Stockland

Our Reporting Approach

Sustainability reporting at Stockland

Stockland's 2017 sustainability reporting is an account of our sustainability performance for the financial year from 1 July 2016 to 30 June 2017 (FY17). It is independently assured by Ernst & Young (EY).

This is the 12th year that we have publicly reported our sustainability performance. It includes detailed discussion of our material sustainability issues, as well as in-depth data sets and select case studies.

Sustainability reporting forms part of our suite of corporate reporting for FY17:

- 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 which is mailed to all securityholders,
- Financial Report - a detailed account of our financial performance and governance, in compliance with statutory reporting requirements, and
- Property Portfolio - details on the assets within our portfolio.

We are a signatory to the United Nations Global Compact (UNGC) and support the 10 principles of the Global Compact on human rights, labour, environment and anti-corruption. Our FY17 sustainability reporting also serves as our UNGC Communication on Progress.

We contribute to a number of the 17 United Nations Sustainable Development Goals, with a particular focus on:

- Goal 3 – Good health and wellbeing,
- Goal 4 – Quality education,
- Goal 5 – Gender equality,
- Goal 7 - Affordable and clean energy,
- Goal 8 – Decent work and economic growth,
- Goal 9 - Industry, innovation and Infrastructure,
- Goal 11 – Sustainable cities and communities,
- Goal 13 – Climate Action,
- Goal 15 – Life on land (biodiversity), and
- Goal 17 – Partnerships for the Goals.

Our sustainability reporting for FY17 was published in September 2017 and is publicly available at stockland.com.au/sustainability. It follows our FY16 sustainability reporting which was published online in September 2016.

We focus on embedding sustainability considerations in our business operations. This is consistent with our use of the AA1000 Principles of inclusivity, materiality and responsiveness, which has helped us identify, understand and respond to issues that potentially impact the long-term wellbeing of our communities, our people and our customers.

In this document you will find:

Our reporting approach

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 three strategic business priorities to support our growth and deliver returns for our investors: growing asset returns and our customer base; maintaining our capital strength and delivering operational excellence.

Our sustainability strategy integrates with our business strategy and priorities, providing a better way to deliver shared value through three core sustainability priorities: shape thriving communities, optimise and innovate, and enrich our value chain.

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

In our reporting we highlight two sets of sustainability matters:

- Our enduring themes – these matters align with and help us to deliver on our three sustainability priorities of shape thriving communities, optimise and innovate and enrich our value chain. Our management approach to each of these matters is well developed and embedded in our day to day operations; and
- Our material matters – these matters have been identified as the emerging issues that impact the landscape in which we operate and represent future risks and opportunities for our business and our stakeholders.

These two areas are explored further below.

Enduring themes

We have a long history of addressing sustainability issues that respond to our stakeholders, 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 (our enduring themes) as they remain important to our stakeholders and to our business.

Our enduring themes are addressed in a series of reports describing the management approach relevant for each theme, prepared in accordance with the Global Reporting Initiative's G4 Guidelines (Comprehensive).

The sustainability reporting suite is reviewed annually, with performance updates and progress against targets disclosed each year as part of our sustainability reporting process. The FY17 reporting suite is outlined below:

SUSTAINABILITY STRATEGY PRIORITY	OUR ENDURING THEME DEEP DIVE REPORTS
Shape thriving communities	- Community - Customer Engagement and Experience
Optimise and innovate	- Asset Rating and Certification - Biodiversity - Carbon and Energy - Climate and Community Resilience - Waste and Materials - Water Management and Quality
Enrich our value chain	- Employee Engagement, Development, Diversity and Inclusion - Health and Safety (employee and customer safety) - Human Rights - Governance and Risk - Stakeholder Engagement - Supply Chain Management

Material matters

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

Our material matters also align with the core priorities of our sustainability strategy. We anticipate that these matters will evolve over time and we will continue to work with relevant stakeholders to shape these issues going forward.

A summary of our material matters and where further information can be found is provided below.

1. Increased competition and changing market conditions impact our opportunities for growth

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. We expect conditions to remain reasonably supportive. Interest rates are anticipated to be reasonably 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 maintain asset and geographic diversification and will continue to focus on retaining a strong balance sheet with appropriate gearing and diverse funding sources. We will also concentrate on efficiency and cost management, and on maintaining a prudent approach to provisioning.

Our growth is supported by a strong medium-term organic pipeline. In the longer term, however, the continued growth of our business is dependent on our ability to acquire new land and assets. Strong domestic and offshore investor demand for property assets is expected to continue, supported by relatively high asset yields, the lower Australian dollar and Australia's record of economic and political stability.

We will continue to apply discipline and agility in our investment decision making so we can take advantage of opportunities that will deliver the appropriate risk-adjusted returns. We will use a rigorous whole of business approach informed by detailed research to drive our capital allocation process. Within our existing portfolio we have significant organic development opportunities and a replenished landbank supported by a strong balance sheet to provide funding flexibility.

We respond to this issue in consideration of its impact on investor returns, on our customers' ability to purchase/lease, and on growth in the property sector more broadly.

(See 'Capital Strength' and 'Grow Our Asset Returns and Customer Base' within our Annual Review 2017).

2. Systems enhancements affect business process efficiency

To achieve operational excellence we systems that are effective and agile to support the diversified nature of our business.

We continue to execute our Information Technology strategy with a focus on long-term strategic investment, and the identification and integration of technical enhancements across the business.

We have made significant progress on improving the Group's systems capabilities, including the commitment to implement SAP and Salesforce as core systems. This project aims to reduce the number of legacy systems we use in our business to simplify and streamline our activities, reduce costs, and take advantage of rapid developments in technology to improve customer outcomes. This investment will also position Stockland's systems to continually improve in line with improvements to SAP and Salesforce.

In FY17, we successfully implemented Salesforce and SAP SuccessFactors modules. Deployment of further SAP and Salesforce capabilities will continue during next year. We continue to maintain two-way engagement with employees to enable a smooth transition.

We respond to this issue in consideration of our employees' ability to work productively and effectively, and the ease with which our customers and suppliers can engage with us.

(See our Employee Engagement, Development, Diversity and Inclusion Deep Dive, and 'Operational Excellence' within our Annual Review 2017).

3. Housing affordability is increasingly challenging in Australia

Our Residential business is influenced by the dynamics of the Australian housing market. Housing affordability remains of key concern for Australians as the price of housing and rental properties continues to increase. While current regulatory settings are likely to lead to some moderation in growth rates for residential property prices, we continue to expect an elongated cycle for the east coast markets.

In response we consider a suite of measures is required to unlock housing supply and address affordability. These include early planning and delivery of infrastructure and simplified development controls to enable housing diversity. Our affordability initiatives in Qld, NSW and Vic have given first home buyers priority to purchase land and get a foothold in the market.

We will continue to partner with government and industry to drive solutions and provide a broader mix of value for money housing options including house and land packages, completed housing, medium density and apartments.

We have also sought to balance the demand from homeowners and investors so that our residential communities remain attractive to future buyers. While lending conditions to investors and foreign buyers are tightening, owner-occupiers remain our core focus and represent 75 per cent of our net residential sales, with less than three per cent of total buyers requiring Foreign Investment Review Board approval.

We respond to this issue by offering housing products at a range of price points, with the objective of providing our customers with a product affordable and suitable to them. We work with the property industry as a whole to analyse housing affordability trends and put forward solutions to government. We study and respond to housing affordability trends with the objective of delivering a sustainable return for investors.

(See 'Our Business' and 'Grow Our Asset Returns and Customer Base' within our Annual Review 2017)

4. Extreme weather, security risks and price shocks impact business continuity and community resilience

The safety of our customers, residents and employees is a key priority. Managing their safety and the resilience of the communities in which we operate is becoming increasingly complex. This includes safety and security risks associated with terrorism, cyber threats and extreme weather events.

We continue to build our resilience to these evolving risks; establishing business-wide risk management processes, training our employees and increasing their risk awareness, scenario testing, engaging with peers and across industry, and investing in asset upgrades.

We also assess the impact of price shocks on our business including electricity costs. We have assessed and implemented energy strategies and continue to grow the number of renewable energy installations across our portfolio.

Our focus on developing sustainable communities also assists in increasing the resilience of our assets. As part of our sustainability strategy we are increasing the climate resilience and resource efficiency of our assets to benefit our business, our customers and the broader community.

(See our Health and Safety Deep Dive our Climate and Community Resilience Deep Dive, our Carbon and Energy Deep Dive, and 'Optimise and Innovate' within our Annual Review 2017).

5. Changes within the retail sector impacts rental growth

The retail landscape is constantly evolving. Within the last 10 years the sector has seen a convergence of technical advances, in particular e-commerce, changes in underlying consumer behaviour, and the entry of new, international retailers. These changes have challenged some of our retailers.

We have been pro-active and have pre-empted many of the changes. We continue to:

- focus on experiential retail, services, food catering,
- redevelop our assets to create diverse, walkable town centres that form the social hub of the community, and
- leverage deep customer insights and analytics to inform our tenant remixing.

(See our Customer Engagement and Experience Deep Dive, and 'Grow Our Asset Returns and Customer Base' within our Annual Review 2017).

6. Regulatory changes impact our business and customers

Substantial policy reform presents both opportunities and potential impacts for our business and our customers. 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.

We acknowledge the possibility of regulatory changes focused on reducing carbon emissions, particularly in the context of Australia's ratification of the 2015 Paris Agreement to limit global temperature increases to below 2°C. We regularly engage with government and industry stakeholders on mitigating long-term impacts of climate change. We are well placed to accommodate future climate change regulation given our established focus on energy efficiency and renewable energy across our portfolio.

We respond to this issue in consideration of its impacts on investor returns and on the availability or affordability of our products/services for our customers.

We understand there is currently a lot of focus on the retirement living sector. We take pride in our Retirement Living business, and we are committed to open, transparent and respectful relationships with our residents. We proactively engage with government and industry to continue to raise standards across the whole industry.

(See our Stakeholder Engagement Deep Dive, and 'Our Business' within our Annual Review 2017)

7. Ability to develop products that meet anticipated future customer and societal demands

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 changing demographics, including an aging population and more socially conscious millennials.

We are continuing to evolve our market leading product innovation and deepen our customer insights using our proprietary Liveability Index research, Stockland Exchange (our online research community), Quantium (which provides data-driven customer insights to inform how we view markets and opportunities) and other data sources.

We are enhancing our culture of innovation where we remain flexible and identify and take advantage of opportunities to leverage shifts in stakeholder preferences. We are enhancing our design excellence, providing greater functionality and value for money.

Importantly, we continue to focus on the creation of sustainable and liveable communities and assets. This includes developing greater understanding of the longer-term impacts of climate change and incorporating our findings into the design and upgrade of assets.

As we adapt to changing customer demands, our customers are then impacted by the changes to how we deliver our products and operate our assets. Our customer engagement activities encourage two-way communication that both enable us to meet customer needs while enabling our customers to benefit from how we adapt our business.

(See our Customer Engagement and Experience Deep Dive, Climate and Community Resilience Deep Dive, Community Deep Dive, Employee Engagement, Development, Diversity and Inclusion Deep Dive, and 'Operational Excellence' and 'Optimise and Innovate' within our Annual Review 2017).

8. Our ability to harness opportunities arising from digital disruption

There are myriad challenges and opportunities that arise from digital disruption; changes to the way we and others use digital technology. We need to continue to be accessible, responsive and anticipate future consumer behaviour and potential disruption to our sector.

To remain competitive we must continually assess and leverage digital innovation. This includes facilitating a connected and agile workforce, more efficient business and supply chain processes, and digital lead nurturing and customer-centric innovation.

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 support our retail centres as thriving town centres by delivering quality services and retail and community spaces that are e-enabled.

We seek to leverage digital disruption such that our employees can work more effectively and productively, and such that our customers find it easy to engage with us and our products.

(See our Customer Engagement and Experience Deep Dive, and 'Grow Our Asset Returns and Customer Base' and 'Operational Excellence' within our Annual Review 2017)

9. Capital market volatility impacts our ability to access suitable capital

Our long-term growth is dependent on our ability to access suitable capital at the appropriate time and cost even as capital markets fluctuate in response to domestic and global economic shifts. Variable economic activity and changing capitalisation rates may impact the valuation of our assets.

Over the past decade we have maintained a strong balance sheet at appropriate levels of gearing, enabling us to continue to sustainably fund growth in the business. In the short term we have also been able to refinance borrowings and maintain diverse funding sources.

So that we are able to continue to access sufficient capital to fund growth, we will continue with our prudent capital management policies.

Our well-defined capital management approach enables us to invest, allocate and raise capital across various funding types and geographies at different points in the cycle.

(See 'Capital Strength' in our Annual Review 2017).

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10. Ability to adapt our operating model to meet the changing nature of the workforce

Physical and organisational boundaries are becoming increasingly blurred as new technology enables greater workplace flexibility, including when, where, and how employees work and encouraging creative and adaptive teamwork. Increasingly, the labour force, led by the growing influence of millennials, expects to be able to work flexibly. Our flexible working arrangements and policies have benefited both the employee and the business. This year we successfully deployed cloud-based systems such as Office365, Salesforce and SAP SuccessFactors to improve collaboration and flexible working.

We will continue to encourage flexible work practices supported by our policies, new collaboration platforms and training our senior leaders to be more agile and resilient.

(See our Employee Engagement, Development, Diversity and Inclusion Deep Dive, and 'Operational Excellence' within our Annual Review 2017)

11. Increasing expectation on corporates

Community expectations on the social and behavioural operations of a "good corporate" are changing. Corporates are increasingly expected to work in partnership with the community and government on societal issues. We are well placed to meet these expectations and have a strong reputation for sustainability leadership and community development.

We respond to this issue recognising the importance of reputation on customer support and investor returns. We also have mechanisms in place to align our suppliers' practices with our sustainability aspirations.

(See our Supply Chain Deep Dive, our Community Deep Dive, and 'Operational Excellence' and 'Chairman's Letter' within our Annual Review 2017).

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'.

We identified our FY17 material matters using the following process.

IDENTIFY	EVALUATE AND PRIORITISE	ALIGNMENT AND DISCLOSURE
We combined the outcomes of the following two materiality processes to identify draft material matters: • Materiality test capturing internal and external perspectives in alignment with the principles of AA1000 and GRI G4, including: • Investor research and engagement; • Customer feedback and insights; • Employee surveys; • Political and regulatory developments; • Industry engagement and advocacy; and • Social and mainstream media. • An internal operational and strategic risk assessment. The resulting list of matters served as a starting point for our integrated reporting materiality workshop.	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. Material matters were mapped in terms of their potential impact on value creation over the short, medium and long term.	Following the materiality workshop, the identified material matters were presented to our internal Integrated Reporting Committee. Once confirmed, the matters formed the basis of the Board and Executive Committee's strategy discussion.

Reporting scope

We build communities and operate exclusively in Australia.

We own, manage and develop a growing portfolio of retail town centres, logistics centres, business parks, office assets, residential communities and retirement living villages. Throughout our sustainability reporting, our data and content is broken down and presented by our three business units (Commercial Property, Residential, Retirement Living) to capture and reflect the unique challenges and achievements specific to each business unit.

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

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

External assurance

The sustainability reporting content has been externally assured in accordance with the Australian Standard for *Assurance Engagements (ASAE3000): Assurance Engagements other than Audits and Reviews of Historical Financial Information* and *(ASAE 3410): Assurance Engagement on Greenhouse Gas Statements* by Ernst & Young (EY). A copy of EY's assurance statement is available on our website.

We have 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.

Feedback

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

Please contact us at sustainability@stockland.com.au

Asset Rating and Certification

FY17

Why this is important to Stockland

Asset ratings and certifications are a key means of assuring and demonstrating the quality of our projects and assets. These ratings serve as independent validation that key sustainability aspects, including social and environmental factors, have been considered in our project and asset designs, developments 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 regularly track and improve our performance across our various asset classes.

Assets that are highly rated and can demonstrate optimal performance are often 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 that promote social inclusion and enhance health and wellbeing. Buildings with high environmental ratings often demonstrate higher return on investment over time.[1]

An overview of our management approach is provided on page 12.

Our key achievements

- Our Retail development at **Wetherill Park** (NSW) achieved 5 Star Green Star – As Built certification, representing 'Australian Excellence', a first for a retail development in Australia.
- Our retail centre at **Harrisdale** (WA) was awarded a 4 Star Green Star – As Built rating.
- We exceeded a NABERS[2] Water portfolio average target of 3.0 stars for our Retail portfolio.
- We exceeded a NABERS Energy portfolio average target of 4.5 stars for our Office and Business Parks portfolio.
- We received a combination of 5 Star and 6 Star Green Star – Communities ratings for six masterplanned residential developments: **Cloverton** (Vic), **The Grove** (Vic), **Calleya** (WA), **Newport** (Qld), **Willowdale** (NSW), and **Altrove** (NSW).

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[1] Green Building Council of Australia, Value of Green Star – A decade of environmental benefits, May 2013.
[2] National Australian Built Environment Rating Scheme – for more information please visit https://www.nabers.gov.au.

In this document you will find:

FY17 priorities and progress

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Develop approach and test application of new Green Star – Design & As Built rating tool.	Achieved	All of our current large-format Commercial Property projects in construction are registered under the legacy Green Star – Design & As Built v1.0 rating tool. We registered **Birtinya** (Qld) as our first project under the new Green Star – Design & As Built v1.1 rating tool.
Implement efficiency measures that will reduce water consumption to achieve our NABERS portfolio average rating for our Retail portfolio.	In Progress	We implemented a portfolio-wide water efficiency audit and upgrade program. Results in late FY17 showed water consumption reductions that have led to an improved NABERS Water portfolio average of 3.20 stars (above our target of 3 stars).
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	In Progress	We resolved the majority of utility billing issues, for example inaccuracies associated with Stockland **Merrylands** (NSW) gas meter data from third parties and bore water meters at Stockland **Riverton** (WA) and Stockland **Bull Creek** (WA). However at our development sites where we have installed new embedded networks, the complexity of the electrical supply and management has presented challenges that have resulted in delays in meeting our target rating program.

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Continue to pilot Green Star – Communities rating tool in four nominated new residential projects.	Achieved	We received a combination of 5 Star and 6 Star Green Star – Communities ratings for our residential communities at **Cloverton** (Vic), **The Grove** (Vic), **Calleya** (WA), **Newport** (Qld), **Willowdale** (NSW), and **Altrove** (NSW). A Green Star – Communities rating for **Stamford Park** (Vic) is expected in early FY18.
Pilot Green Star – Design & As Built certification on one new apartment project.	In Progress	We did not build any apartment buildings, therefore this priority is still in progress. We are investigating certification of one apartment building in FY18.
Develop a Green Star strategy for all of Stockland's new residential masterplanned communities. The strategy will define targets and deliverables and a project review process.	Achieved	We adopted a new suite of targets for the Residential business as part of our strategy review. These targets include performance indicators such as energy, water, and waste, as well as targets for achieving Green Star certification.

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Achieve 4 Star minimum Green Star – Design & As Built rating for all new retirement living developments.	In Progress	Over the target period FY15 – FY17, we achieved Green Star ratings for **Selandra Rise** (Vic), **Mernda** (Vic), and **Affinity** (WA). No new developments were completed in FY17, however we continue to target a 4 Star minimum Green Star – Design & As Built rating in all new developments (excluding non-DMF projects).
Conduct a minimum of one Life Cycle Assessment (LCA) on a retirement living development project.	In Progress	We have committed to an LCA assessment at our village in **Newport** (Qld). This has been scheduled for FY18.

Future priorities

Commercial Property

- By FY20, deliver the following NABERS rating achievements:
    - 5 stars Energy portfolio average for Office and Business Parks,
    - 4.5 stars Energy portfolio average for Retail,
    - 4 stars Water portfolio average for Office and Business Parks,
    - 3.5 stars Water portfolio average for Retail,
    - Pilot three waste ratings for Retail,
    - Pilot three waste ratings for Office and Business Parks, and
    - Pilot one Indoor Environment (IE) rating in the Office and Business Parks portfolio.
- Commence the Green Star – Performance portfolio rating process for our Office and Business Parks portfolio.

Residential

- Pilot Green Star – Design & As Built certification on one new apartment project.
- Review appropriateness of new projects for Green Star certification and embed processes to deliver credits with a focus on achieving the required five-year recertification of our Green Star – Communities rating.
- Conduct a review of the value of exceeding compliance NatHERS[3] scores and investigate other built form rating tools.

Retirement Living

- Achieve 4 Star minimum Green Star – Design & As Built rating for all new Retirement Living developments completed in the reporting period (excluding non-DMF projects).
- Conduct a minimum of one Life Cycle Assessment (LCA) on a Retirement Living development project.

