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Stakeholder Engagement DMA Governance and Risk DMA Code of Conduct	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.
G4-DMA	Disclosure on Management Approach		
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 FY15.
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 FY15
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		Our current CRM records each interaction with a customer, which means there can be multiple touch points which have been recorded regarding the same concern. We have recorded 20 interactions regarding impacts on society.

SOCIAL - PRODUCT RESPONSIBILITY

GRI	Definition	Location	Comment
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	
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 confirmed incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling in FY15
G4-PR5	Results of survey measuring customer satisfaction.	Customer Engagement DMA	

GRI	Definition	Location	Comment
G4-DMA	Disclosure on Management Approach	Customer Safety and Security DMA	
G4-PR6	Sale of banned or disputed products		<i>Not relevant for our organisation</i>
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.	Financial Report Customer Safety and Security DMA Human Rights DMA Privacy Policy	<i>No confirmed incidents of non-compliance with regulations and voluntary codes concerning marketing communications in FY15</i>
G4-DMA	Disclosure on Management Approach	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 Financial Report Governance and Risk DMA	
G4-DMA	Disclosure on Management Approach	Governance and Risk DMA	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		<i>No confirmed incidents of non-compliance with laws and regulations concerning the provision and use of products and services in FY15.</i>



Independent assurance report to the directors of Stockland Corporation Limited and the directors of Stockland Trust Management Limited

Our conclusions:

a) Sustainability Report 2015 – Limited assurance

Based on the procedures performed, as described below, nothing has come to our attention that would lead us to believe that the Stockland consolidated Online Sustainability Report for the year ended 30 June 2015, is not, in all material respects, prepared and presented in accordance with the GRI G4 Sustainability Reporting Guidelines, and Stockland's own measurement and reporting methodologies (collectively the 'Framework') as disclosed in the Online Sustainability Report.

b) Adherence to AA1000APS Principles – Reasonable assurance

In our opinion, Stockland's description of their adherence to the Accountability Principles of inclusivity, materiality and responsiveness, for the year ended 30 June 2015, is fairly stated.

We have been engaged by Stockland Corporation Limited and Stockland Trust Management Limited (collectively 'Stockland') and are responsible for providing:

- Limited assurance conclusion in respect of Stockland's consolidated Online Sustainability Report for the year ended 30 June 2015 ('Sustainability Report'), including adherence to requirements of the GRI G4 Sustainability Reporting Guidelines.
- Reasonable assurance conclusion in respect of Stockland's adherence to the AA1000 AccountAbility Principles Standard, AA1000APS (2008) for the year ended 30 June 2015.

The Sustainability Report comprises Stockland's reporting approach, data packs and Disclosure of Management Approach (DMA's).

Our assurance engagement is conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance on Greenhouse Gas Statements*. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

Stockland's responsibilities for the preparation of the Sustainability Report

Directors and other officers of the company are responsible for the preparation of the Sustainability Report in accordance with the GRI G4 Sustainability Reporting Guidelines and for establishing systems and processes to support adherence to AA1000APS's principles of inclusivity, materiality

and responsiveness. This includes responsibility for such control as they consider necessary to prepare the Sustainability Report that is free of material misstatement whether due to fraud or error. Such internal controls reduce but do not eliminate the risks of misstatements in the Sustainability Report from fraud or errors.

Limited assurance over the Sustainability Report

Our limited assurance engagement over the Sustainability Report consisted of making enquiries and applying analytical and other evidence gathering procedures including:

- Enquiries of management to gain an understanding of Stockland's processes for determining material issues;
- Evaluation of the outcomes of the materiality assessment against alternative sources;
- Interviews with senior management and relevant staff concerning Stockland's corporate sustainability strategy and policies in relation to material issues and the implementation of these across Stockland;
- Visits to 5 developments to understand how stakeholder needs are considered and responded to, and how material sustainability issues are managed and reported;
- Interviews with relevant staff responsible for providing text and data within the Sustainability Report;
- Comparing text and data presented in the Sustainability Report to underlying sources. This included testing on a sample basis to obtain evidence supporting the completeness, accuracy and existence of reported text and data;
- Reading the Sustainability Report to determine whether it is consistent with our overall knowledge of, an experience with, the corporate sustainability performance of Stockland.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with International Standards on Auditing and Assurance Engagements.

Reasonable assurance over adherence to the AA1000APS Principles

Our reasonable assurance engagement involved performing procedures to obtain evidence about the disclosures relevant to AA1000APS in the Sustainability Report, sufficient to give reasonable assurance that the details disclosed are free from material misstatement whether caused by fraud or error, including:

- Obtained Stockland's description of systems, processes, and controls established to support their adherence to the AA1000APS's principles of inclusivity, materiality, and responsiveness;

- Interviews with the Board, Executive and senior management to discuss how Stockland implements and expresses the underlying principles of AA1000APS in practice;
- Obtaining documentation to support the key processes used to implement principles of AA1000APS across Stockland;
- Evaluate the adequacy of evidence obtained to support Stockland's description of adherence to AA1000APS.

Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our assurance engagement is not designed to detect all weaknesses and errors in the Sustainability Report 2015 and its meeting the requirements of the GRI G4 Sustainability Reporting Guidelines, as the engagement has not been performed continuously throughout the period and the procedures performed on the Sustainability Report were undertaken on a test basis.

Any projection of the Sustainability Report and its meeting the requirements of the GRI G4 Reporting Guidelines to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Our Independence and Quality Control

In conducting our assurance, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board. In accordance with International Standard on Quality Control 1 (ISQC 1) *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Observations and Findings in respect to adherence with the AA1000APS (2008)

Sustainability considerations are well established within many aspects of Stockland's business processes, reflecting their long term commitment to the principles of Inclusivity, Materiality and Responsiveness. We provide the following observations in relation to Stockland's adherence with AA1000APS (2008), noting that these observations do not impact our assurance conclusion regarding Stockland's adherence to AA1000APS.

In relation to the principle of 'Inclusivity'

Stockland have demonstrated a commitment to be accountable to its stakeholders. This is evident through the incorporation of stakeholder considerations within strategy, policies, targets and individual performance scorecards. Mechanisms are in place to support, and take account of the outputs of, stakeholder engagement throughout the organisation.

There is an opportunity to further explore long term solutions to traditional areas of conflicting sustainability needs and expectations between different stakeholder groups, for example, customers' willingness to pay for better environmental outcomes.

Stockland has committed to further promoting a program and culture of innovation. This initiative can be further enhanced by encouraging experimentation and the sharing of mistakes.

In relation to the principle of 'Materiality'

The approach to materiality by Stockland reflects the maturity with which sustainability considerations are integrated within the organisation. In addition to 'business as usual' material aspects which are relevant to the business and stakeholders today, the materiality process now incorporates a consideration of emerging issues and long term trends which may impact the business and stakeholders in the future. Stockland benefits from this long term focus to materiality in various ways:

- the contextualisation of strategy and responses in terms of societal challenges, such as housing affordability and caring for a growing aged population, supports stakeholder engagement on finding solutions
- it supports the timely socialisation of issues internally and externally, through advocacy, to bring about better outcomes

An opportunity exists to provide stakeholders with a quantified analysis of the economic, social and environmental impacts of material issues (particularly emerging risks) on society to support a better understanding of the potential consequences of long term risks

In relation to the principle of 'Responsiveness'

Stockland has in place processes to respond to issues relevant to the business and stakeholders. Current initiatives such as the Better Places Manual and the launch of the CARE Foundation are illustrations of activities undertaken by Stockland in response to stakeholder needs. In addition, tools and resources (D-Life, community engagement toolkits) are easily accessible to Stockland employees to facilitate a consistent approach throughout the organisation.

Significant work has been undertaken in the residential business to evaluate the drivers of performance in surveys such as the liveability survey. This analysis has enabled Stockland to continuously improve its customer satisfaction scores. There is an opportunity to expand this evaluation into the commercial business division.

Stockland set three year sustainability targets in FY14. At the halfway point, there is an opportunity to review and reconfirm the appropriateness, level of ambition and achievability of these targets based on performance to-date and against the changing regulatory and stakeholder opinion landscape.



Basis of preparation and restriction on distribution and use

This report has been prepared for Stockland. We disclaim any assumption of responsibility for any reliance on this report, or the Sustainability Report to which it relates, to any person other than Stockland, or for any purpose other than that for which it was prepared.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'G/MW' followed by a stylized flourish.

Chi Mun Woo
Partner

Sydney

21 September 2015



Independent assurance report to the Board of Directors of Stockland Corporation Limited

Scope and Subject Matter

In accordance with the terms of engagement letter dated 19 November 2012, we were engaged by Stockland Corporation Limited ("Stockland") to perform an independent assurance engagement in respect of the following subject matter reported in Stockland's 2015 Sustainability Report (the "Subject Matter") for the period 1 July 2014 to 30 June 2015 (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 Scope 2 emissions")	Reasonable assurance	<p>Scope 1 and scope 2 emissions are calculated for Stockland's 'operational control' boundary as defined under the <i>National Greenhouse and Energy Reporting Act 2007</i>.</p> <p>Scope 1 emissions comprise direct emissions. That is, emissions from fuels that are combusted on-site (including natural gas and diesel) as well as refrigerant leakage.</p> <p>Scope 2 emissions comprise indirect emissions from the consumption of electricity only.</p> <p>These emissions are calculated using the National Greenhouse Accounts Factors - December 2014 (NGA 2014).</p>	124,131,467 kg CO ₂ -e
Total Scope 3 emissions ("Scope 3 emissions")	Limited assurance	<p>Scope 3 emissions comprise the following sources:</p> <ul style="list-style-type: none"> • <i>Total transmission and production losses from purchased electricity, gas and transport fuel</i> - Calculated using Scope 3 factors from the <i>National Greenhouse Accounts Factors December 2014</i>; • <i>Car Hire</i> - Calculated using emission factors contained within the www.greenvehicleguide.gov.au as at the date of this report; and • <i>Air Travel</i> - Calculated using the DEFRA 2015 emissions factors per km travelled for short, medium and long haul flights. 	21,002,042 kg CO ₂ -e

The criteria (the "Criteria") against which we assessed the Subject Matter is also summarised above.

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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 Reporting Criteria for the Period.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Tomac

John Tomac
Partner

Sydney
27 August 2015