FY17 performance and case studies

Green Star

Green Star – Communities

The Green Star – Communities rating tool, administered by the Green Building Council of Australia (GBCA) is a voluntary certification for developers of masterplanned communities that recognises the achievement of best practice sustainability outcomes. We seek Green Star – Communities ratings for our residential projects so that the project's sustainability outcomes are independently verified and benchmarked by the GBCA. The Green Star – Communities rating tool relies on scientific and holistic analysis, which has been peer reviewed and ratified by more than 1,000 industry and sustainable development experts.

Over the past year, we built on our first 6 Star Green Star – Communities rated community at **Aura** (Qld, rating achieved in FY15) by achieving additional Green Star – Communities credits for the development. These additional 16 points lift **Aura's** score to 91.3 points, and makes it the highest-scoring Green Star – Communities rated development in Queensland (second-highest nationally). Our community at **Aura** was recognised for its:

- Heat island effect reduction through provision of open space and cool roofs, both of which reduce heat stress and also contribute to energy savings in cooling homes,
- Cool Roof policy, which establishes guidelines for the roofs of homes to reduce the heat island effect,
- Velloways that provide leading cycling infrastructure, separating cyclists from motorists and improving cycling connections,
- Dark Sky Alliance compliant LED street lights, which improve night sky amenity and reduce impact on nocturnal fauna, and
- **Aura's** community stewardship program, which empowers the community to engage and contribute to the successful operation and longevity of the environment and society.

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[3] The Nationwide House Energy Rating Scheme (NatHERS) is a star rating system (out of ten) that rates the energy efficiency of a home, based on its design (www.nathers.gov.au).

Aura has set a strong precedent that has been followed by the Residential business, which achieved six more Green Star – Communities ratings in FY17:

- Newport – 5 Star ('Australian Excellence'),
- Altrove – 5 Star ('Australian Excellence'),
- Willowdale – 6 Star ('World Leadership'),
- The Grove – 5 Star ('Australian Excellence'),
- Cloverton – 6 Star ('World Leadership'), and
- Calleya – 6 Star ('World Leadership').

The highly coveted 6 Star Green Star – Communities rating signifies world leadership in the design of the masterplan, which sets the highest possible sustainability standards for the community both during construction and after it is completed.

Green Star – Performance

Green Star – Performance, also administered by the GBCA, is a voluntary certification that rates a buildings performance in operation. We use the Green Star – Performance tool as a complement to our other Green Star certifications to set performance targets and deliver improved outcomes.

We will use Green Star – Performance to optimise our Commercial Property portfolio by delivering a rating for our Office and Business Parks portfolio over the FY18 – FY20 target period. This builds on our existing Green Star Performance portfolio rating for 22 of our retail centres (completed in FY16). Our portfolio received an average 3 Star rating, which represents 'Good Practice' in the Australian marketplace. Ours was the first Green Star – Performance portfolio rating achieved by an Australian retail portfolio. The rating provides a benchmark for our Commercial Property assets that will allow us to create a roadmap for improving performance over time and build more robust management practices that support sustainability initiatives.

The following table outlines the individual performances of the 22 retail centres included in our Retail portfolio rating.[4] Each asset receives an individual Green Star – Performance point score and star rating as seen in the table below. The 3 Star portfolio average is calculated based on the average of the point scores for each individual asset, weighted to account for building area.

Please note that our Retail portfolio was initially certified in May 2016 and is due for its two-year audit (updating NABERS Energy and water ratings) in August 2018. Recertification would be due in August 2019 (should we decide to recertify).

GREEN STAR – PERFORMANCE RETAIL RATINGS

BUILDING NAME	POTABLE WATER (KL/M²/ANNUM)	GHG EMISSIONS (KG/CO₂-E/ANNUM)	POINTS AWARDED	RATING
Stockland **Jesmond** (NSW)	1.21	58	31.5	3 Star
Stockland **Bathurst** (NSW)	0.57	41	30.5	3 Star
Stockland **Glendale** (NSW)	0.89	14	40	3 Star
Stockland **Baulkham Hills** (NSW)	1.72	76	28	2 Star
Stockland **Forster** (NSW)	0.62	9	40.5	3 Star
Stockland **Nowra** (NSW)	0.61	38	35	3 Star
Stockland **Rockhampton** (Qld)	1.65	111	27.5	2 Star
Stockland **Caloundra** (Qld)	0.54	41	34.5	3 Star
Stockland **Green Hills** (NSW)	1.08	72	30.5	3 Star
Stockland **Shellharbour** (NSW)	1.55	80	29.5	2 Star
Stockland **Townsville** (Qld)	1.58	135	29	2 Star

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[4] We have included assets in our Green Star – Performance portfolio rating on the basis that the assets are eligible to have their performance rated under NABERS.

BUILDING NAME	POTABLE WATER (KL/M²/ANNUM)	GHG EMISSIONS (KG/CO₂-E/ANNUM)	POINTS AWARDED	RATING
Stockland **Gladstone** (Qld)	1.1	33	34.5	3 Star
Stockland **Cairns** (Qld)	1.28	95	32.5	3 Star
Stockland **Burleigh Heads** (Qld)	0.6	82	33.5	3 Star
Stockland **Bundaberg** (Qld)	0.91	43	34.5	3 Star
Stockland **Bull Creek** (WA)	NA	31	27	2 Star
Stockland **Riverton** (WA)	NA	36	29	2 Star
Stockland **Hervey Bay** (Qld)	0.85	81	33.5	3 Star
Stockland **Point Cook** (Vic)	0.9	119	27	2 Star
Stockland **Traralgon** (Vic)	0.77	77	31	3 Star
Stockland **The Pines** (Vic)	1.04	101	24.5	2 Star
Stockland **Wendouree** (Vic)	0.59	55	33	3 Star

Green Star – Design & As Built

We have the largest number of Green Star rated Retail properties in Australia, as verified by the GBCA, with 23 assets awarded one or more rating (Green Star – Performance and/or Green Star – Design & As Built). We have also received the first Green Star rating for a retirement living asset. We continue to extend our Green Star certifications across our new Retail and Retirement Living projects. In our Retail portfolio:

- We achieved a 4 Star Green Star – Design rating for Stockland **Harrisdale** (WA),
- We achieved the first ever 5 Star Green Star – As Built rating for retail at Stockland **Wetherill Park** (NSW),
- We registered our first project (**Birtinya**, Qld) under the new Green Star – Design & As-Built v1.1 rating tool and are targeting 4 Stars, and
- We anticipate lodging a Green Star – As Built rating submission for Stockland **Baldivis** (WA) in FY18.

For our Logistics and Business Parks portfolio, we have committed to integrate sustainability standards into our design brief so we maintain consistency in the design of logistics buildings that deliver good environmental outcomes. Examples of minimum sustainability standards outlined in the design briefs include:

- Energy efficient LED or fluorescent lighting in office, warehouse and external areas, zoned and time controlled with occupancy and daylight sensors,
- HVAC (heating, ventilation and air conditioning) systems with minimum energy performance ratings, time controlled and using refrigerants with zero ozone depletion potential and free of chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs),
- Water efficient bathroom and kitchen fixtures and fittings with WELS[5] ratings and solar hot water heating, and
- Rainwater collection for toilet flushing and landscape irrigation.

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[5] WELS is Australia's water efficiency labelling scheme requiring certain products to be registered and labelled with their water efficiency (www.waterrating.gov.au).

Green Star – all rating tools

The Green Star ratings for our Commercial Property assets, Retirement Living properties, and Residential communities as at 30 June 2017 are listed in the table below.[6] This excludes the Green Star – Performance rated Retail portfolio already listed above.

ASSET TYPE	ASSET	DESIGN RATING (STAR)	AS BUILT RATING (STAR)	GREEN STAR TOOL
Retail	Stockland **Highlands** (Vic)	–	4	Retail Centre v1
	Stockland **North Shore** (Qld)	4	4	Retail Centre v1
	Stockland **Townsville** (Qld)	4	4	Retail Centre v1
	Stockland **Merrylands** (Stages 3 & 4) (NSW)	4	–	Retail Centre v1
	Stockland **Shellharbour** (NSW)	4	4	Retail Centre v1
	Stockland **Hervey Bay** (Qld)	4	4	Retail Centre v1
	Stockland **Baldivis** (WA)	4	FY18	Retail Centre v1
	Stockland **Wetherill Park** (NSW)	5	5	Retail Centre v1
	Stockland **Harrisdale** (WA)	4	4	Retail Centre v1
Office	**Triniti, Building A**, 39 Delhi Road, North Ryde, NSW	–	5	Office v2
	Triniti, Building B, 39 Delhi Road, North Ryde, NSW	–	5	Office v2
	Triniti, Building C, 39 Delhi Road, North Ryde, NSW	–	5	Office v2
	2 Victoria Avenue, Perth, WA	6	5	Office v2
	Sydney Head Office, L22-29, 133 Castlereagh Street, Sydney, NSW	–	6	Interiors v1.1
Residential	**Aura** (formerly **Caloundra South**) (Qld)	6		Communities Pilot
	Altrove (NSW)	5		Communities
	Willowdale (NSW)	6		Communities
	The Grove (Vic)	5		Communities
	Cloverton (Vic)	6		Communities
	Calleya (WA)	6		Communities
	Newport (Qld)	5		Communities
	Stamford Park (Vic)	FY18		Communities
Retirement Living	**Affinity Clubhouse** at **Affinity** Retirement Village, Baldivis (WA)	5	5	Public Building Pilot
	Selandra Rise Retirement Village (Vic)	4	–	Custom

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[6] The percentage of our portfolio with a Green Star Design and/or As Built rating is 18 per cent for Commercial Property, 22 per cent for Residential, and five per cent for Retirement Living.

ASSET TYPE	ASSET	DESIGN RATING (STAR)	AS BUILT RATING (STAR)	GREEN STAR TOOL
	Mernda Retirement Village (Vic)	4	–	Custom
	Willowdale (NSW)	4	–	Custom

NABERS

We completed NABERS Energy ratings for the calendar year 2016 for 23 out of 24 eligible assets in our Retail portfolio and for 16 out of 19 assets in our Office and Business Parks' portfolio.

NABERS ratings – Retail

Following the NABERS ratings undertaken in FY17, our Retail portfolio average for NABERS Energy is 3.98 stars (4.19 stars in FY16) and 3.20 stars for NABERS Water (2.85 stars in FY16). Five assets achieved an improved energy rating in FY17, and five assets achieved a lower rating. The average rating for energy on an area-weighted basis has declined and thus we have not achieved our NABERS Energy portfolio target of 4.3 stars for FY17. For water, two assets achieved an improved rating while three assets achieved a lower rating. The average rating for water on an area weighted basis improved and we exceeded our NABERS water portfolio target of 3.0 stars for our Retail portfolio for FY17.

We completed new ratings on our existing centres and included new ratings for centres that have recently completed development. We were unable to complete an energy rating for Stockland **Merrylands** (NSW) and water ratings for Stockland **Merrylands**, Stockland **Wetherill Park** (NSW), Stockland **Cairns** (Qld) and Stockland **Gladstone** (Qld) with 18 water ratings completed for calendar year 2016. We are unable to achieve these ratings at this time is because of factors including faulty metering, invalidated metering and incomplete utility data. In some cases we were unable to complete a rating in time for annual reporting and these ratings will be completed later in 2017. In other cases, it is expected that we will rectify metering and data issues in time for the next rating cycle in FY18.

Key achievements regarding our NABERS ratings in Retail include:

- From 23 energy ratings we have 17 centres scoring 4.0 stars or better,
- For our NABERS Energy ratings, **Gladstone** (Qld) and **Cairns** (Qld) have been the most improved centres with ratings of 5.5 stars and 5 stars respectively (one star improvements for each),
- From 16 water ratings we have 10 centres scoring 4.0 stars or better, and
- For our NABERS Water ratings, **Bundaberg** (Qld) is the most improved centre by a half star with a rating of 4.5 stars.

NABERS RATINGS – RETAIL

	ENERGY RATING						WATER RATING					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
Stockland **Cairns (Qld)**	5.0	4.0	4.5	4.5	3.5	NA	NA	4.0	4.0	4.5	3.5	NA
Stockland **Townsville** (Qld)	4.0	3.5	3.5	3.0	NA	NA	4.0	4.0	NA	NA	3.5	NA
Stockland **Rockhampton** (Qld)	3.0	3.5	3.5	3.0	2.0	NA	2.5	2.5	3.0	3.0	1.5	NA
Stockland **Gladstone** (Qld)	5.5	4.5	4.0	NA	NA	NA	NA	3.0	NA	NA	NA	NA
Stockland **Bundaberg** (Qld)	4.5	5.0	4.0	NA	NA	NA	4.5	4.0	NA	NA	NA	NA
Stockland **Caloundra** (Qld)	4.5	4.5	4.5	5.0	NA	4.0	5.0	5.0	5.0	5.0	NA	NA
Stockland **Hervey Bay** (Qld)	5.0	4.5	NA	NA	NA	3.5	4.0	4.5	NA	NA	NA	3.5
Stockland **Burleigh Heads** (Qld)	3.5	3.5	3.5	NA	NA	NA	4.5	5.0	5.0	NA	NA	NA
Stockland **Forster** (NSW)	6.0	6.0	6.0	6.0	NA	6.0	4.5	4.5	4.5	5.0	NA	4.0

	ENERGY RATING						WATER RATING					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
Stockland **Green Hills** (NSW)	NA[7]	3.5	3.5	3.0	0.0	NA	NA	3.0	3.0	3.0	2.5	NA
Stockland **Jesmond** (NSW)	4.5	4.5	4.5	4.0	3.0	NA	1.0	2.0	3.0	2.5	2.5	NA
Stockland **Glendale** (NSW)	6.0	6.0	5.5	5.5	5.0	NA	3.5	3.5	3.0	4.0	3.0	NA
Stockland **Bathurst** (NSW)	4.0	4.0	3.5	3.0	3.5	NA	3.5	3.5	3.0	2.5	2.5	NA
Stockland **Baulkham Hills** (NSW)	4.0	4.0	3.5	3.5	3.0	NA	1.0	0	0.0	1.0	0.0	NA
Stockland **Wetherill Park** (NSW)	2.5	NA	NA	4.0	2.5	3.5	NA	NA	NA	4.0	2.5	2.5
Stockland **Shellharbour** (NSW)	4.0	4.5	4.5	NA	NA	NA	1.5	1.5	0.0	NA	NA	NA
Stockland **Nowra** (NSW)	4.5	4.5	4.5	4.5	4.0	NA	4.5	4.5	4.5	4.5	4.5	NA
Stockland **Traralgon** (Vic)	4.0	4.0	4.0	NA	NA	NA	4.0	4.0	4.0	NA	NA	NA
Stockland **Wendouree** (Vic)	4.0	4.0	4.0	NA	NA	NA	4.5	4.5	4.0	NA	NA	NA
Stockland **Bull Creek** (WA)	4.5	4.0	4.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stockland **Riverton** (WA)	4.5	4.5	4.0	NA	NA	NA	1.5	NA	NA	NA	NA	NA
Stockland **The Pines** (Vic)	2.0	2.5	NA	NA	NA	NA	3.0	3.0	NA	NA	NA	NA
Stockland **Point Cook** (Vic)	1.5	2.5	NA	NA	NA	NA	4.0	4.0	NA	NA	NA	NA
Stockland **Merrylands** (NSW)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Stockland **Baldivis** (WA)	2.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NABERS Retail Portfolio Average	3.98	4.19	4.2	NA	NA	NA	3.20	2.85	2.6	NA	NA	NA

NABERS ratings – Office and Business Parks

Following the completion of NABERS Energy ratings for the Office and Business Parks portfolio for 2016, the area weighted portfolio average has improved to 4.68 stars (4.59 stars in FY16) for our Office portfolio and reduced to 4.79 stars (4.92 stars in FY16) for our Business Parks portfolio. The reduction is because of ratings that have not been achieved for the **Mulgrave** (Vic) complex (discussed further below) and reduced ratings for two of the **Triniti** (NSW) buildings.

The combined portfolio average is 4.74 stars. This means we have exceeded our FY17 target to maintain a NABERS Energy portfolio average of 4.5 stars for our Office and Business Parks portfolio.

Following the completion of NABERS Water ratings for the Office and Business Parks portfolio for 2016, the area weighted portfolio average has improved to 3.98 stars (3.71 in FY16) for our Office portfolio and has reduced to 3.48 stars (3.60 in FY16) for our Business Parks portfolio. The reduction is due to the ratings that have not been achieved for the **Mulgrave** complex (discussed further below) and the combined rating this year for the three **Triniti** buildings.

Our combined portfolio average is 3.69 stars, which is a small increase on FY16 (3.66 stars) but means we did not achieve our target of 4.0 stars for the combined portfolio average by the end of FY17.

In FY17 we were not able to complete an energy or water ratings for **2 Victoria Avenue** (WA), exempt under the *Building Energy Efficiency Disclosure Act 2010* (BEED Act) due to vacancy, and for two buildings in the **Mulgrave** complex due to data collection issues. No water rating was possible for **Durack Centre** (WA) due to billing data estimates. It is expected that we will rectify metering and data issues in time for the next rating cycle to be reported in FY18. This year we are required to obtain a

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[7] Green Hills has been in development and therefore does not have a rating for 2016.

NABERS Energy rating for **40 Cameron Avenue** (ACT) due to the expiry of an exemption under the BEED Act, however we have been unable to achieve the rating in FY17.

Our NABERS ratings for Office and Business Parks assets are provided in the table below. From our 19 energy ratings, we have 11 buildings scoring 4.5 stars or better and from 12 water ratings, we have six buildings scoring 4.0 stars or better.

NABERS RATINGS – OFFICE AND BUSINESS PARKS[8]

	ENERGY RATING						WATER RATING					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
OFFICE												
Piccadilly Tower, 133 Castlereagh St, Sydney	5.0	5.0	5.0	5.0	4.5	4.5	4.0	4.5	4.5	4.5	4.5	4.5
Piccadilly Court, 222 Pitt St, Sydney	5.0	5.0	5.0	5.0	4.0	3.5	4.0	4.0	4.0	4.0	3.0	3.5
135 King St, Sydney	4.0	4.0	4.0	3.5	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0
110 Walker St, North Sydney	5.0	4.5	4.0	3.5	2.5	4.0	3.0	3.5	3.0	3.5	3.5	3.0
77 Pacific Hwy, North Sydney	5.0	4.5	4.5	4.5	4.5	4.0	4.0	1.0	3.0	3.0	3.0	3.0
601 Pacific Hwy, St Leonards	5.0	5.0	4.5	5.0	5.0	5.0	4.0	4.0	4.5	4.5	4.0	4.0
40 Cameron Ave, Belconnen[9]	NA	NA	NA	NA	2.5	2.0	NA	NA	NA	–	–	4.5
Garden Square, 643 Kessels Rd, Upper Mount Gravatt	Sold	4.5	4.0	4.0	4.5	4.0	Sold	4.5	5.0	5.0	4.5	4.5
80-88 Jephson Street, Toowong	2.5	2.0	4.0	4.0	2.5	1.5	4.0	4.0	4.0	4.0	4.5	4.0
Durack Centre, 263 Adelaide Terrace, Perth	4.5	5.0	5.0	4.5	4.5	4.5	NA	3.5	4.0	4.0	–	6.0
2 Victoria Avenue, Perth	NA	5.0	5.0	5.0	5.0	5.0	NA	4.0	3.0	3.0	3.5	3.5
NABERS Office Portfolio Average	4.68	4.59					3.98	3.71				
BUSINESS PARKS												
Optus Centre, 1 Lyon Park Road, North Ryde	5.0	5.0	4.5	4.5	2.5	–	3.5	3.5	3.5	3.5	3.0	–
Triniti, Building A, 39 Delhi Road, North Ryde[10]	4.5	5.0	5.5	5.0	5.0	5.0	3.5	5.0	4.5	3.5	4.0	4.5
Triniti, Building B, 39 Delhi Road, North Ryde	4.5	5.0	5.0	5.0	5.0	5.0	3.5	4.0	4.0	4.0	3.5	4.5
Triniti, Building C, 39 Delhi Road, North Ryde	5.0	5.0	5.0	5.0	5.0	5.0	3.5	3.5	3.5	3.5	3.0	3.0
66 Waterloo Road, North Ryde	5.0	5.0	4.5	4.0	5.0	5.0	4.5	4.5	3.5	3.5	3.5	4.5
16 Giffnock Ave, North Ryde	4.0	3.5	3.0	2.5	2.5	1.5	3.5	3.5	3.5	2.5	3.5	1.5
11-17 Khartoum Road, North Ryde	2.0	4.0	3.5	5.0	4.0	4.0	0	NA	NA	NA	–	–

[8] 51 per cent of our Commercial Property portfolio (including Retail, Logistics, Business Parks, and Office) is covered by one or more NABERS ratings.
[9] We do not have ratings for **2 Victoria Ave** (WA) due to vacancy; exempted from disclosure under the BEED Act.
[10] The water rating for **Triniti** (NSW) applies to the whole campus.

	ENERGY RATING						WATER RATING					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011
350 Wellington Rd, Mulgrave[11]	NA	3.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
352 Wellington Rd, Mulgrave	3.0	3.5	NA	NA	NA	NA	3.5	NA	NA	NA	NA	NA
690 Springvale Rd, Mulgrave	NA	1.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NABERS Business Parks Portfolio Average	4.79	4.92	4.6	4.4	4.3	3.9	3.48	3.60	3.7	3.7	3.4	3.7
NABERS Office and Business Parks Combined Portfolio Average	4.74	4.76					3.69	3.66				

NABERS ratings – Stockland Corporate Office

We are a CitySwitch[12] signatory for our corporate offices in Sydney, Melbourne and Perth. We complete a NABERS Tenancy rating each calendar year for our corporate offices, as outlined below.

NABERS RATINGS – STOCKLAND CORPORATE OFFICES

	ENERGY RATING					
	2016	2015	2014	2013	2012	2011
Sydney Head Office, L22-29, 133 Castlereagh Street	4.0	4.5	4.5	4.5	4.5	6.0
Melbourne Head Office, L7, 452 Flinders Street	3.5	3.5	3.5	2.0	NA	1.5
Perth Head Office, L1, 2 Victoria Avenue	3.5	3.5	3.0	NA	NA	5.0
Brisbane Head Office, L4, 99 Melbourne Street	NA	NA	NA	NA	NA	3.0

Australia's first corporate Green Bond

The diversity of our debt funding is a key element of our capital strength. 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 (A$433 million),[13] enabling us to further invest in leading edge sustainable projects with competitive long-term funding.

The Green Bond Principles (2016) defines that "Green Bonds raise funds for new and existing projects with environmentally sustainable benefits. The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure, and promote integrity in the development of the Green Bond market." Our Green Bond is compliant with these principles.

The table below outlines the allocation of these funds across our eligible projects in FY17. These projects include new and recently developed assets that meet the sustainability criteria of our Green Bond. Our Green Bond is audited and the audit statement from auditors KPMG can be reviewed on our website.

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[11] The 2015 rating included Green Power – without Green Power the rating would be 2.5 stars.
[12] CitySwitch supports commercial office tenants to improve office energy and waste efficiency (www.cityswitch.net.au).
[13] Conversion rates AUD/EUR was 1.443 corresponding to the swap rates used on the date the bond was priced (24 October 2014). This is unchanged for the life of the bond.

GREEN BOND ALLOCATION

TYPE OF PROJECT	SITE	FINANCIAL ALLOCATION ($ MILLION AUD)	GREEN STAR RATING
Development (Use of Proceeds Category I)	**Aura** (Qld)	157.1	6 Star – Communities (achieved)
	Cloverton (Qld)	9.5	6 Star – Communities (achieved)
	Willowdale (NSW)	51.1	6 Star – Communities
	Altrove (NSW)	14.8	5 Star – Communities (achieved)
	Newport (Qld)	35.6	5 Star – Communities
Redevelopment (Use of Proceeds Category II)	**Green Hills** (NSW)	164.9	4 Star – Retail Centre Design (achieved)
	Total	**433**	

Additionally, we have completed post-development performance monitoring on operational assets that we featured in the bond. The key aspect that we have been monitoring is carbon emissions. We confirm that Stockland Retail Policy applies to these assets.

SITE	FY16 ($KGCO_2$-E/M²)	FY17 ($KGCO_2$-E/M²)	VARIATION (%)	NOTES
Baldivis	83	52	-38.1%	
Wetherill Park	73	66	-9.7%	
Hervey Bay	60	51	-13.8%	
Shellharbour	38	32	-17.1%	
Total			**-17.65%**	Weighted average reduction of assets

Management approach

Management approach overview

We have a strong commitment to the use of product rating and certification tools to measure the sustainability performance of our projects and assets. The table below lists the key rating and certification schemes that we participate in and how they are applied 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 and BASIX	Design	Retirement Living, Residential
Liveable Housing Australia	Design, Operations (Retirement Living, Independent Living Unit Fitout)	Retirement Living, Residential

Green Star

Green Star relates to a suite of certification schemes developed and administered by the Green Building Council of Australia (GBCA). The GBCA was established in 2002 to introduce and drive the adoption of sustainable practices in the Australian property industry. Launched by the GBCA in 2003, Green Star is a national and voluntary rating system for buildings and communities.

Green Star is a standard requirement on all of our shopping centre and retirement living developments, with a minimum of 4 Star Green Star – Design & As Built certification to be achieved. We have also used Green Star – Performance for our Retail portfolio and have committed to rating the performance of our Office & Business Park portfolio.

The introduction of the Green Star – Design & As Built rating tool in 2014 has reset the best practice benchmarks for the industry and we have aligned our approach to the certification process and its technical requirements. The rating tool allows us to certify mixed-use and other development projects that were ineligible for a rating in previous versions of Green Star. Design ratings are not an option under the revised rating tool, and have been replaced by Design Reviews that assess the design, commitments and targets for projects.

We have been a member of the GBCA since 2004 and are committed to being a Green Star thought leader. We support the GBCA in the update of Green Star rating tools through our involvement in Technical Working Groups. Several of our employees are Green Star accredited professionals and perform the role of assessor and chair of various GBCA assessment and credit review panels. We also maintain executive management representation on the GBCA Board.

NABERS

The National Australian Built Environment Rating Scheme (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 1 to 6 stars, with 6 being market-leading performance.

The NABERS rating system has been in place for over ten years and continues to drive sustainability performance improvements in the built environment, while delivering financial and reputational benefits for property owners, managers and tenants.

We undertake NABERS ratings on the base building across all office assets, with tenancy ratings only undertaken on office tenancy space that we occupy. NABERS has tight eligibility rules around asset class and area allowance, notably that assets under 15,000 square metres cannot be rated, which rules out 19 of our smaller shopping centres, representing 42 per cent of the Retail portfolio (by number of centres).

NatHERS and 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 a home at a comfortable temperature.

Each state in Australia 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 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 in Victoria.

Livable Housing Australia

As the largest residential property developer in Australia, with an overarching commitment to liveability, we are focused on improving industry standards and making liveability a reality.

Livable Housing Australia (LHA) has introduced a voluntary three-tier 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 describes 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. LHA issues the Livable Housing Design Quality Mark to accredited building projects that are assessed at the Design and As Built stages of development.

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

Further information and achievements related to LHA is provided in the Human Rights Deep Dive.

Roles and responsibilities

Our ratings and certifications are overseen by the Board Sustainability Committee. Our Chief Operating Officer (COO) assumes ultimate responsibility at a Group level for environmental performance, including asset ratings and certifications, and reports directly to the Managing Director and CEO. Accountability for the delivery of asset ratings and certifications sits with various Executive Committee members, including the CEOs of our Commercial Property, Residential and Retirement Living business units.

Our General Manager – Sustainability is supported by business unit National Sustainability Managers and National Operations Managers (in the Commercial Property and Retirement Living businesses) and has responsibility for the strategic identification and evaluation of asset ratings and certifications across the diverse portfolio of assets. Our Development and Asset Managers are responsible for ensuring that asset ratings and certifications are effectively managed at project and asset level.

Members of our Executive Committee, including the Managing Director and CEO, COO and business unit CEOs as well as Project and Asset Managers and functional staff, have KPIs relating to strategic asset rating and certification targets.

Review and evaluation process

We review our approach to asset ratings and certifications on a regular basis to ensure it is effective. 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 & 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 and 5 Star Green Star projects and are able to benchmark where we perform well. 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 and retirement living villages using a nationally recognised environmental rating tool, with greater certainty and consistency in design. This means that for all our shopping centres and retirement living villages, we know what the environmental impact will be and how they will perform in operation. While our knowledge and experience bringing Green Star rated assets into operation continues to evolve, we are positive about the benefits as the markets for Green Star rated shopping centres and retirement living villages mature.

The Green Star – Performance portfolio rating allows us to create a roadmap for improving performance over time and build more robust management practices that support sustainability initiatives.

NABERS

We undertake NABERS Energy and Water ratings annually on all of our office assets and eligible retail assets. 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 took the decision to wait until these issues were resolved before committing to ratings. We have since 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 provide input for the rating.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Biodiversity

Why this is important to Stockland

We develop new land for housing, including infrastructure and social amenities, to create sustainable, thriving communities. Development brings challenges and opportunities that we manage as we deliver our projects. In particular, developments on greenfield sites can impact local bushland habitat, ecological communities and protected or significant species.

As part of our strategy to deliver shared value, 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 Index surveys (with our residential communities) tell us that customers value green space and so balancing developable land with retention and activation of biodiversity is critical to the success of our masterplanned communities. 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 on biodiversity, we are also able to reduce development approval delays at a local, state and national level.

The impacts of our business on biodiversity are, for the most part, unique to our greenfield residential developments and in particular our masterplanned communities. These impacts occur both during construction (e.g. clearing, sediment runoff, changed hydrological regimes) and as a result of urbanisation (e.g. poaching species, introduction of invasive species, isolation of habitat).

An overview of our management approach is provided on page 8.

Our key achievements

- Since FY15, we have had a positive impact on biodiversity overall, as specified by our biodiversity calculator. Over the same period, 24 per cent of our new projects' land areas contributed to biodiversity conservation (28 per cent in FY17 alone). The calculator quantifies the significance of existing biodiversity on site and the conservation and management outcome delivered on each project.
- Upon completion of our current projects, we will have protected around 1,972 hectares of land for the purposes of managing biodiversity in perpetuity. This includes land both on our sites and land offsite dedicated as an offset for biodiversity.
- We actively worked to rehabilitate and restore about 89 hectares of biodiversity during the year.

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
For new masterplanned residential communities being planned from FY15, make an aggregated net positive contribution to the biodiversity value by FY17 as determined by the biodiversity calculator.	Achieved	We achieved a positive aggregated net impact of our FY15 to FY17 projects, with an average index score of 7.76 for the three-year period. 24 per cent of our land area from these projects is contributing to biodiversity conservation by serving as riparian corridors or nature reserves, for example. Projects measured using the biodiversity calculator in FY17 include **Foreshore** (Qld), **Newport** (Qld), **Bokarina Beach** (Qld), **The Address** (Vic) and **Edgebrook** (Vic). These projects combined to deliver an average index score of 5.68 in FY17, with 28 per cent of land area contributing to biodiversity conservation.

Future priorities

- For new masterplanned residential communities being planned from FY18, make an aggregated net positive contribution to biodiversity value by FY20 as determined by the biodiversity calculator.

FY17 performance and case studies

Using the biodiversity calculator

We piloted our biodiversity calculator in FY15 to assess the change in biodiversity value of our projects based on an initial pre-development value at a site. We applied the calculator to five new projects in FY17, including **Foreshore** (Qld), **Newport** (Qld), **Bokarina Beach** (Qld), **The Address** (Vic) and **Edgebrook** (Vic), with all projects achieving a positive biodiversity outcome.

Our developments can leave biodiversity in better shape through conservation, investment, secure ownership, and ongoing management, especially when compared with the existing state of many pre-development sites. These sites are often degraded habitat, facing continued impacts from threatening processes. They are also usually in private ownership with no certainty over conservation outcomes. When we develop the site, in some cases we will retain the majority of biodiversity, and in some cases land will be cleared. Where this is the case, conservation in perpetuity of remaining biodiversity or biodiversity off-site provides certainty for ecological communities and species. More information on the biodiversity calculator is provided in the 'Calculating our biodiversity impact' case study on the next page and in the 'Management approach' section on page 8.

CASE STUDY
Calculating our biodiversity impact

As biodiversity legislation and conservation standards vary across Australia, our biodiversity calculator enables us to have a nationally consistent baseline against which to plan biodiversity management and measure our performance. Developed in FY15, the calculator is also used to measure our performance against our FY17 target to make an aggregated net positive contribution to the biodiversity of our new masterplanned residential communities.

The calculator is based on methods used by the Green Building Council of Australia to measure changes in ecological value. We have adapted these methods for use in masterplanned residential communities, so the calculator takes into account state- and Commonwealth-listed threatened species, size and condition of the assets, likely impact, and agreed offsets.

The biodiversity calculator assesses pre- and post-development states to understand how development activities, rehabilitation achievements, and conservation plans positively or negatively impact on biodiversity values. The calculator uses information on land areas, vegetation types, and other attributes available in development planning documents.

Some examples of where the biodiversity calculator has influenced positive outcomes since its inception in FY15 include:

- determining creek restoration activities at **The Address** (Vic) in Melbourne's south east, where the site initially has limited biodiversity value,

- understanding the value of conserving 51 hectares of native riparian and terrestrial vegetation at **Foreshore** (Qld) on the Gold Coast, and

- highlighting the value of protecting wetlands at **Bokarina Beach** (Qld), home to various native fauna species including turtles, frogs and crayfish.

The calculator has not only enabled us to quantify a net positive contribution to biodiversity in our residential business, but also enabled the business to think proactively about biodiversity outcomes rather than reacting to piecemeal legal requirements. It enables us to test potential biodiversity management actions against a standard of "Will this action result in a positive biodiversity outcome?"

We will continue to use the calculator with the objective of having a net positive impact on biodiversity across our portfolio. We will also work across the business to ensure the use of the biodiversity calculator is better integrated across key stages of the development lifecycle (D-Life). Better integration with D-Life will enable the calculator to be used not just as an assessment tool, but also as a tool to inform development design and conservation action planning.
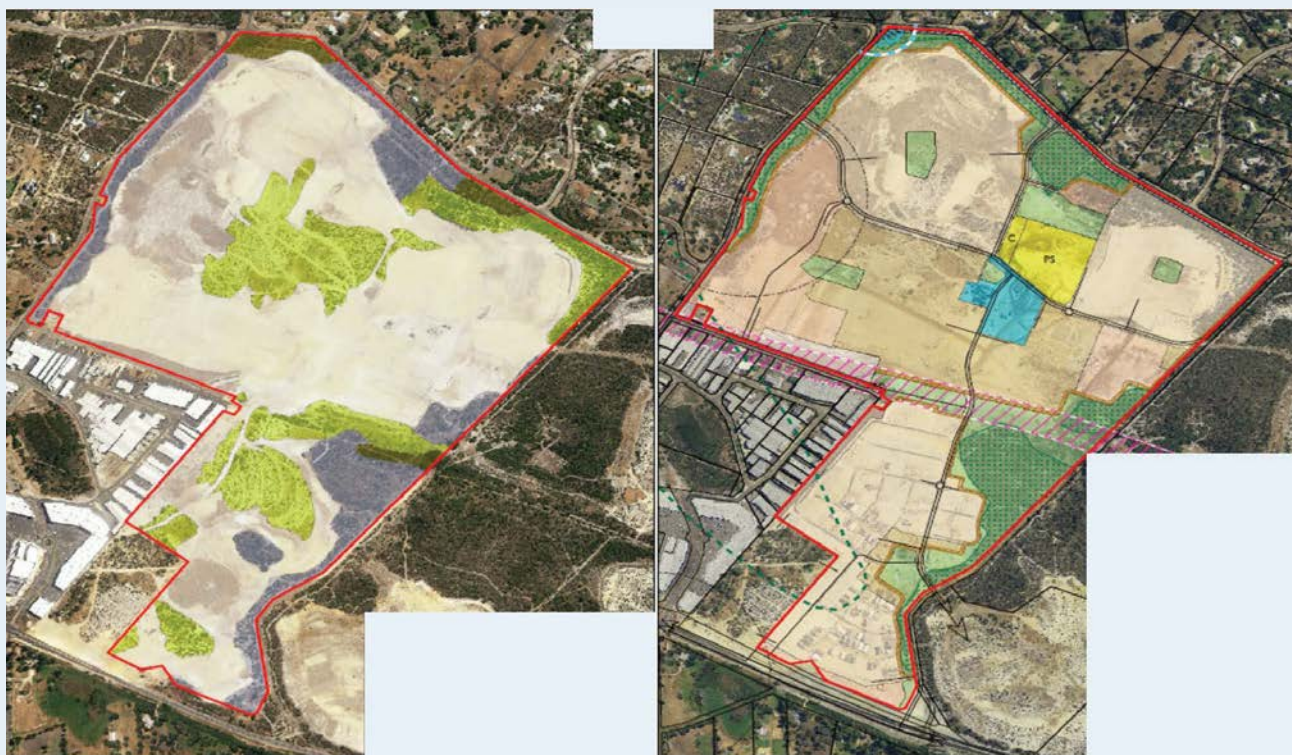
*The masterplan for **Calleya** (WA) above shows how we are able to improve biodiversity by providing secure tenure and ongoing management for biodiversity habitat. The pre-development condition (left) shows Eucalypt and other vegetation in dark grey, which will be protected in perpetuity as a result of our development plan (right).*

Achieving a net positive impact

In FY15 we set a target of delivering a positive biodiversity outcome across all of our new projects between FY15 to FY17, as measured by the biodiversity calculator. A total of 11 new projects were delivered over this period, and we met our target to deliver a net positive outcome.

Our projects with significant biodiversity are outlined in the table below. The change in biodiversity value refers to projects that have achieved a positive contribution to overall biodiversity, as assessed under our biodiversity calculator since FY15.

PROJECTS WITH AREAS OF SIGNIFICANT BIODIVERSITY VALUE

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE[1]
Released to market	Victoria	Allura	Truganina	140	21.9	-
		Cloverton	Kalkallo	1141	91	+18.05
		Edgebrook	Clyde North	65	8.3	+8.62
		Highlands	Craigieburn	978	43.9	
		Mernda Villages	Mernda	203	15.4	
		The Address	Point Cook	33	4.7	+6
		The Grove	Tarneit	235	29	+4.11
		Waterlea (Stamford Park)	Rowville	6.3	0.5	
	Western Australia	Amberton	Eglinton	198	245.1	
		Calleya	Banjup	145	11.5	+3.2
		Newhaven	Piarra Waters	211	1.8	
		Sienna Wood	Brookdale	330	49.6	
		Vale	Aveley	541	50	
	New South Wales	Altrove	Schofields	50	9	+2.7
		Brooks Reach	South Coast	65	42.8	
		Elara	Marsden Park	163	2.4	
		Willowdale	Leppington	350	90	+1.32
	Queensland	Augustine Heights	Augustine Heights	183	47	
		Aura	Caloundra South	2360	700	
		Bells Reach	Caloundra	65	8	
		Bokarina	Sunshine Coast	30	5	+3.68
		Foreshore	Coomera	98	48	+7.02

[1] The biodiversity calculator has only been used to calculate biodiversity impact for projects initiated from FY15 onward. Projects with no calculation were initiated prior to FY15 and thus are unable to be assessed using the calculator.

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE[1]
		Newport	Newport	143	5	+3.08
		North Lakes	North Lakes	1036	3	
		North Shore	Townsville	1031	300	
		Pallara	Pallara	122	56	+27.59
		Stone Ridge	Narangba	47	8.5	
		Vale	Logan	54	17	
Development pipeline	Queensland	Paradise Waters	Deebing Heights	338	80	

CASE STUDY
Looking after biodiversity at our doorstep

The challenge of biodiversity conservation at greenfield sites presents an opportunity for us to innovate and deliver new communities that contribute positively to local biodiversity values. The site of our new community of **Calleya** (WA), just south of Perth, is home to the endangered Grand Spider-orchid (*Caladenia huegelii*), an orchid that does not exist anywhere other than southwest Western Australia.

One of the challenges facing local researchers and the Western Australia Department of Parks and Wildlife ("Department") is that occurrences of the orchid are often too widely scattered to allow effective cross-pollination. In FY17, we worked with the Department to move a selection of potentially impacted orchids to a new local government reserve within the **Calleya** development area. This reserve is a more secure location and already has a larger population of the same species.

The translocation of the orchids on site at **Calleya** will allow research into means for improving the sustainability of small orchid populations. We will fund annual monitoring of the species to ensure the health of the translocated individuals and manage any threats.

The Grand Spider Orchid relocation was a major achievement for our positive contribution to biodiversity in FY17. The relocation program contributed to **Calleya's** recognition as one of Western Australia's first 6 Star Green Star Communities.

*Translocation of the Grand Spider-orchids at **Calleya** (WA) will assist their long-term survival and promote research into their conservation*

Biodiversity conservation activities

We have identified biodiversity to be protected on site in 24 of our projects under construction in FY17 and a further four projects with biodiversity being reintroduced to the site. We will have placed approximately 1,972 hectares of land into protection for the purposes of biodiversity management once these projects are complete. Many of the areas identified for protection include species that are considered threatened or vulnerable.[2]

We use a range of mechanisms to protect land containing biodiversity including:

- Preparation of Vegetation or Biodiversity Management Plans,
- Creation of parks and dedicated conservation reserves,
- The preparation of Biodiversity Management Plans,
- Covenants on titles at Highland Reserve and The Observatory in Queensland, where areas of significant ecological value are located on allotments,
- Conservation zoning and transfer of land to Councils and/or public authorities, and
- Biobanking (in NSW).

Project-specific examples of our conservation activities include:

- Protection of local grassland habitat for the Golden Sun Moth at **Allura** (Vic), and this habitat will be included in the Parks Victoria protected area estate on completion,
- Translocation of Grand Spider-orchids from within the development boundary at **Calleya** (WA) to an area with a large population of the orchids and managed for long term conservation,
- Conservation of land at **Cloverton** (Vic) in perpetuity by transferring ownership to either Melbourne Water or Hume City Council
- Protection of ecology onsite at **Brooks Reach** (NSW) through a mix of land transfer and covenants, as well as protection of additional land offsite through the NSW Biobanking scheme, and
- Protection of various areas of koala habitat across our South East Queensland projects.

Our management of biodiversity is guided by site investigations undertaken by experienced ecologists throughout the process of masterplanning a project. Proposed conservation actions are then reviewed by the local or state regulatory authority for approval. We are currently masterplanning a new project in South East Queensland (**Paradise Waters**) that will further contribute to conservation of significant biodiversity and habitat. In FY17 we masterplanned the Foreshore project on the Gold Coast, which resulted in 51 hectares of land to be dedicated for protection of biodiversity.

We delivered around 89 hectares of rehabilitation works during the year. Rehabilitation activities help support the longevity and resilience of significant biodiversity identified on our sites. Rehabilitation is generally undertaken by specialist contractors, such as Greening Australia, and we also work closely with community groups. At **Aura** (Qld) on the Sunshine Coast, we are working with *Healthy Waterways and Catchments*, which is managing our community reference network of up to 18 local stakeholder groups. On our **Pallara** (Qld) project we are looking to develop a partnership with the Oxley Creek Association and local schools.

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[2] A total of 35 species on our development sites are listed under Australian State and/or Commonwealth legislation. Of these species 16 are included under various categories on the IUCN Red List.

CASE STUDY
Conservation as a community activity

Our biodiversity strategy focuses not only on minimising impact to flora and fauna, but also on design that activates parklands and nature reserves. Promoting community interaction with biodiversity via activation of these areas strengthens resident awareness of biodiversity values and ultimately assists in delivering a net positive impact over the long term.

Over the past year, we have worked in partnership with our residential communities to strengthen biodiversity outcomes. At our brand new $5 billion **Aura** (Qld) community on Queensland's Sunshine Coast, we collaborated with local students and staff from Unity College for a World Wetlands Day program. **Aura** features Australia's largest wetland rehabilitation project, with much of the site dedicated to frog habitat.

For World Wetlands Day, students and staff from Unity College, as well as members of the Aura Community Advisory Group, decorated frog-themed artwork located on an underpass installed to ensure that native frogs can move safely across the landscape to feed and breed. The program was also supported by SEA LIFE Sunshine Coast, who commissioned talented artists from the acclaimed company Graffiti Murals to create the artwork. Experts from Griffith University also attended and spoke to participants about the importance of connected wetland systems and how locals could contribute to conservation efforts by maintaining native sedges to not allow runoff from roadways.

Another example of linking community and biodiversity over the past year comes from Golden Sun Moth (*Synemon plana*) restoration work at **Highlands** (Vic). The management works for the Golden Sun Moth involves bush regeneration activities as well as prescribed burning at regular intervals. The design of **Highlands** promotes awareness of Golden Sun Moth conservation through features such as walking trails that celebrate the moth and the Golden Sun Moth Adventure Playground. We also support community education activities to enhance the understanding of the role of prescribed burning in biodiversity conservation.

Frog-themed artwork decorating the underpass built to promote frog movement across wetland areas at Aura.

Management approach

Management approach overview

We strive to develop our communities while protecting biodiversity based on good urban design principles. Good urban design usually 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 and leverage biodiversity protection, management and enhancement opportunities in our communities.

Biodiversity is heavily regulated across all states in which we operate and can require approval at local, state and Commonwealth levels of government. We work closely with these levels of government to identify and conserve significant species or habitats on or adjacent to our sites.

Factors that influence biodiversity impacts and management include:

- **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 biodiversity conservation 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 long-term biodiversity in urban areas, appropriate ownership models are agreed, such as public ownership by a local council, planning instrument protection such as environmental protection zones, and 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 Residential sustainability policy. The policy outlines the biodiversity requirements when developing our communities and helps our communities and assets move beyond minimum standards, complementing local regulation.

Our approach to reporting is to explain the factors that influence biodiversity impacts and the management approach, 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. We do not report impacts on water bodies as a separate segment, given that we manage water impacts as a whole of biodiversity issue, rather than segmented reporting. Our sites have different local, state and federal frameworks, which makes granular biodiversity reporting on a national scale challenging.

Biodiversity management plans

Threatened species with habitat affected by our activities are considered as part of the environmental approval process on each development. In many cases, we are able to conserve local biodiversity and place most or all of the significant species found on our sites into protected areas. These areas are then integrated into the protected area estate of local or state governments and enable the community to access and manage in perpetuity.

Projects with significant biodiversity are required to prepare a biodiversity management plan (BMP), which identifies areas of biodiversity to be conserved or offsets to be provided. It also provides details relating to the rehabilitation or revegetation and protection of biodiversity and the provision of funding to ensure protected areas can be appropriately managed over the long term. The timing of the BMP development relates to the conservation objectives specific to that site, noting that this can occur at any stage throughout the development lifecycle.

We partner with environmental or community groups to deliver activities committed to in the BMPs, such as tree planting, weeding and education programs.

Biodiversity calculator

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 was developed to help us measure whether our projects will achieve our target of delivering a positive contribution to biodiversity.

The calculator takes into account elements such as category of threat under which species or communities are listed in state and Commonwealth legislation, size and condition of the habitat, likely impact, degree of conservation and agreed offsets. The calculator is applied at a project level and results are aggregated across the portfolio. 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.

Roles and responsibilities

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

Accountability for biodiversity delivery sits with various members of the Executive Committee, including the CEOs of the Commercial Property, Residential and Retirement Living business units. Our Chief Operating Officer assumes ultimate responsibility at a Group level for biodiversity and reports directly to the Managing Director and CEO.

Our General Manager Sustainability 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 for each business unit. Our Development Managers and Project Managers are responsible for ensuring that biodiversity is effectively managed at a project level.

Review and evaluation process

Processes for management of biodiversity are under the control of the federal and state governments. Our key role is to ensure compliance and identify 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. We monitor all projects through a six-monthly data collection process to understand progress and project responses to biodiversity management. 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 also report during construction on the delivery of management actions.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Carbon and Energy

Why this is important to Stockland

We have a longstanding commitment to manage climate change risk and reduce our carbon emissions. We recognise our role to influence the energy efficiency of our assets and have taken a proactive approach to developing energy 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 is an increasing proportion of our assets' operating expenditure, improvements in energy efficiency enable 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 tenants and residents.

The increasing cost of power also means that renewable energy options such as solar have become cost-effective choices for our energy supply. The declining cost of solar infrastructure works in tandem with the increasing cost of conventional energy to make solar installations a sound business investment. We look 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.

An overview of our management approach is provided on page 10.

Our key achievements

- Installed a 925 kW solar photovoltaic (PV) system at Stockland **Wetherill Park** (NSW) in late 2016, which became operational in February 2017. This has been our second-largest solar PV installation as at close of FY17.
- Achieved a total 2.26 MW of solar PV across our entire Retail portfolio, which has surpassed our original target to deliver 1.35 MW of renewable energy by FY17 (also expressed as a target to deliver three per cent of our FY13 electricity usage using renewable energy).
- Exceeded a NABERS[1] Energy portfolio target of 4.5 stars for our Office and Business Parks portfolio.
- Partnered with Tesla to install up to 31 destination wall charging units across the Retail portfolio.
- Achieved a 47 per cent reduction in energy usage per retirement home incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct (target was 40 per cent).
- Achieved a 34 per cent reduction in predicted energy use per home across 12 projects between FY15 and FY17. Individual projects are modelled using the CCAP Precinct tool and compared against regional averages.

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[1] The National Australian Built Environment Rating Scheme (NABERS) measures the energy efficiency, water usage, waste management, and indoor environment quality of a building or tenancy (https://www.nabers.gov.au).

In this document you will find:

FY17 priorities and progress

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
10 per cent improvement in Retail FY14 energy intensity by the end of FY17.	Achieved	We reduced the energy intensity of our Retail portfolio by 11 per cent from FY14. This result is because of our continuous focus and investment in operational efficiency and renewable energy, in which we have invested an additional $2.4 million in FY17.
NABERS Retail energy portfolio average target of 4.3 stars by FY17.	Not Achieved	Our Retail portfolio average for NABERS Energy is 3.98 stars (4.19 stars in FY16).
Maintain a 4.5 star NABERS average in Office and Business Parks by FY17.	Achieved	Our NABERS Energy average for our Office and Business Parks portfolio is 4.74 stars.
Construct a 900 kW solar PV system at Stockland Wetherill Park.	Achieved	We installed a 925 kW solar PV system at Stockland **Wetherill Park** (NSW) in late 2016, which was commissioned in February 2017.
Complete business case assessment following the feasibility assessments conducted at 15 shopping centres and two business parks for new solar PV projects.	Achieved	We assessed 15 shopping centres and will be installing solar PV on nine of the assessed centres from FY18.
Continue to install electric vehicle charging stations across our Retail portfolio, with at least two additional electric vehicle charging installations in FY17.	In Progress	We entered into a partnership with Tesla to install up to 31 destination Tesla electric car charging units across the retail portfolio in FY18. We will also continue to assess opportunities for ChargePoint stations at our retail centres.
Rectify utility billing and metering issues that are preventing NABERS ratings being completed at Merrylands.	Not Achieved	The majority of gas utility billing data issues have been resolved for Stockland **Merrylands** (NSW), however delays in obtaining meter validations for non-utility meters has prevented us from obtaining a NABERS rating once again in FY17. This will be resolved for the FY18 rating cycle

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
40 per cent reduction in energy usage per residential lot incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct. [2]	Partially Achieved	We achieved a modelled average reduction per dwelling in energy consumption of 34 per cent. We measured six projects against this target, with three projects achieving greater than a 40 per cent reduction: **Pallara** (Qld, 48 per cent), **Foreshore** (Qld, 49 per cent), and **Stamford Park** (Vic, 88 per cent). Other projects achieved reductions that were below our 40 per cent target, including **Newport** (Qld, 37 per cent), **Bokarina Beach** (Qld, 16 per cent), **Edgebrook** (Vic, 34 per cent).
Prepare a sustainability policy and minimum standards for medium density and completed homes.	Achieved	We developed sustainability minimum standards for Stockland Medium Density, Completed Homes and Apartments.
Complete an alternative water and energy infrastructure delivery feasibility study to better understand how we could partner with a utility provider to deliver more sustainable supply of energy and water to our residential communities.	In Progress	We have engaged consultants to prepare modelling and case studies for sustainable local infrastructure systems to support future greenfield and infill residential and mixed-use development projects.

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[2] New projects are defined as those with over 500 dwellings and new precincts over 750 dwellings.

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Measure baseline energy and emission performance and set energy efficiency targets to reduce emissions levels on operating assets in FY17.	Achieved	We included an energy and emission performance baseline for FY17 in NGERS reporting. We set energy efficiency targets from FY18 – FY20 targeting five per cent energy efficiency improvement across villages and clubhouses.
40 per cent reduction in energy usage per retirement home incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct.	Achieved	We achieved an average reduction per dwelling, in energy consumption of 47 per cent. Results for specific villages include: **Affinity** (WA, 53 per cent), **Calleya** (WA, 37 per cent), **Newport** (Qld, 43 per cent), **Mernda** (Vic, 55 per cent), **Birtinya** (Qld, 45 per cent), **Selandra Rise** (Vic, 30 per cent), and **Willowdale** (NSW, 59 per cent).
Complete an energy sub-metering and monitoring pilot by the end of FY17 and identify opportunities for potential rollout across other villages. Use the outcomes of this pilot to measure baseline energy and emission performance and set energy efficiency targets to reduce emissions levels on operating assets by FY18.	Achieved	We undertook an energy sub-metering and monitoring pilot at **Tarneit Skies** (Vic) and **The Willows** (NSW). We will continue the pilot into FY18 with key recommendations derived from the first 18 months of baseline data to be implemented across portfolio in the second half of FY18.
Complete a feasibility analysis across the portfolio in FY17 to identify new solar and energy storage opportunities.	Achieved	We completed a solar feasibility review for all village clubhouses with embedded networks. We reviewed battery storage opportunities for Golden Ponds.
Establish a resident Green Ambassador program at three selected villages in FY17 to promote sustainable living, including awareness sessions promoting energy efficiency tips, cost saving opportunities and the value of sustainability rating tools.	In Progress	We have held informal Resident Sustainability Awareness sessions at a number of villages including **Pine Lake** (Qld), **Gillin Park** (Vic) and **Tarneit Skies** (Vic).

Future priorities

Commercial Property

- Achieve a 60 per cent carbon reduction intensity target for Retail and Office assets (FY06 – FY25).
- Reduce carbon intensity in Retail by 10 per cent by FY20, against the FY17 benchmark, and to achieve a NABERS Energy portfolio average of 4.5 stars (new targets for FY18 – FY20).
- Reduce carbon intensity in Office by five per cent by FY20, against the FY17 benchmark, and achieve a NABERS Energy portfolio average of 5 stars (new targets for FY18 – FY20).
- Install a further 10 MW of solar PV projects in our Retail portfolio in operating centres and in developments in FY18 – FY20 and a 90kW system at one of our Business Park assets.
- Continue submetering and monitoring to identify uncharacteristic consumption with continued commitment to energy efficient design in developments and major refurbishments.

Residential

- Exceed relevant minimum energy related compliance standards by 10 per cent within our residential communities.
- Complete an alternative energy infrastructure delivery feasibility study to better understand how we could partner with a utility provider to deliver more sustainable supply of energy to our residential communities.

Retirement Living

• Exceed relevant minimum energy related compliance standards by 10 per cent in all new developments.

• Install at least five solar photovoltaic systems across village clubhouses by FY20.

• Establish a comprehensive portfolio-wide energy efficiency improvements program based on recommendations derived from the sub-metering and monitoring program, with the objective of meeting our five per cent energy reduction target (for villages with submetering).

• Formalise Solar Guidelines and supporting documentation that apply to village residents and have implications for Stockland Operations and Development Teams.

• Continue to hold Resident Sustainability Awareness sessions at selected villages to promote sustainable living, including awareness sessions promoting energy efficiency tips, cost saving opportunities and the value of sustainability rating tools.

FY17 performance and case studies

Total greenhouse gas (GHG) emissions

We reduced our scope 1 emissions in FY17, primarily due to decreases in our Residential business construction and delivery emissions. We also reduced our Scope 2 emissions, largely due to reduced gross energy consumption at Commercial Property assets and an improvement in Residential and Retirement Living data acquisition. This improvement has meant 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.

The table below outlines our scope 1, 2 and 3 emissions over the last five years. For a detailed breakdown of our scope 1, 2 and 3 emissions please refer to our Environmental Data Pack.

SCOPE 1, 2 AND 3 EMISSIONS (tCO$_2$-e)

	FY17	FY16	FY15	FY14	FY13
Scope 1[3]	26,884	35,036	26,368	22,102	18,509
Scope 2[4]	87,860	89,881	97,763	99,927	104,393
Total Scope 1+2 emissions	**114,743**	**124,917**	**124,131**	**122,029**	**122,902**
Scope 3[5]	31,115	39,628[6]	21,002	23,556	23,449

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[3] Scope 1 emissions are 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. This includes direct emissions reported by contractors where we have operational control (typically residential community projects).

[4] Scope 2 emissions are indirect emissions from the consumption of electricity only. This includes indirect emissions reported by contractors where we have operational control (typically residential community projects) and emissions from base building electricity across the office and business parks, retail, logistics, residential and retirement living assets for which we have operational control.

[5] Scope 3 emissions are other indirect emissions, including hire cars, rental vehicles and airline travel, transmission and production losses from purchased electricity, gas and fleet fuel and operational waste from our Commercial Property portfolio.

[6] From FY16 we expanded our boundary to include Scope 3 emissions from waste generated at our commercial property assets.

Total scope 1 emission by business unit

The chart below outlines the percentage allocation of our scope 1 emissions by business units. Residential constitutes the largest proportion of our scope 1 emissions due to contractor construction activity during development.

Residential construction projects in FY17 included **Willowdale** (NSW), **Newport** (Qld) and **Pallara** (Qld).
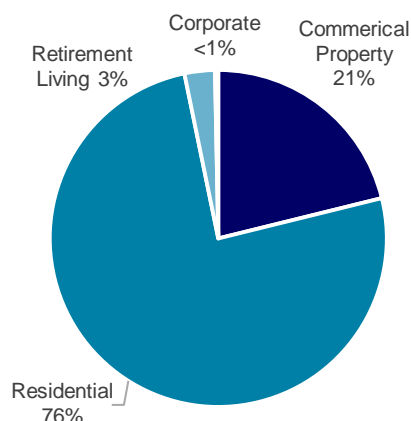
Total scope 2 emissions by business unit

Commercial Property constitutes our largest proportion of scope 2 emissions and remains the focus of our strategic energy efficiency initiatives.
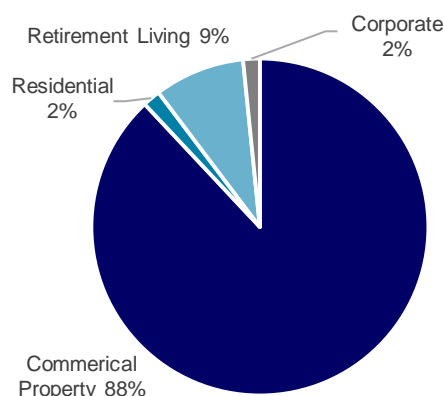
Commercial Property performance

NABERS ratings

We completed NABERS Energy ratings on 23 out of 24 eligible retail assets in FY17, including new ratings on centres that have recently come out of development. We were not able to complete an energy rating for Stockland **Merrylands** (NSW) due to meter validation issues but expect to rectify this for the FY18 rating cycle. We set a portfolio target of 4.3 stars NABERS Energy for our Retail portfolio by the end of FY17. Based on the ratings that have been undertaken, however, the portfolio NABERS Energy rating average was 3.98 stars (4.19 stars in FY16).

NABERS Energy ratings have been undertaken for the Office and Business Parks portfolio, however in FY17 we were not able to complete NABERS Energy ratings for **2 Victoria Avenue** (WA), exempt under the BEED Act due to vacancy, and for two buildings in the **Mulgrave** (Vic) complex due to data collection issues. This year we are required to obtain a NABERS Energy rating for **40 Cameron Avenue** (ACT) due to the expiry of an exemption under the BEED Act, however we have been unable to achieve the rating in FY17.

The area weighted portfolio average for NABERS Energy for our Office portfolio has improved to 4.68 stars (4.59 stars in FY16) due to half-star improvements for four assets. The area weighted portfolio average for NABERS Energy for our Business Parks portfolio has reduced to 4.79 stars (4.92 stars in FY16). The reduction is due to the ratings that have not been achieved for the **Mulgrave** complex and full- and a half-star decrease in the ratings for two of the **Triniti** (NSW) buildings. We have split the portfolio averages for Office and Business Parks for comparative purposes, but our targets are based on the combined portfolio average, which is at 4.74 stars in FY17. This means we have exceeded our FY17 target to maintain a NABERS Energy portfolio average of 4.5 stars for our Office and Business Parks portfolio.

Renewable energy

At 30 June 2017 we have installed 2.26 MW of solar PV capacity across four of our shopping centres, including our largest installation at Stockland **Shellharbour** (NSW, 1.22 MW) and our most recent at Stockland **Wetherill Park** (NSW, 925 kW). This capacity represents 5.37 per cent of FY13 retail electricity consumption, which meets and substantially exceeds our target to produce three per cent of FY13 retail electricity consumption with renewables by FY17.

Over the past two years we have conducted solar feasibility assessments on an additional 15 shopping centres and two business parks. We will be installing a further 12.32 MW of solar PV capacity across 11 shopping centres from FY18.

The table below illustrates our solar generation over the past four years.

RENEWABLE ENERGY GENERATED USING SOLAR POWER

	FY17	FY16	FY15	FY14
Energy generated using solar PV (kWh)	2,387,168	1,940,689	292,124	175,374
Per cent of Retail electricity usage	3.6%	2.8%	0.4%	0.3%

CASE STUDY
Renewable energy for a redeveloped Wetherill Park shopping centre

As a real estate developer and manager, we're always looking to improve how we develop and operate our assets, including how we source and use energy. Our **Wetherill Park** (NSW) shopping centre is now generating renewable energy to power the centre and its 210 retailers, thanks to a new $2 million single rooftop solar system.

Officially switched on in February 2017, the 925 kW solar PV system consists of more than 2,900 solar PV panels across 5,695 square metres of roof area.

On average, the system will generate 3,620 kilowatt hours (kWh) per day, which is 23 per cent of the centre's annual base building power requirements.

Stockland **Wetherill Park** received a 5 Star Green Star – Retail Centre Design rating from the Green Building Council of Australia for our industry-leading approach to the sustainable design of the centre's $228 million redevelopment, which was completed in December 2015.

John Schroder, Group Executive and CEO Commercial Property at Stockland, said: "Our investment in sustainability initiatives like solar not only provide a number of environmental benefits but also new jobs and financial savings for our retailers".

*Our redeveloped **Wetherill Park** shopping centre features a 925kW solar PV array.*

Energy efficiency

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 to deliver strong financial returns whilst reducing our carbon footprint.

Our energy efficiency investments are projected to generate energy savings of approximately 2,200,000kWh annually. An example from FY17 includes the upgrade of the lighting at Stockland **Tooronga** (Vic) to reduce electricity consumption and maintenance costs and improve the customer experience of the area. The internal mall and undercover car park were all upgraded to LED bulbs equating to approximately 949 bulbs. This upgrade is projected to save approximately 190,000kWh per annum, as well as reducing the maintenance on bulb replacements. Additionally, the increased visibility in the car park, as well as improved internal mall ambience, has had a positive impact on our customers and staff.

We continue to trial new technologies as they emerge and where proven successful, we stage implementation through the portfolio. In FY17, we implemented a number of energy efficiency projects including:

- LED lighting upgrades at Stockland **Shellharbour** (NSW), Stockland **Tooronga** and Stockland **Rockhampton** (Qld) equivalent to savings of approximately 800,000kWh annually,
- Completion of variable speed drives (VSDs) at Stockland **Rockhampton**, which has the potential to result in 160,000kWh of savings annually,
- Completion of our second largest solar system at Stockland **Wetherill Park** (NSW) which is on track to generate 1,200,000kWh annually, and
- Completion of LED lighting upgrade at Stockland **Point Cook** (Vic) and Stockland **Hervey Bay** (Qld) and a large HVAC upgrade at Stockland **Bundaberg** (Qld).

We continue to realise energy efficiency opportunities through our sub-metering systems and have installed additional metering at our shopping centres that were redeveloped in FY17. Further, we piloted new chiller optimisation technologies in FY17 in our Retail portfolio to determine the feasibility of a national roll-out.

At our new developments, where we commit to a minimum 4 Star Green Star rating, we target energy credits for greenhouse gas emissions, energy submetering and car park 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.

Greenhouse gas emissions intensity (kgCO2-e/m2)[7]

We track our energy consumption on a per square metre 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 new FY20 target.

The table below outlines our GHG emissions intensity data since FY13.

	REDUCTION FROM BASELINE (FY14)	FY17	FY16	FY15	FY14	FY13
Office and Business Parks	-5.85	61.70	64.98	67.32	67.55	72.1
Retail	-6.42	52.92	56.58	58.32	59.34	62.0
Commercial Property	-6.59	54.93	58.55	60.66	61.52	65

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[7] Based on scope 1 and 2 emissions.

Emissions intensity reduction

In FY17 we achieved our Retail target with a reduction of 11 per cent against our FY14 baseline and reduced our Office and Business Park emissions intensity by 8.6 per cent. The results of these savings stems from our continuous diligence in energy monitoring and capital investments in efficiency initiatives such as LED Lighting, HVAC optimisations and solar PV.

The table below outlines our Commercial Property year-on-year emissions intensity reductions over the last five years.

COMMERCIAL PROPERTY ANNUAL CHANGES IN EMISSIONS INTENSITY

	REDUCTION FROM BASELINE (FY14)	FY17	FY16	FY15	FY14	FY13
Office and Business Parks	-9%	-5%	-4%	0%	-6%	-7%
Retail	-11%	-6%	-3%	-2%	-4%	-10%
Commercial Property	-11%	-6%	-4%	-1%	-5%	-10%

Retail like-for-like[8]

The retail like-for-like metric allows us to compare the intensity performance of those assets we have held in our portfolio since FY14 and assets that have not gone through major expansions/developments in FY17. When this is normalised, our Retail portfolio emissions intensity is 51.55 kg CO_2-e/m^2, which represents a 14.5 per cent reduction against the FY14 baseline.

RETAIL LIKE-FOR-LIKE EMISSIONS INTENSITY

	REDUCTION FROM BASELINE	FY17	FY16	FY15	FY14 BASELINE
Emissions intensity (kgCO2-e/m2)	-8.73	51.55	54.78	58.51	60.28
Reduction in emissions intensity since FY14	-14%	-6%	-6%	-3%	–

Residential performance

Energy efficiency

This year we modelled the energy performance of six new development projects using the CCAP Precinct tool. Three out of six projects modelled achieved the target of a 40 per cent reduction in predicted per dwelling energy use compared to the metropolitan averages of the regions in which the projects are located. Project results are **Pallara** (Qld, 48 per cent), **Foreshore** (Qld, 49 per cent), **Newport** (Qld, 37 per cent), **Bokarina Beach** (Qld, 16 per cent), **Edgebrook** (Vic, 34 per cent) and **Stamford Park** (Vic, 88 per cent).

Overall our 12 residential projects modelled during the FY15 – FY17 target period achieved an average weighted result of 34 per cent reduction.

Some examples of broader energy and carbon reduction initiatives delivered within our Residential business during FY17 are:

- We opened Willowdale Community Place, our sustainability hub at **Willowdale** (NSW). Willowdale Community Place features a sustainable project home that helps customers understand opportunities for improved energy efficiency in their own homes. We are currently reviewing an opportunity to include a sustainability hub in our **North Shore** (Qld) project in Townsville. The sustainable homes are delivered in or adjacent to our display villages and 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.
- At **Newport** (Qld), refined spoil management practices reduced both export of waste spoil and import of new spoil required to be delivered for the development. The project also prioritised the use of fuel-efficient machinery that delivered an estimated savings of 305,000 kg of emissions from reduced fuel consumption.
- We have continued to encourage energy savings initiatives in our residential sales offices. The **Altrove** (NSW) sales office in north west Sydney is fitted with motion sensor activated solar powered car park lighting to save battery power during low activity in the area.

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[8] Townsville Kmart has been removed as baseline year data included tenancy usage. Wetherill Park, Baldivis, and Green Hills were excluded as they were going through development. Harrisdale was excluded as a greenfield centre and Bundaberg has also been excluded as we acquired it in FY15.

- At **Aura** (Qld) on the Sunshine Coast, 200 LED street lights have so far been installed into the community. As **Aura** grows, so will the numbers of LED street lights and other energy saving infrastructure.

Target review

We reviewed our existing Residential business targets in FY17. The existing targets aim to achieve a 40 per cent reduction in energy use across our new masterplanned communities measured against metropolitan averages. In reviewing our targets we have decided to move away from measuring our targets against metropolitan averages, and instead will target performance against a compliance benchmark. The reason for this change is that the compliance baseline can be articulated earlier and establishes a common baseline in each state over which we can easily measure improvements. We have also moved away from measuring whole-of-project outcomes to measuring only those areas we control. For example, in our masterplanned communities we often have little control over the built form outcome. Moving forward, we will set targets for our performance in only those areas where we control or heavily influence the outcome within our residential communities.

In FY18 we will seek to showcase energy efficiency in our communities through initiatives such as solar PV systems, energy efficient lighting systems, efficient air conditioning systems, double glazed windows, appropriate orientation, shading and functional outdoor spaces into those areas we control in our projects. We will also work with builder partners to improve the efficiency of our display villages. Promoting energy initiatives in our display villages enables customers to better understand how these initiatives work in a home. Common builder initiatives across Australia include delivery of homes rated highly by the Nationwide Home Energy Rating Scheme (NatHERS) for their thermal performance, in-home energy monitors, solar PV, efficient appliances, and efficient solar or heat pump hot water systems.

CASE STUDY
Demonstrating sustainable living at Willowdale

We opened one of Australia's most sustainable project homes at our **Willowdale** (NSW) residential community in south west Sydney. The aim of the home, Willowdale Community Place, is to positively influence the thousands of customers who build a new home each year, appealing to them at that critical point when they are deciding what to build.

Willowdale Community Place is a two-storey family home that's been designed, built and recently certified to the 8 star NatHERS rating. This rating means the house can achieve close to net zero emissions through a range of energy-saving and ecologically sustainable features.

All of the 'eco' features, fittings and inclusions are commercially available to ensure all of our project home build partners across Australia can replicate the key sustainable features of the home.

To include all of the primary energy savings features that have been built into the Willowdale 'zero emissions' house would generally add around $16,000 to $20,000 to the cost of building a new home. It is likely that new home owners will be able to recoup that cost in energy savings within five to seven years, with cost savings continuing in perpetuity.

Willowdale is one of seven masterplanned communities that have recently achieved the Green Building Council of Australia's 6 Star Green Star – Communities rating, which recognises world leadership across a wide range of environmental, economic and social sustainability measures.

Retirement Living

We completed a sub-metering and monitoring pilot at **Tarneit Skies** (Vic) and **The Willows** (NSW) that identified a number of opportunities to improve the operational performance of the villages. These include seasonal recommendations to adjust HVAC settings to efficiently operate throughout the year, lighting upgrades in common areas, the installation of solar bollards, review of essential lighting and sensor usage and pool operations and gas heating reviews. We will continue to work closely with the National Operations and Village Management Teams to implement the recommendations and identify those quick wins that can be scaled across the portfolio.

We undertook a sustainability review of the clubhouse at **Affinity** (WA) to identify opportunities for improvements to the operational efficiency of the building. Some key findings were as follows:

1. The clubhouse performs in line with what is expected from the 4 star Green Star design for electricity and water,

2. The single largest driver for energy efficiency is the swimming pool operation and opportunities to trial a liquid pool blanket are being explored in FY18,

3. Improvements to the functionality and user interface of the building management system will provide the village management team greater control over the day-to-day operational performance of the clubhouse and allow the team to be more responsive to the energy and water demands of the building, and

4. The residents consulted in the review were very engaged with the process and keen to be involved in future discussions.

At several villages, including **Affinity** (WA), **Gowanbrae** (Vic), **Oak Grange** (Vic) and **Tarneit Skies** (Vic), resident-led groups devote their time to help village clubhouse and other common areas operate as efficiently as possible. This includes conducting night walks and ensuring that lights and air conditioning are turned off when not in use and wastage is minimised.

Management approach

Management approach overview

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:

- Monitoring emissions and energy use and streamlining reporting,
- Reducing emissions through both direct control and influence,
- Adapting to potential climate risks through research assessment and response,
- Integrating innovative solutions into operations and development projects with suppliers, and
- Effectively communicating 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 unit has its own specific sustainability policy. This 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.

To effectively manage our energy efficiency performance, we employ evidence based decision-making tools and certification. We use the CCAP Precinct tool 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. Within Commercial Property, we review projects at a project level against our financial hurdles.

We concentrate our energy and emissions reduction efforts where we can specify the built form, set reduction targets and performance standards, which is largely in our Commercial Property business and increasingly in our Retirement Living business.

Design

We use the Green Building Council of Australia (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 Retail and Retirement Living properties are required to achieve a minimum 4 Star Green Star rating, with a strong focus on energy efficiency.

In our Residential business, where our customers generally select their own builders and determine the design and energy efficiency of their homes, we seek to influence the design and appliance options of our customers by establishing community hubs to provide tools for making homes more sustainable and efficient. The Green Star – Communities tool is emerging as a way to benchmark design and is featured in our new masterplan design guide, Better Places Manual.

We use the CCAP Precinct tool to model the sustainability performance of our developments. CCAP Precinct is a leading industry recognised masterplan modelling tool that 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, such as retirement villages and apartments. 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

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 spoil across sites to achieve development and landscape levels. We work with our contactors to develop a bulk earthworks strategy for our sites with the aim of minimising vehicle movements on and off site and around the site, which reduces emissions. As part of developing the bulk earthworks strategy, we also look across projects within a region and seek to understand where we have excess spoil and whether spoil can be diverted to another site to minimise the amount of soil 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.

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 work with our contractors to identify and implement energy efficiency improvements. We continue to investigate methodologies to enable effective, meaningful and accurate intensity calculations in our residential and retirement living developments, as varied approaches across projects compromise consistent measurement.

Our retirement living design guidelines encourage reductions in energy use and emissions through maximising solar orientation, installation of energy efficient appliances and light fittings, natural gas boosted solar hot water systems and LED and sensor activated lighting systems. Our assets complete Green Star ratings within the Retirement Living portfolio, which have minimum energy performance criteria.

Operations

In Commercial Property, we undertake NABERS Energy ratings to benchmark the performance of our assets against industry standards and to measure the effectiveness of the initiatives 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 undertaken NABERS ratings across the portfolio annually, with coverage increasing over the past five years.

For many years, we have invested in energy submetering systems to monitor energy consumption in our office, business parks and retail assets. Energy submetering is a key tool for us to manage consumption and is critical to our ability to achieve our targets. 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.

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.

We have developed a draft policy position for our medium density and apartment products. This represents a return to built form delivery for our Residential business and provides us with a greater level of control over energy outcomes than we have in our masterplanned communities.

In Retirement Living, we have operational control of our clubhouses and common areas. In FY17, we commenced a pilot to gain visibility over energy consumption in our clubhouses and common areas to identify options to further reduce energy consumption and improve efficiency. We are reviewing the effectiveness of this pilot in FY18, to determine the evolution of our management approach.

Alternative energy

Our approach to alternative energy is focused predominantly on solar PV in our retail commercial properties, though wind and tri-generation has also been explored across certain assets. Our installed capacity of 2.26 MW generated includes our newest installation at Stockland **Wetherill Park** (NSW) as well as installations at Stockland **Shellharbour** (NSW), Stockland **Green Hills** (NSW) and Stockland **Nowra** (NSW). We actively assess the most appropriate locations to roll out solar across the portfolio and focus on alternative energy initiatives that meet our return on investment hurdle. Following the successful achievement of our FY17 renewable energy target, we will install a further 12.32 MW of solar PV projects in our Retail portfolio in operating centres and in developments from FY18 – FY20.

We have solar PV installations on a large proportion of our retirement village homes. Over the next 12 months, we will be looking closely at how solar can be adopted in the Residential business on a large scale through different network ownership and management models. We also focus on building embedded energy networks across our retail centres and retirement living villages. This enables larger installations to meet both base building and tenancy energy requirements and enable us to reduce the cost of electricity for our tenants and 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.

Roles and responsibilities

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 Chief Operating Officer (COO) who assumes ultimate responsibility at a Group level for environmental performance, including energy and emissions, and reports directly to the Managing Director and CEO.

Our General Manager Sustainability is responsible 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 Committee, including the Managing Director and CEO, 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.

Review and evaluation process

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 benchmarks are set that can be tracked over time. With the assistance of submetering and monitoring, data capture and management systems, we can readily check our progress against targets and identify areas of divergence that may require focused attention.

We engage with industry bodies such as GBCA, Property Council of 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 constantly review our performance, to ensure 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.

We prepare an energy efficiency evaluation for our retail assets. This 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.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Climate and Community Resilience

Why this is important to Stockland

Climate change has already begun increasing the severity and frequency of extreme weather events, and this influence is likely to continue into the future. Climate change impacts resulting from extreme weather events, as well as more gradual changes, place demands on our assets and communities and influence the actions and behaviours of our stakeholders. Extreme weather and other climate change related events have the potential to damage our assets, disrupt operations and 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 that operate with minimal disruption, as well as building strong communities that are equipped to adapt to climate change risks and opportunities.

Our commitment to building resilience at our assets and communities mean that we:

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

Our work in building resilience means that we are able to:

- Optimise asset performance by minimising increases in operating and maintenance costs,
- Make informed decisions regarding future investments,
- Reduce liability and insurance premiums by ensuring assets are prepared for climate change,
- Increase customer comfort levels within our assets and communities, and
- Help maintain the longevity of assets within our portfolio.

An overview of our management approach for climate and community resilience is provided on page 9.

Our key achievements

- Completed climate and community resilience assessments for 10 retirement living assets: **Gillin Park** (SA), **Pine Lake** (Qld), **Birtinya** (Qld), **Cardinal Freeman** (NSW), **Farrington Grove** (Qld) **Newport** (Qld), **Oak Grange** (Vic), **The Pines** (Vic), **Calleya** (WA), and **The Village Swansea** (NSW).
- Completed climate and community resilience assessments for seven residential communities: **Birtinya** (Qld), **North Shore** (Qld), **Toowong** (Qld), **Pallara** (Qld), **Foreshore** (Qld), **Sienna Wood** (WA), and **Stamford Park** (Vic).
- Prepared online Resident Emergency Checklists for **Calleya** (WA), **Newport** (Qld), **The Grove** (Vic), and **Aura** (Qld). The checklists provide residents with a guide in the event of extreme weather or fire events.
- Achieved our target (FY15 – FY17) to demonstrate improvement to resilience in our North Queensland shopping centres from implementation of climate resilience initiatives.

In this document you will find:

- Applied Cool Roof Covenants to our **Aura** (Qld) community on the Sunshine Coast and our **North Shore** (Qld) community in Townsville.
- Formalised our participation in the University of NSW Microclimate and Urban Heat Island Mitigation Decision-Support Tool Project.

FY17 priorities and progress

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Improve the regional average climate resilience score for North Queensland shopping centres from 5.9 to 5.5 by FY17 (as more resilient assets receive a lower score).	Achieved	We achieved an improved climate resilience score (5.4) against the FY14 baseline for our North Queensland shopping centre portfolio. The improved score has resulted from climate resilience actions implemented since the original assessment.
Undertake climate and community resilience assessments in two new locations during FY17 and implement initiatives from action plans on all sites assessed.	Partially achieved	We completed one community resilience assessment at Stockland **Green Hills** (NSW). We will keep this target and review resourcing in FY18. We continue to implement initiatives from action plans for those sites that have been assessed.

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
All active residential projects in potential high risk locations (climate risk) to complete a climate resilience assessment by the end of FY17.	Achieved	We completed climate and community resilience assessments for the following projects: **Birtinya** (Qld), **Foreshore** (Qld), **Toowong** (Qld), **North Shore** (Qld), **Pallara** (Qld), **Sienna Wood** (WA), and **Stamford Park** (Vic).

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Retirement living villages in development (that have received approval to start construction for the reporting period) to complete a climate and community resilience assessment.	Achieved	We completed climate and community resilience assessments for the following retirement living villages in development: **Newport** (Qld), **Calleya** (WA), **Cardinal Freeman** (NSW), and **Birtinya** (Qld).
All development villages in potential high-risk locations (climate risk) to complete a climate and community resilience assessment by the end of FY17.	Achieved	We completed a climate and community resilience assessment at Birtinya, which is the only development village identified in a potential high-risk location.
Complete five climate and community resilience assessments during FY17 at villages identified as in higher climate risk locations (including Cardinal Freeman and Oceanside).	Achieved	We completed climate and community resilience assessments at 10 retirement living villages: **Gillin Park** (Qld), **Pine Lake** (Qld), **Birtinya** (Qld, formerly known as Oceanside), **Cardinal Freeman** (NSW), **Newport** (Qld), **Oak Grange** (Vic), **The Pines** (Vic), **Calleya** (WA), **Farrington Grove** (Qld), and **The Village Swansea** (NSW).
Embed climate and community resilience assessments into Stockland's project lifecycle process (D-Life), which identifies critical control points that require approval before proceeding to the next phase of the project and supports compliance and risk management.	In Progress	We have established an internal working group to identify opportunities to further embed climate and community resilience into D-Life and will continue to work on this in FY18.
Develop best practice guidelines in FY17 to be implemented across the Retirement Living portfolio, particularly villages in low to medium climate risk locations.	Not Achieved	We will develop best practice guidelines in FY18. This priority has been pushed back so that the guidelines benefit from lessons learnt in two full years of resilience assessments undertaken (FY16 and FY17).

Future priorities

Commercial Property

- Conduct national mapping exercise of all Commercial Property assets (including Retail, Logistics, Office and Business Parks) to determine climate change vulnerability and exposure.
- Review our climate modelling to bring our resilience planning into alignment with a 1.5°C to 2°C warming scenario.
- Undertake climate and community resilience assessments in two new locations during FY18.
- Embed climate and community resilience assessments into our Commercial Property project lifecycle process (D-Life).

Residential

- Complete a climate resilience assessment for all new active residential projects in high climate risk locations.
- Continue to rollout delivery of Resident Emergency Checklists to new projects.
- Embed climate and community resilience assessments into our Residential project lifecycle process (D-Life).

Retirement Living

- Undertake climate and community resilience assessments in three locations during FY18.
- Develop best practice guidelines to be implemented across the Retirement Living portfolio, particularly villages in low to medium climate risk locations.
- Embed climate and community resilience assessments into our Retirement Living project lifecycle process (D-Life).

FY17 performance and case studies

Commercial Property

Climate resilience

Our Commercial Property business maintains a strong focus on understanding the regional variances and unique vulnerabilities that impact our assets' resilience to climatic events. In FY17, we reassessed our portfolio of North Queensland retail assets, and benchmarked them against their original assessment undertaken in FY15. We achieved our target to improve the resilience of our North Queensland retail assets, with the improvements resulting from implementation of climate resilience initiatives (see case study on the next page).

We did not complete climate resilience assessments on any unassessed assets in FY17. However, we continued to engage those centres that have been assessed in the last four years to review progress on the range of climate resilience actions that have been implemented across the portfolio. In addition, we implemented many of the initiatives recommended by the cyclonic wind vulnerability assessments previously completed at Stockland **Bundaberg** (Qld) and Stockland **Hervey Bay** (Qld).

Community resilience

During FY17, we completed a community resilience assessment for the Stockland **Green Hills** (NSW) redevelopment. The assessment identified the features of the community within the Maitland trade area that influence its resilience to stress and change. The outcomes from the assessment have influenced the asset's Community Development Plan by suggesting areas of improvement for community resilience. For example, the assessment found that there was a higher than average need for education and job creation opportunities in the broader Hunter Region and locally in the Maitland community, particularly for unemployed and unskilled youth.

One of the initiatives at our Stockland **Green Hills** redevelopment that builds on the assessment findings is the establishment of a 'Connectivity Centre' that addresses the need for skills development and job creation throughout the course of the redevelopment. More information on the **Green Hills** Connectivity Centre and its achievements can be found in the Supply Chain Deep Dive.

Research collaborations for resilience

Over the past year, we formalised our participation in the University of NSW Microclimate and Urban Heat Island Mitigation Decision-Support Tool Project. Our participation is to provide input from a developer's perspective and provide examples from our portfolio of where we have had experience and implemented actions related to climate resilience and urban microclimates.

The aim of the Microclimate and Urban Heat Island Mitigation Decision Support Tool Project is to provide governments and developers with a resource that incorporates existing and emerging evidence to inform policy and practices related to urban design for cooling streetscapes, precincts and cities, decreasing energy consumption, protecting health and vulnerable populations, and improving comfort conditions. The project will integrate a range of mitigation techniques into urban heat island (UHI) mitigation performance analysis across both building and urban levels, and also develop an UHI Mitigation Performance Index to support governments in establishing performance targets for UHI mitigation within their planning control.

CASE STUDY
Using resilience assessment for continuous improvement

In FY15 we set a climate resilience target for the assets in our North Queensland retail portfolio. The aim of setting a target was to enable measurement of the improvement in the regional average resilience score for the portfolio of shopping centres from 5.9 to 5.5 by FY17. By implementing a range of actions and initiatives aimed at improving reliability and resilience to extreme weather events, we deliver better emergency preparedness and greater comfort and amenity for building occupants.

Examples of initiatives and actions included:

- Fastening roofing systems and roof mounted equipment down to improve resilience to cyclonic wind,

- Replacing corroded box guttering and installing additional downpipes and overflows to avoid stormwater leakage into retail tenancies,

- Upgrading air conditioning and electrical equipment to provide greater reliability and performance during days of extreme heat,

- Replacing aging roofing materials and specifying new roofing systems in developments to utilise 'cool roof' technologies to reduce urban heat island effect and heat loads on plant and equipment,

- Improving the design of stormwater drainage infrastructures to be more resilient to the effects of intense flooding, and

- Implementing new business continuity plans and emergency procedures for assets in regions vulnerable to cyclones.

After further experience with extreme weather events and comparison against other portfolio assets, the vulnerability of some built elements was revised due to a lower perceived vulnerability than originally scored or where a particular vulnerability has been removed. For example, our shopping centre in Cairns is no longer deemed a cyclone evacuation centre so the resulting vulnerability has been removed.

On reassessment, the North Queensland retail portfolio achieved an average score of 5.4 from the initial score of 5.9, which is 0.1 above target. This still places these assets in the upper range of moderate vulnerability, due to their proximity to cyclone-affected regions, but some assets that were in the high range of vulnerability have had their vulnerabilities measurably reduced due to the implementation of resilience initiatives.
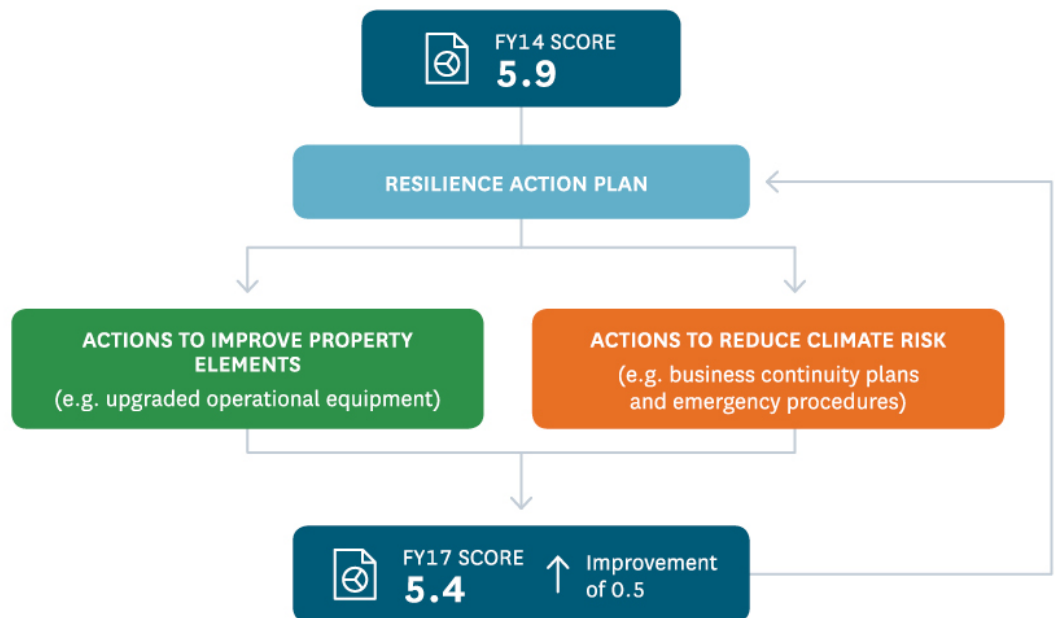
Climate Resilience Assessment Factors

CLIMATE EFFECTS

PROPERTY ELEMENTS

CLIMATE RISKS

FY14 SCORE **5.9**

RESILIENCE ACTION PLAN

ACTIONS TO IMPROVE PROPERTY ELEMENTS (e.g. upgraded operational equipment)

ACTIONS TO REDUCE CLIMATE RISK (e.g. business continuity plans and emergency procedures)

FY17 SCORE **5.4** ↑ Improvement of 0.5

Climate resilience assessments are a cornerstone of our approach to building the resilience of our assets. We assessed the resilience of our Retail portfolio in North Queensland in FY14, and took action to improve the resilience of these assets in the following years. These actions led to an improvement in the resilience of the portfolio in FY17, as demonstrated by improved climate resilience scores for the assets on reassessment. The findings of the FY17 assessment will be used to improve the resilience of the assets even further into the future.

More detail on the climate resilience assessment process is provided in the management approach section at the end of this document.

Residential

In FY17, we assessed the climate resilience and community resilience of seven communities, including **Birtinya** (Qld), **Foreshore** (Qld), **Toowong** (Qld), **North Shore** (Qld), **Pallara** (Qld), **Sienna Wood** (WA), and **Stamford Park** (Vic). These communities were prioritised for assessment because they were either mapped in high climate risk locations or are new projects.

We prepared online Resident Emergency Checklists for **Calleya** (WA), **Newport** (Qld), **The Grove** (Qld), and **Aura** (Qld). The checklists respond to the outcomes of resilience assessment undertaken, and provide residents with a guide in the event of extreme weather or fire events. The checklist uses the four phases of emergency management – prevention, preparedness, response, and recovery – to structure actions that enable community self-reliance in the event of an emergency.

We applied cool roof covenants to our **Aura** (Qld) community on the Sunshine Coast and our **North Shore** (Qld) community in Townsville. Applying cool roof covenants means that homes in these communities must have roofs that strongly reflect sunlight and minimise the amount of heat generated when the sun hits their surfaces. The covenants will ensure that the roofs and buildings stay cool during hotter periods, and that the developments' impact on urban heat island is lessened.

Retirement Living

Prior to FY17, we undertook a national mapping exercise to identify those individual villages and developments that have the greatest exposure to climate extremes including heat waves, drought, flooding, storms, cyclones, coastal inundation and bushfires. This approach has allowed us in FY17 to prioritise those villages over a staged program to conduct detailed climate and community resilience assessments. One of the key challenges facing all of our villages is the frequency and intensity of extreme heat events, which increase energy demand for cooling and the need for areas of respite for residents.

In FY17, we prioritised 10 operational retirement living villages and villages currently under development for climate and community resilience assessments based on their climate risk exposure: **Gillin Park** (SA), **Pine Lake** (Qld), **Birtinya** (Qld), **Cardinal Freeman** (NSW), **Farrington Grove** (Qld) **Newport** (Qld), **Oak Grange** (Vic), **The Pines** (Vic), **Calleya** (WA), and **The Village Swansea** (NSW).

Resilience assessment summary

The tables on the next three pages summarise the individual climate and community resilience scores for our shopping centres, residential communities and retirement living villages. Community resilience scores are not available in the table where assessments were undertaken prior to the community resilience scorecard being developed.

CLIMATE AND COMMUNITY RESILIENCE SCORES BY ASSET

LOCATION	YEAR	CLIMATE RESILIENCE RATING	COMMUNITY RESILIENCE RATING
COMMERCIAL PROPERTY			
Stockland Cairns (Qld)	FY12	6.30	–
	FY17	5.81	–
Stockland Rockhampton (Qld)	FY14	6.13	–
	FY17	5.84	–
Stockland Hervey Bay (Qld)	FY12	6.00	–
	FY17	5.29	–
Townsville Kmart (Qld)	FY14	5.85	–
	FY17	5.20	–
Stockland Gladstone (Qld)	FY12	5.84	–
	FY17	5.29	–
Stockland North Shore (Qld)	FY14	5.69	–
	FY17	5.49	–
Stockland Bull Creek (WA)	FY14	5.50	–
Stockland Wetherill Park (NSW)	FY13	5.41	–
Point Cook Town Centre (Vic)	FY13	5.30	–
Stockland Green Hills (NSW)	FY13	5.27	5.18
Stockland Wendouree (Vic)	FY14	4.69	–
Stockland Traralgon (Vic)	FY14	4.59	–
Stockland Forster (NSW)	FY15	4.48	–
Sugarland Bundaberg (Qld)	FY16	5.69	–
Stockland Bathurst (NSW)	FY15	4.23	–
Stockland Nowra (NSW)	FY16	4.21	–
Durack Centre (WA)	FY12	5.90	–
2 Victoria Avenue (WA)	FY12	5.80	–
Average (Retail assets only)		**5.16**	
Average Commercial Property		**5.23**	

LOCATION	YEAR	CLIMATE RESILIENCE RATING	COMMUNITY RESILIENCE RATING
RESIDENTIAL COMMUNITIES			
Elara (NSW)	FY15	5.2	–
Aura (Qld)	FY15	5.4	–
Murrays Beach (NSW)	FY15	6.1	–
Willowdale (NSW)	FY16	5.4	5.7
Cloverton (Vic)	FY16	5.6	5.6
The Grove (Vic)	FY16	5.6	5.9
Altrove, Schofields (NSW)	FY16	5.8	4.7
Newport (Qld)	FY16	5.5	4.7
Calleya (WA)	FY16	5.3	4.9
Birtinya, Oceanside (Qld)	FY17	5.7	5.9
Foreshore (Qld)	FY17	6.3	6.4
Toowong (Qld)	FY17	5.6	5.0
North Shore (Qld)	FY17	5.8	5.9
Pallara (Qld)	FY17	5.6	6.1
Sienna Wood (WA)	FY17	6.2	6.5
Stamford Park (Vic)	FY17	5.0	4.7
Average Residential		5.6	5.5

LOCATION	YEAR	CLIMATE RESILIENCE RATING	COMMUNITY RESILIENCE RATING
RETIREMENT LIVING VILLAGES			
Highlands (Vic)	FY13	4.8	–
The Village Swansea (NSW)	FY13	6.1	–
	FY17	5.8	5.0
Farrington Grove (Qld)	FY16	4.6	–
	FY17	4.8	5.2
The Cove (NSW)	FY16	6.6	4.8
Maybrook (NSW)	FY16	5.4	5.0
Patterson Lakes (VIC)	FY16	5.7	4.6
Salford Waters (Qld)	FY16	5.4	4.0
Hillsview (SA)	FY16	5.8	5.1
Walnut Grove (SA)	FY16	5.8	4.9
Gillin Park (Qld)	FY17	5.2	5.5
Pine Lake (Qld)	FY17	5.4	4.9
Birtinya, Oceanside (Qld)	FY17	5.3	6.0
Calleya (WA)	FY17	5.6	5.0
Cardinal Freeman (NSW)	FY17	4.8	4.7
The Pines (Vic)	FY17	5.0	5.3
Oak Grange (Vic)	FY17	4.8	5.4
Newport (Qld)	FY17	5.6	4.7
Average Retirement Living		5.4	5.0

Management approach

Management approach overview

Extreme weather events may 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. We implement initiatives that improve the resilience of our assets, and thereby reduce the risk of business disruption to our customers and residents. Improving resilience also mitigates potential future costs associated with maintenance, upgrade and emergency response initiatives. This contributes to our competitive position as a leading creator of places that meet the needs of our customers and to our ability to deliver greater returns for securityholders in the medium to long term.

Climate resilience as a concept is gaining more attention across all industry sectors and complements our other risk assessment processes. We are focused on integrating climate resilience 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 these to our insurers with positive feedback and recognition of our efforts to build a more resilient asset portfolio.

We acknowledge that managing climate change risk involves additional costs, such as costs associated with internal sustainability team members, external consultants, and capital items supporting climate change programs. At the same time, any risk management activities will involve costs, and we consider management of climate risks to be an opportunity to develop resilient, future-proof assets that deliver long-term value for both our business and the communities where we operate.

Assessing climate and community resilience

We have a comprehensive approach to assessing and managing the physical risks of climate change for our assets and our local communities, residents and customers. This approach includes the following key steps:

(1) Conducting a national mapping exercise of all assets in the portfolio (including those under development) to identify the level of vulnerability and exposure based on 1.5°C to 2°C warming scenarios, their geographic location and perceived exposure to climate vulnerability based on recent experiences.

(2) Undertaking climate and community resilience assessments at assets prioritised through the national mapping exercise. More information regarding the assessment methodology for climate resilience and community resilience is described below.

(3) Developing an action plan to implement the key recommendations outlined in the assessment process. Recommendations may include the implementation of operational responses, maintenance regimes, emergency response plans and community development programs that focus on improving the health and wellbeing of our communities. This action planning is integrated with annual sustainability and asset/business planning processes.

Climate Resilience Assessment Methodology

Our climate resilience assessment methodology focuses on the vulnerability of the asset to climate change, particularly its ability to endure severe weather impacts and operate without disruption. As outlined in the figure below, the methodology defines key 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, which 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, which are the physical and operational attributes of a building that make it vulnerable or resilient to those climate effects, such as condition of box gutters expected to cope with high volumes of stormwater; and
- Climate Risks, which 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.

The assessments of each component are combined to provide an overall climate resilience score.

CLIMATE RESILIENCE ASSESSMENT METHODOLOGY

CLIMATE EFFECTS ANALYSIS

Exposure to weather events

PROPERTY ELEMENTS ANALYSIS

Building design / structure (sensitivity) and operations / procedures (adaptive capacity)

CLIMATE RISKS ANALYSIS

Potential impact of climate events on asset and operations

CLIMATE RESILIENCE SCORE

Community Resilience Assessment Methodology

We developed a community resilience assessment methodology, building on our extensive work on the climate resilience of our retail buildings and infrastructure. For our Retail assets, community resilience assessments are undertaken separately to the climate resilience assessment. For Retirement Living and Residential assets, because the community exists within the assets themselves (unlike in Retail as communities do not reside within our Retail assets), climate and community resilience assessments are integrated. Resilience assessments have been integrated into the sustainability policies and targets for our Residential and Retirement Living businesses. Assessing both climate and community resilience allows us to plan for the resilience of buildings and infrastructure as well as our residents' ability to respond to significant climatic events. The assessment is also used for residential and retirement living developments seeking Green Star – Communities and Green Star – Design and As Built certifications.

The purpose of the community resilience assessment is to consider known factors of community resilience such as social cohesion, economic viability and connectivity. The assessment process identifies how our community development planning can contribute to community resilience at our assets. Key components of assessment include:

- Measuring the resilience of the asset against key features of a resilient community;
- Identifying the features of the community that may or may not contribute towards being resilient; and
- Informing areas of improvement for community resilience to be implemented as part of community initiatives within the development.

COMMUNITY RESILIENCE ASSESSMENT METHODOLOGY

ASSESSMENTS ACROSS

| RETAIL CENTRES | RESIDENTIAL | RETIREMENT LIVING VILLAGES |
| & surrounding community | COMMUNITIES | & surrounding community |

ASSESSMENT FACTORS

COMMUNITY CONNECTIVITY   COMMUNITY SOCIAL COHESION   COMMUNITY ECONOMIC VIABILITY

COMMUNITY RESILIENCE SCORE → Resilience actions embedded in community development plans
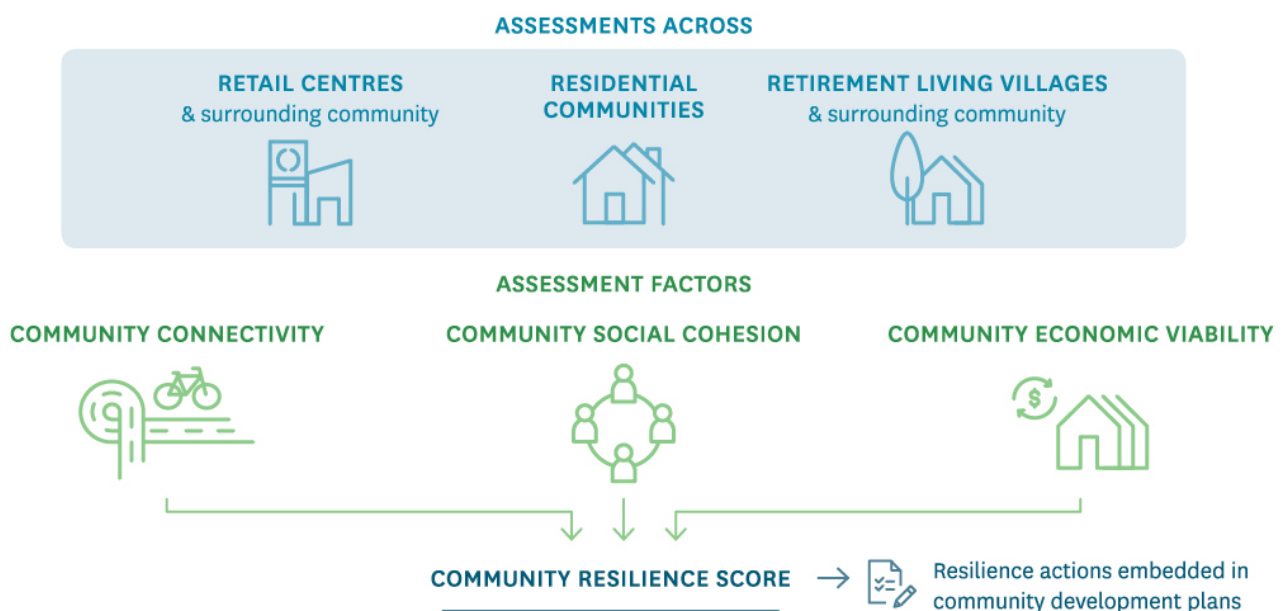
Considering resilience in asset development and ongoing operations

Our project teams consider climate resilience in the design of our assets 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.

We develop emergency management plans for all our assets and update them as required. In addition to using a traditional risk matrix for climate vulnerability, we also use an opportunities matrix to identify the value of discretionary climate resilience initiatives such as shade sails in our carparks and cool roof covenants in our Queensland residential projects such as North Shore and Aura. 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 their ability to reduce the asset's vulnerability.

We are committed to conducting a deeper level of climate resilience assessments on our retail assets in North Queensland, where there is a high exposure to extreme weather events. These assessments take a more detailed look at the roof structure and building envelope of a shopping centre to identify vulnerability to damage from cyclonic wind events.

Our climate resilience approach has been recognised by the Green Building Council of Australia's Green Star rating tools as meeting the aim of their Adaptation and Resilience credit. All new commercial property and retirement living developments

implement our approach to climate and community resilience and aim for recognition as Green Star rated facilities. As part of our commitment under Green Star – Communities, we have prepared climate adaptation and resilience plans which will inform residential development project teams on how to create resilient communities throughout the life of the development.

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 the Commercial Property, Residential and Retirement Living business units.

An employee Sustainability Steering Committee also provides guidance on climate resilience and initiatives. Our Chief Operating Officer (COO) assumes ultimate responsibility at a Group level for climate resilience performance and reports directly to the Managing Director and CEO.

The General Manager, Sustainability, reporting to the COO, has responsibility for ensuring the effective implementation and evaluation of our climate and community 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 for each business unit. Our Development and Operations teams are responsible for ensuring that a climate resilient approach is effectively managed at the project and asset level through the implemented action plan.

Review and evaluation process

Across commercial property assets, we review climate resilience action plans to track progress on the implementation of initiatives following the initial assessment. Reassessment of the assets studied to date will be conducted over time to measure the improvements in resilience against the actions that were recommended at the time of the original assessment. Using the 1 to 9 rating scale developed as part of our assessment methodology, we have identified the average score for our portfolio and for specific regions (refer to the table of scores earlier in this document).

In our retirement living villages and residential communities, we will track and evaluate the implementation of recommendations in our asset-specific sustainability plans. This will provide us with the ability to measure the success of the initiatives and articulate the value of undertaking the climate and community resilience assessments. Assets are prioritised for reassessment based on their status as high-risk assets and based on whether they have been the subjects of resilience investments.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Community

FY17

Why this is important to Stockland

As one of Australia's largest diversified property groups, we are well placed to have a positive and lasting impact on the communities in which we operate. We believe there is a better way to live and our goal is to create and shape communities that thrive now and into the future.

We seek to achieve this goal at our shopping centres, offices and business parks and in the residential and retirement living communities we create by focusing on health and wellbeing, community connection, and education. We believe we have the ability to make a positive contribution in these three social impact areas because they align with our skills and experiences, and our proprietary customer and industry research tells us these are the areas that matter when our customers are deciding where to live, recreate and shop.

Our contribution to our chosen community focus areas is coordinated through a combination of the following activities:

- **community investment** – our employee volunteering and giving programs,
- **community development** – projects and initiatives that enhance the communities at our assets, and
- The **Stockland CARE Foundation** – our charitable trust which delivers infrastructure, programs and initiatives to Australian communities.

An overview of our management approach is provided on page 15.

Our key achievements

- Achieved satisfaction score of 79 and 82 for residents of our residential communities and retirement living villages, respectively (above national average of 72-76).
- Opened two dedicated Quiet Rooms at Stockland **Shellharbour** (NSW) shopping centre. The Quiet Rooms are designed to create a safe place for parents, carers and children with Autism Spectrum Disorder (ASD).
- Delivered inclusive playspaces at two shopping centres, Stockland **Shellharbour** and Stockland **Wetherill Park** (NSW), and at our residential community at **Cloverton** (Vic).
- Opened an adult-sized change facility at Stockland **Wendouree** (Vic) in line with the principles of Changing Places.
- Held our inaugural Grandparents Day at six retirement living villages, in support of our CARE Foundation fortnight. We had over 830 residents and their families attend with key activities including treasure hunts, face painting, petting zoos, craft activities and sausage sizzles.
- Completed the first year of our National Bowls Australia partnership, which saw the delivery of six competitions (with prize money) and 13 coaching clinics held in our retirement living villages and local bowls clubs. Over 1,000 people attended the events, with 90 per cent of participants enjoying feeling more connected to their friends and community.
- Achieved a 45 per cent increase in the number of members involved in Live Life Get Active camps in our residential communities.
- Contributed over $1.8 million in community investment, including $298,639 raised during our second annual CARE Foundation fundraiser, 'Foundation Fortnight' (exceeding our target figure of $25,000).

In this document you will find:

- Partnered with The Song Room to deliver a six-month in-school music workshop program at Yuille Park Community College in **Wendouree** (Vic) to increase student engagement with their learning. Following the program, all surveyed teachers stated that some, most, or all students demonstrated improved literacy and increased teamwork, improved self-esteem and willingness to help others.

FY17 priorities and progress

Community Investment

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Develop a new volunteering strategy in FY17 with a focus on skilled volunteering to increase the social and business impacts of our volunteering program.	Achieved	We developed a volunteering strategy that includes an increased number of skilled volunteering activities for employees.
Increase to 10 per cent the number of regular, ongoing donors on our workplace giving platform, Good2Give.	Not Achieved	We achieved 5.7 per cent regular, ongoing donors on our workplace giving platform in FY17. This below-target result may be explained by the success of Foundation Fortnight (Stockland CARE Foundation annual fundraising event), which saw a total of 26.2 per cent employee participation as one-off donors.

Community Development

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Participants of health and wellbeing programs to have a wellbeing score above the National Wellbeing Index (NWI) average of 73-77 by the end of FY17.	Achieved	Participants of Heart Foundation Walking Groups in our centres achieved a NWI score of 77. This is just above the NWI and also compares favourably to the average wellbeing score for Stockland shoppers of 73.
Implement the Accessibility Action Plan – Implement a quiet space at Stockland Shellharbour in FY17 for parents to use as a retreat for children with autism.	Achieved	We opened two dedicated Quiet Rooms at Stockland **Shellharbour** (NSW) shopping centre in December 2016.
Implement the Accessibility Action Plan – Ensure all playspaces delivered during FY17 are compliant with the principles of inclusive play.	Achieved	We delivered inclusive playspaces at Stockland **Shellharbour** and Stockland **Wetherill Park** (NSW).
Pilot the Retail Ready training program with the Australian Retailers Association at three retail centres in FY17 with unemployed or unskilled youth.	In Progress	We piloted the Retail Ready training program in the Illawarra/Shellharbour region in FY17. The Stockland **Point Cook** (Vic) pilot was delayed due to circumstances outside our control and will be considered for implementation in FY18. The pilot at Stockland **Green Hills** (NSW) will occur in FY18 in line with the staged opening of the redeveloped **Green Hills** shopping centre.
Review and measure outcomes and impacts from the **Green Hills** Connectivity Centre against the following KPIs: • Number of job seekers placed into employment through brokerage services, • Number of job seekers placed into construction and retail jobs, and • Number of employers assisted with post-placement support to ensure placement retention.	Achieved	The **Green Hills** Connectivity Centre (NSW) has achieved the following in FY17: • 74 job seekers placed into employment through brokerage services, • 66 people placed into construction jobs, six in retail jobs and two in administrative jobs, and • 18 employers assisted with post-placement support to maintain placement retention.

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Pilot the Song Room in school music workshop at Yuille Park P-8 Community College in Wendouree (adjacent to Stockland **Wendouree** shopping centre) to provide school children with access to music and creative arts education to improve school engagement and wellbeing.	Achieved	We piloted the Song Room as a six-month in-school music workshop program at Yuille Park Community College in **Wenduree** (Vic). We will look for opportunities to continue this program in FY18.

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Maintain the following levels of satisfaction as measured through the Liveability Index: Average resident wellbeing scores above NSW average of 72-76 (FY17);	Achieved	We achieved 78.6 National Wellbeing Index score through our Liveability Index.
Maintain the following levels of satisfaction as measured through the Liveability Index: Above 80 per cent resident satisfaction in community design elements (FY17);	Not Achieved	We achieved 78 per cent satisfaction in community design elements.
Seek to achieve the following levels of satisfaction with education as measured through the Liveability Index: • 80 per cent resident satisfaction with access to education (FY17), and • 80 per cent resident satisfaction with quality of education (FY17).	Not Achieved	During FY17 we continued with our Liveability Index to measure satisfaction with education across our residential communities. We achieved: • 73 per cent resident satisfaction with access to education, and • 73 per cent resident satisfaction with quality of education.
Develop a customer communication strategy for Green Star rated communities in FY17 to help customers understand and assess the sustainability of new communities and allow them to make an informed decision about the sustainability of new residential developments.	In Progress	We rolled out Green Star communications at some of our communities including customer signage in our sales and information centres and online FAQs at six GBCA-rated communities. We are continuing to work towards a communication strategy for liveability (encompassing Green Star messaging) with an expected roll out in first half of FY18.
Realise the delivery of the National Theatre for Children program offered to all schools within a Stockland residential project boundary in FY17, to help educate young people about preserving and protecting the environment within our communities.	Achieved	Delivered 91 performances across 29 schools in FY17 across our targeted service areas (this includes schools within our communities and local catchments).
Achieve our first GBCA Green Star rated school.	Not Achieved	Whilst we seek to influence our project partners, we were unable to secure a commitment to deliver a Green Star school because of circumstances outside out control. We will continue to engage with State governments regarding school delivery in our communities.
Expand the Link & Learn program to NSW and Queensland communities in FY17 (previously operating only in Victoria).	Achieved	We launched the Link & Learn program at our **Willowdale** (NSW), **Elara** (NSW), and **Birtinya** (Qld) communities. Regular programs that are offered include Ready Steady Go Kids, story time at Livvi's Café, guided bike riding and basketball hoops program for teenagers.

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Maintain wellbeing of residents above Australian national average National Wellbeing Index (NWI) of 72-76 (FY17).	Achieved	We achieved a National Wellbeing Index score of 82 for our retirement living residents.
Develop sustainability plans for all retirement living villages in FY17 to act as a planning, management and reporting tool.	Achieved	Sustainability Plans have been developed for all operational villages to capture national community initiatives and programs.

Implement a communication strategy for Green Star rated villages in FY17 to provide current and future residents with a straightforward means of assessing the sustainability performance of their village.	Achieved	A communication strategy was developed in early 2016 (underpinned by internal research including resident interviews) that identified new ways to engage with stakeholders on the benefits of living in a sustainable village. Green Star and sustainability marketing material has since been developed and rolled out across our four Green Star rated villages: **Affinity** (WA), **Selandra Rise** (Vic), **Mernda** (Vic) and **Willowdale** (NSW). We will look to expand to our new developments in FY18.
Set a benchmark for participation in Bowls Australia learning, mentoring and training opportunities with a view to increasing participation in these activities.	Achieved	Our partnership agreement with Bowls Australia has established a framework to benchmark residents' participation. For those that attended a Bowls Australia coaching clinic or competition, the key findings were: • 31 per cent of participants were relatively new to the sport, • 77 per cent of participants are existing bowlers and compete regularly, • 61 per cent of participants learnt new skills and techniques, and • 90 per cent of participants felt more connected to their friends and community. We will benchmark our FY18 performance against the FY17 performance outlined above.
Expand the Jamie's Ministry of Food cooking program to at least three more villages in FY17 to promote healthy eating and community connection.	Achieved	We exceeded our target of expanding the program to three more villages by delivering cooking demonstrations in 22 villages and 12 Learn Your Fruit and Vege School Holiday classes.
Establish Heart Foundation walking groups with a pilot across eight South Australian villages in FY17.	In Progress	Heart Foundation Walking Groups to launch in Spring FY18 in collaboration with Benefits Health +. Benefits Health + is a free membership program exclusive to residents of Stockland Retirement Villages, offering our residents savings and discounts on a large range of products, experiences and services.

Stockland CARE Foundation

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Increase the participation of our assets in Stockland CARE Foundation programs with its partners from 24 to 40 assets through initiatives such as Foundation Fortnight.	Achieved	Foundation Fortnight activities were held at a total of 71 Stockland assets including 31 retail centres, seven retirement villages and 30 residential communities.

Future priorities

Commercial Property

- Conduct community resilience assessments in at least two trade areas to develop a better understanding of the community's needs and to identify appropriate responses.
- Participants of health and wellbeing programs to have a wellbeing score above the National Wellbeing Index (NWI) from Deakin University average of 73-77 by the end of FY20.
- Undertake two shopping centres accessibility audits in FY18 to develop a rating scorecard to benchmark the level of accessibility and amenity across the retail portfolio.
- All new shopping centre developments and amenity redevelopments to include a Quiet Room to provide a calm, low sensory environment for people with Autism Spectrum Disorder and their carers and parents.
- Update Stockland's Retail Design guidelines in FY18 to incorporate the provision of Quiet Rooms and Adult Change facilities.
- Align all playspaces delivered during FY18 with the principles of inclusive play.
- Expand the coverage of 'Retail Ready' training programs through our relationship with the Australian Retailers Association to train local residents and provide them with retail employment skills.
- Develop a strategic program of education initiatives in schools surrounding our retail centres that respond to local education needs.

Residential

- Achieve a National Wellbeing Index above the Australian national average (as measured by our annual Liveability study) of 73-77 by FY20.
- Achieve resident satisfaction across our residential communities of 90 per cent by FY18.
- Develop a national value proposition for liveability in FY18 to more clearly articulate the benefits of living at our seven Green Star rated residential communities.
- Pilot a cooking course and nutrition education program with JMOF at one of our residential communities in FY18 to drive healthy eating behaviour change.
- Pilot a walk to school program at three residential communities in FY18 to support children to travel safely to their schools.
- Evolve our National Theatre for Children partnership in FY18 by providing a STEAM (Science, Technology, Engineering, Arts, Mathematics) program in at least 15 primary schools in our residential communities.

Retirement Living

- Maintain the wellbeing of retirement living residents above Australian national average National Wellbeing Index of 72-76 (FY20).
- Refresh the Social Return on Investment performed in 2012 to explore total value (social, environmental, economic) created for stakeholders through the retirement living business.
- Increase the number of villages and residents that participate in Grandparents Day as a part of the annual CARE Foundation 'Foundation Fortnight'.
- Expand Community Grants program to foster and promote inner village community wellbeing and build resident capacity to champion.
- Continue to embed community partnership programs and activations across villages (including Bowls Australia coaching clinics, Jamie's Ministry of Food classes and the Heart Foundation walking groups).

Community investment and Stockland CARE Foundation

- Progress towards a volunteering rate of 50 per cent by FY20, with a focus on nurturing skilled volunteering.
- Achieve greater than 90 per cent employee awareness of Foundation partners by FY20.
- Increase the level of engagement amongst residential projects with Foundation Fortnight in FY18 through a National CARE Day event across our residential portfolio.
- Maintain participation in Foundation Fortnight at over 40 assets in FY18.
- Launch an 'opt-in' strategy for new employees for our workplace giving program in FY18.
- Encourage workplace giving contributions from 25 per cent of employees by FY20.
- Partner with our key supplier and contractor relationships to promote the CARE Foundation and its partners to a broader audience through the delivery of a supplier- and contractor-focused awards night fundraiser in FY18.

FY17 performance and case studies

Community contribution overview

The table below provides an overview of the allocation of our community contributions across our community development, community investment and CARE Foundation activities.

COMMUNITY CONTRIBUTION	DEFINITION	INVESTMENT			
		FY17	FY16	FY15	FY14
COMMUNITY DEVELOPMENT					
National Partnerships	Financial contributions made to not-for-profit organisations that are national community development partners of Stockland.	$457,985	$290,638	$206,750	$297,835
Stockland Community Grants	Financial contributions made to not-for-profit organisations that were successful in receiving a Stockland community grant.	$303,714	$325,750	$218,500	$95,880
Asset based Contributions	Financial and in-kind support provided to local community organisations from a Stockland residential, commercial property or retirement living asset or project.	$2,551,436	$3,435,802	$2,136,776	$1,317,342
Total community development		**$3,313,135**	**$4,052,189**	**$2,562,026**	**$1,711,057**
COMMUNITY INVESTMENT					
Workplace Giving	Total matched donations made by Stockland through Stockland's workplace giving program.	$251,197[1]	$87,584	$84,988	$64,378
In-kind Donations	Total donations of non-financial goods to not-for-profit organisations including land, property and casual mall leasing space.	$617,414	$708,926	$1,043,493	Not reported
Corporate Donations	Ad-hoc community donations made on behalf of Stockland Development and/or Stockland Trust.	$280,947	$289,277	$124,762	$82,683
National Community Investment Partnerships	Financial support given to not-for-profit organisations that support the delivery of volunteering opportunities for Stockland employees.	$130,000	$104,500	$71,500	*Reported in National Community Development Partnership for FY14
Volunteering	Value of the total number of hours logged from personal volunteering, team volunteering, student mentoring and CARE Foundation Committee members.	$213,720	$238,284	$122,725	$263,210
Stockland CARE Foundation	Partnership contributions distributed to Stockland CARE Foundation beneficiaries, Redkite and Touched by Olivia (Touched by Olivia).	$200,000[2]	$4,200,000	$4,000,000	NA
	The total donations made to CARE Foundation partners Redkite and Touched by Olivia as a result of corporate contributions (except partnership contributions), sponsorships, partner and asset fundraising and employee and corporate matching as part of our workplace giving program	$176,034[3]	$80,095	NA	NA
Total community investment		**$1,869,313**	**$5,708,666**	**$5,447,468**	**$474,649**

[1] For FY17, we have included employee donations in this workplace giving total, which account for $52,845.
[2] Payments of $4,000,000 were made in FY15 and FY16 as an initial investment in the Stockland CARE Foundation. The CARE Foundation made partner payments of $200,000 annually commencing in FY16.
[3] In addition to $176,034, another $104,763 was raised for Stockland CARE Foundation partners through workplace giving (employee giving and Stockland matched donations). This amount is included in the workplace giving total.
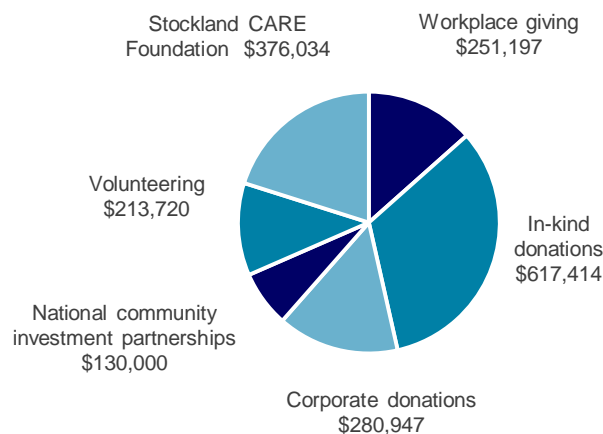
COMMUNITY CONTRIBUTION	DEFINITION	INVESTMENT			
		FY17	FY16	FY15	FY14
Management costs [4]	Includes costs associated with the management and delivery of Stockland's Community programs including average salaries, costs associated with the development, design and assistance of the Stockland sustainability report and training for community resources.	$856,205	$659,973	$421,614	$188,677
Total community contribution		**$6,038,651**[5]	**$10,420,828**	**$8,009,494**	**$2,185,706**

Community investment

In FY17, we invested over $1.8 million in our local communities and selected charities through our community investment giving and volunteering programs. This is a decrease on FY15 and FY16 because these two years included a payments of $4,000,000 as an initial investment in the Stockland CARE Foundation. The CARE Foundation made partner payments of $200,000 annually commencing in FY16.

COMMUNITY INVESTMENT - $1,869,313

Stockland CARE Foundation $376,034
Workplace giving $251,197
Volunteering $213,720
In-kind donations $617,414
National community investment partnerships $130,000
Corporate donations $280,947

Giving

Workplace giving

In FY17, Stockland employees donated $127,231 to a total of 107 individual charities via our workplace giving program. Stockland matched 97 per cent of these donations to a total of $123,966. This amount was made up of $72,048 of matched donations (as outlined in the table above) and an additional $51,918 that was matched for donations made to CARE Foundation partners. This amount is included in the Stockland CARE donations in the Community Contributions table above. This resulted in overall total donations of $251,197.

29 per cent of employees participated in our workplace giving program. This was a slight increase in participation from FY16 and exceeds our FY17 community investment target of 25 per cent. This also compares favourably to the Corporate Citizenship average of 3.5 per cent of employees participating in workplace giving. [6]

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[4] Prior to FY16, we reported community development and community investment contributions separately and did not include management costs. Management costs have therefore not been included in the total community contribution for FY15 and FY14. Management costs are included in the FY16/FY17 total community contribution and will be included going forward.

[5] The total community contribution was verified by LBG AU/NZ in FY17, with $5,182,360 verified as community contribution and another $865,541 noted as community outputs (in-kind donations and employee donations). The slight variation with our overall community contribution total is due to rounding limitations in the LBG system.

[6] London Benchmarking Group 2014 Benchmark Report, p 21.

Corporate donations

In FY17, we donated $280,947 to one-off programs or charities in response to disaster relief and other causes and initiatives. Requests for financial and in-kind support were assessed against our Request for Charitable Support and Sponsorship Guideline.

In-kind support

We continue to provide real estate, land and other in-kind donations to bespoke charitable initiatives.

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 FY17, our community spaces in our retail centres gifted over $600,000 in foregone revenue to local community organisations.

Volunteering

Overall, 459 employees contributed 4,009 hours in FY17 to support the communities in which we operate.

31 per cent 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), representing a 16 per cent decrease on FY16. This decrease is due to our Queensland and Western Australia team volunteering activities needing to be undertaken in FY18.

We are planning to align volunteering activities with our national awareness program, Foundation Fortnight, in particular with our CARE Foundation partners Touched by Olivia and Redkite.

We focused on increasing the number of skilled volunteering opportunities with our employees. Our tenancy and design teams ran three activities with the Wayside Chapel, the Sydney Story Factory and SydneyCare. We are also leveraging our relationship with Conversation Volunteers to run a number of activities across our state offices and commenced a partnership with The Big Issue to offer new volunteering opportunities for our employees.

Student mentoring

In FY17, 140 employees participated in a student mentoring program via our partnership with the Australian Business and Community Network (ABCN). This represents an eight per cent increase on FY16, largely because of an increase in the number of programs nationally offered to employees.

Focus2

We introduced Focus2 as a new ABCN program for our employees. The Focus2 program seeks to provide high potential young women from high-needs schools with the essential leadership skills to help them engage in a successful, meaningful career.

ABCN Scholarship Foundation Contribution

We chose the ABCN Scholarship Foundation as the 2017 recipient of our annual Christmas grant. As a result, we donated $44,000 to fund four Indigenous scholarships in New South Wales, Queensland, Western Australia, and Victoria. This contribution is made in lieu of gifts to partners and suppliers and is communicated via an e-card each year.

The ABCN Scholarship Foundation provides mentoring and financial scholarships to exceptional students facing economic, family or social challenges that impact on their study or capacity to pursue their desired tertiary pathways. Winners receive $7,000 over Year 11, 12 and their first year of tertiary education, to spend on study resources and help alleviate financial hardship in their homes. Each scholar is matched with his or her own dedicated mentor from our network of corporate partners who assist them in setting goals and developing valuable workplace skills.

Stockland CARE Foundation

In FY15, Redkite and Touched by Olivia 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. Since the launch, we have focused on embedding the Stockland CARE Foundation purpose, partners and programs into our offices and assets.

Supported by our state employee volunteer committees, our employees ran numerous events, fundraisers and volunteering activities throughout FY17. Some of the highlights of the year included:

- During our second Foundation Fortnight (from 21 October to 4 November 2016), our state offices and selected assets promoted the CARE Foundation, its purpose, partners and initiatives to our employees and the broader community. Our corporate, employee, partner and community contributions to our partners over the period reached over $290,000, almost 12 times the original target of $25,000.

- Our Commercial Property leasing team in NSW volunteered their time and resources to provide Touched by Olivia's flagship playspace in Five Dock a much-needed refresh before its relaunch in late November.
- We held our second national CARE Foundation employee workshop where all our state committee members came together in Sydney to review, reflect and plan for the CARE Foundation's success in the year ahead.
- Our fundraising and volunteering efforts resulted in:
  - support for 94 families who will have access to Redkite's full suite of programs and services,
  - a cost saving of over $30,000[7] in marketing and maintenance costs for Touched by Olivia, and
  - inclusive playspaces delivered in partnership with Touched by Olivia at two shopping centres, Stockland **Shellharbour** (NSW) and Stockland **Wetherill Park** (NSW), and at our **Cloverton** (Vic) residential community.

CASE STUDY
Foundation Fortnight

We launched our CARE Foundation in 2015 to help improve the health, wellbeing and education of communities in and around our assets. When we surveyed shoppers in our local communities in 2015, we found that only 50 per cent of Stockland shoppers had heard of Redkite, with only 23 per cent aware of what they do. As few as 15 per cent of shoppers had heard of Touched by Olivia, with only eight per cent aware of what they do.

To increase awareness amongst both our employees and the broader community, we introduced an annual awareness raising campaign. Foundation Fortnight is a concentrated two-week period of targeted events and activations to promote awareness and raise funds for the Stockland CARE Foundation and our partners across all our retail, residential and retirement living assets and all our state offices. The purpose is to raise awareness of, and funds for, the Stockland CARE Foundation and our partners.

From 21 October to 4 November 2016, our offices, centres and communities across Australia aimed to educate, promote and raise funds for our partners.

In our retail centres, we hosted 'CARE Day' on October 29 with a variety of activities including face painting, kite and butterfly origami and craft, cupcake decorating, scavenger hunts, branded balloons, jumping castles and other children's entertainment for the local community to enjoy. CARE Foundation red kites and butterfly wings were available for purchase, with all proceeds going to our partners. Hoardings were decorated in centres with a CARE Foundation design, inviting customers to post pictures of their families enjoying CARE day with the hashtag #CareDay2016.

In seven of our retirement living villages, we hosted Grandparents Day, inviting friends and families to take part in a range of activities including face-painting to treasure hunts, kite-making and story time.

Across our residential sales offices, we provided colouring-in books and kite making activities and small seedlings gifts for prospective residents. For a gold coin donation, customers could read about the Foundation and its cause whilst their children coloured in a Touched by Olivia colouring book or made and decorated a kite.

In support of the campaign, Stockland and our employees, customers, residents and partners contributed more than $250,000 for Stockland CARE Foundation's charity partners. These funds give 50 families across Australia access to the full suite of Redkite cancer support services for one year, and enables Touched by Olivia to assess an additional 80 inclusive playspace sites across Australia.

Community development

In FY17, we opened several new inclusive playspaces in our residential and retail communities in partnership with Touched by Olivia, in addition to the opening of two quiet rooms at Stockland **Shellharbour** (NSW). We also opened an adult-sized change facility at Stockland **Wendouree** (Vic) in line with the key principles of Changing Places. Changing Places is a project to advocate for public toilets with full adult sized change tables and hoist to meet the needs of people with severe and profound disabilities.

Local programs and initiatives (asset and project based) 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 outcomes for our communities.

Asset and project based initiatives

We implemented a total of 640 community development initiatives in FY17. The charts below outline the number of initiatives by business unit, focus area and further broken down by Commercial Property, Residential and Retirement Living business units and our corporate offices.

The community development initiatives reported in FY17 encompass national community development initiatives and programs, community grants and CARE Foundation activities. The balance of activities across each focus area remained similar to FY16, with most focused on community connection, followed by health and wellbeing, and then education.

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[7] This includes $20,000 of marketing costs and maintenance costs associated with the Queensland volunteering day.
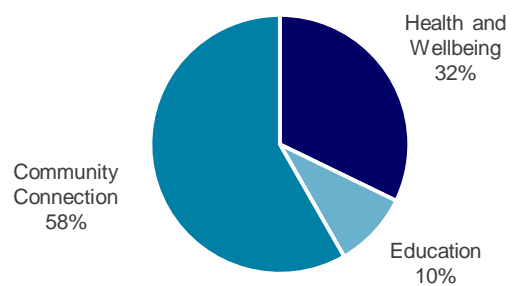
We continued to focus on consistency of delivery across our residential projects through the Link & Learn platform and our strategic partnerships with Live Life Get Active and the National Theatre for Children. The Link & Learn program provides communities with an opportunity to connect with one another through activities that are tailored to meet the local needs and interests of the community, including sporting programs, animal obedience training and community garden workshops.

We also completed a community resilience assessment for the Stockland **Green Hills** (NSW) redevelopment. The assessment identified the features of the community within the Maitland trade area that influence its resilience to stress and change. The outcomes from the assessment have influenced the asset's Community Development Plan by suggesting areas of improvement for community resilience. For example, the assessment found that there was a higher than average need for education and job creation opportunities in the broader Hunter Region and locally in the Maitland community, particularly for unemployed and unskilled youth. One of the initiatives at our Stockland **Green Hills** redevelopment that builds on the assessment findings is the establishment of a 'Connectivity Centre' to address the need for skills development and job creation throughout the course of the redevelopment. More information on the **Green Hills** Connectivity Centre and its achievements can be found in the Supply Chain Deep Dive.
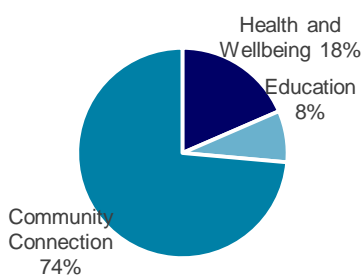
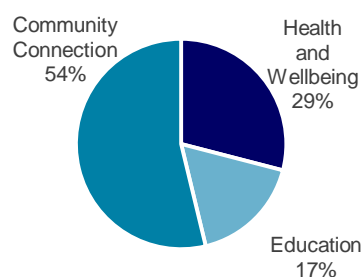**TOTAL INITIATIVES BY BUSINESS UNIT**
(640 INITIATIVES IN TOTAL)

Corporate 8%
Residential 29%
Commercial Property 41%
Retirement Living 22%
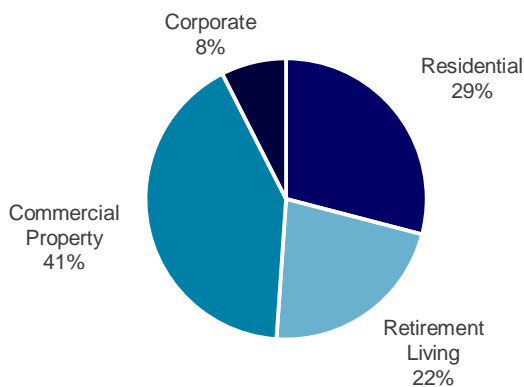
TOTAL INITIATIVES BY FOCUS AREA
(640 INITIATIVES IN TOTAL)

Health and Wellbeing 32%
Community Connection 58%
Education 10%

COMMERCIAL PROPERTY INITIATIVES BY FOCUS AREA
(265 INITIATIVES IN TOTAL)

Health and Wellbeing 18%
Education 8%
Community Connection 74%

RESIDENTIAL INITIATIVES BY FOCUS AREA
(185 INITIATIVES IN TOTAL)

Community Connection 54%
Health and Wellbeing 29%
Education 17%

RETIREMENT LIVING INITIATIVES BY FOCUS AREA
(141 INITIATIVES IN TOTAL)

Community Connection 38%
Education 0%
Health and Wellbeing 62%
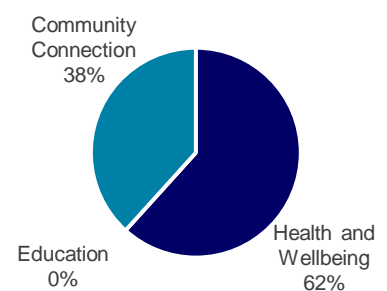
CASE STUDY
Healthy eating with Jamie's Ministry of Food

Our commitment to delivering healthy cooking and good nutrition programs in our local communities continues through our exciting partnerships with Jamie's Ministry of Food.

In FY17, over 3,660 of our residents, customers and local community members participated in a variety of initiatives that provided opportunities to change behaviours through education and practical hands-on cooking programs.

These programs included the continued delivery of cooking classes at our permanent kitchen at Stockland **Wetherill Park** (NSW) and our hosting of the Jamie's Ministry of Food Mobile Kitchen at Stockland **Cairns** (Qld), **Cleveland** (Qld), **Newport** (Qld) and **Baldivis** (WA).

Our retirement village residents have also benefited from Jamie's Ministry of Food programs, participating in cooking demonstrations and the Learn Your Fruit and Veg program with their grandchildren during school holidays.

The focus of these classes was having generations cooking together in a fun and educational environment. Fruit and vegetables were introduced with loads of facts and visuals around smelling, touching and tasting the different varieties, followed by the grandparents and grandchildren making a simple no-cook Jamie Oliver recipe.

*Residents and their grandchildren participating in a cooking and nutrition program led by Jamie's Ministry of Food at Stockland **Wetherill Park**.*

Independent evaluations conducted by Melbourne University and Deakin University in 2014 and 2015 concluded that the Jamie's Ministry of Food program not only increases participants' cooking confidence, knowledge, attitudes and beliefs towards cooking and healthy eating, but shifted behaviour change towards healthier cooking and eating in the home.

Participants of both the permanent and mobile kitchens were found to increase their vegetable consumption by over half a serve per day and this behaviour has been sustained six months after the completion of the program. The program has also been shown to increase social connectedness particularly for the socially isolated and people with disabilities.

National community development partnerships

We partner with many different organisations to deliver programs and infrastructure at our communities, villages and shopping centres. Refer to our community partnership table in the Community Data Pack for an overview of our community partners and achievements in FY17.

Community grants program

Our community grants program is designed to streamline the financial contribution we make to local communities, based on merit and need, in accordance with our community focus areas. The program is run across our shopping centres, residential communities and retirement living villages and encourages local community organisations to apply for funding of one-time cash payments of up to $1,000 from participating Stockland assets.

We awarded more than $300,000 of community grants to 320 local community organisations in FY17. These winners comprise a diverse group of community organisations, including community preschools, men's sheds, sporting clubs, respite for carers, youth wellbeing programs, suicide prevention groups, toy libraries, choirs, over 55s recreation and computing clubs, disability groups and children's reading groups.

From a shared value perspective, an important consideration is the exposure received from media coverage and social content about the community grants program. This provides visibility of the reach of the program and further raises awareness of both the community grants and the recipients in our communities. In FY17, the community grants program generated media coverage valued at over $15,000 and approximately $46,000 worth of public relations value.[8]

[8] Estimate based on average advertising value equivalent.

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

COMMUNITY GRANTS BY BUSINESS UNIT

COMMERCIAL PROPERTY	RESIDENTIAL	RETIREMENT LIVING
• 463 applications received across 32 centres	• 250 applications received across 28 communities	• 114 applications received across 65 villages
• 110 grants awarded to local community organisations	• 134 grants awarded to local community organisations	• 76 grants awarded to local community organisations
• $95,000 invested back into the local community	• $133,714 invested back into the local community	• $75,000 invested back into the local community

CASE STUDY
National Theatre for Children – Educating the next generation

Education is one of our three community development focus areas and we aim to improve satisfaction with primary and secondary education in our residential communities.

In FY17, we placed the spotlight on conservation education through our partnership with The National Theatre for Children (NTC). NTC provides educational performances about natural resource conservation for primary and secondary students.

Our aim is to provide meaningful connections between schools in our residential communities and deliver a message of conservation in a creative and meaningful way.

More than 19,000 primary school students from year K to 6 in Melbourne, Sydney, Brisbane and Perth have enjoyed live theatre productions, called 'The Treasure Trove of Conservation Cove', 'A Pirates Tale' and 'The Water Pirates of Neverland'.

'Resource Raiders' and 'Global Gamble' performances were delivered into secondary schools, reaching over 3,000 secondary students in Year 7 to 9, and ultimately reaching families at home.

The conservation education program supports our strong focus on environmental preservation, protection, rehabilitation and stewardship within our residential communities.

Of the teachers surveyed, 100 per cent reported that they would like to see Stockland continue to offer NTC programs to their school.

According to Lyn Phillip, Yanchep District High School, "Theatre can provide messages in a way that children want to listen and it stirs their interest to be part of the solution of both local and global issues. Upon return to class we continued, in pirate fashion, to learn more about how we can conserve natural resources."

Further information on our partnership with the National Theatre for Children is provided in our Community Data Pack.

The National Theatre for Children presenting the Stockland program 'The Treasure Trove of Conservation Cove'.

Customer engagement

We engage with our customers through satisfaction surveys and maintaining high levels of communication with our local community to ensure we are responsive to their needs and interests.

For our Retirement Living business, we use our Residents' Voice survey to measure residents' satisfaction whilst living in a Stockland retirement village. This survey assesses the satisfaction of our retirement living residents with the community elements of the village and their personal wellbeing.

The FY17 survey was completed by over 6,800 residents, with 90 per cent of residents rating their overall happiness between 7 and 10 on a scale of 1 (very unhappy) to 10 (very happy). The average happiness score was 8.4 out of 10 and 30 per cent of residents rated their happiness with village life as a 10 out of 10. The overall happiness across Stockland's villages has remained stable since 2013.

Residents' responses were also assessed against the Personal Wellbeing Index (founded by work conducted by the Australian Centre on Quality of Life at Deakin University). This is a subjective assessment of quality of life, determined by questions that are directed at how people feel about themselves. Areas addressed include standard of living, personal relationships, health, feeling part of your community and how safe you feel. The Stockland average was 82.25 per cent while the national average sits at 75 per cent.

For our Residential business, we use our proprietary liveability survey to assess residents' satisfaction with their communities. Some of the key learnings from this year's liveability survey are that:

- residents who are satisfied with their local community are more likely to recommend Stockland to friends and family,
- residents who know more of their neighbours are more satisfied with the community where they live and feel safer,
- residents who feel safer are more satisfied with the community in which they live, and
- there is a general correlation a community's liveability score and the proportion of homes sold to owner-occupiers.

For our Commercial Property business, we completed a shopper survey asking shoppers questions regarding sustainability in our shopping centres. This was conducted by Stockland Research in April 2017 and we received 687 responses. The survey found a statistically significant positive correlation between involvement in community programs and shoppers' overall rating of the shopping experience. Likelihood to recommend the centre to others also had a positive correlation with participation in community programs. The survey also found that we have a role to play in creating communities in our retail centres by providing activities and services beyond shopping (92 per cent agree). In addition, we periodically survey customers involved in specific programs, such as Heart Foundation Walking Group, to understand their experiences and the value of their involvement in the programs.

For further information on our customer engagement mechanisms, please refer to the Customer Engagement and Experience Deep Dive.

CASE STUDY
Willowdale Community Place – sustainable living on display

Willowdale Community Place is a unique community hub designed to provide the local community with innovative and engaging programs centred on health, wellbeing, social connectedness and sustainability.

The Community Place is a display home that demonstrates how families building their new homes can save thousands of dollars every year with energy saving inclusions. This includes the potential to maximise the warmth of the sun through winter and minimise the impact of the sun's heat through summer.

Customers and residents visiting the home can take a self-guided tour to learn more about how to live sustainably with a focus on four key areas - energy, waste, water and well-being. Customers visiting the Community Place are provided with fact cards and web links where they can research ideas and products in more detail.

The Community Place also provides a space for residents to meet their neighbours and encourages community connection. The house plays host to our Link & Learn program, which encourages residents to connect through a series of activities and events.

Willowdale Community Place

Since opening in September 2016, seven regular programs are offered to residents including playgroup, book club and life skills, with an average monthly attendance of 200 residents. In addition, a variety of monthly events and workshops are held, as a result of community consultation and feedback with an average of 190 residents attending over the last quarter.

Willowdale Community Place is a collaboration between Stockland, Eden Brae homes, Camden Council, and Camden Community Connections (who provide community services and facilities).

CASE STUDY
Engaging students through music

Research indicates that socio-economic background strongly determines educational outcomes and, through this, life trajectory. Children from low socio-economic backgrounds are most at risk of disengagement from school education.[9] Disadvantaged children start school behind, fall further behind at school and are less likely to complete 13 years of schooling.[10] The Song Room's programs are proven by independent research to engage children with school and learning.

We partnered with The Song Room to engage 80 students from Years 3-5 from Yuille Park Community College in a music engagement program.

The Song Room Teaching Artist, Earl Leonard, delivered a 20-week program during the course of Terms 3 and 4 of 2016. The program focused on music and song writing which linked to the school's curriculum goals such as literacy, teamwork and problem solving. Students also undertook a number of performances throughout the project, including performances at their school and at the Ballarat Art Gallery, and culminating in a performance at the Stockland **Wendouree** Shopping Centre. The Stockland **Wendouree** Shopping Centre Performance was held in the food court, drawing over 60 family and community members to the centre.

Brett Shillito, Acting Principal, Yuille Park Community College, explained, "this program is important to our school because our kids don't get exposed to these kinds of opportunities. Parents can't afford to send their kids to a program like this, so it's fantastic that every child gets to benefit from the program through The Song Room."

Feedback from the program has been very positive, including increased student engagement with their learning through participation in the project,[11] increased student learning outcomes[12] and increased social and emotional wellbeing.[13]

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[9] Australia Early Development Index National Report 2009

[10] NAPLAN year 9 results, Ministerial Council on Education, Employment, Training and Youth Affairs

[11] 100 per cent of teachers reported that as a result of The Song Room program, some, most, or all students demonstrated improved literacy. 98 per cent of teachers reported that as a result of The Song Room program, some, most, or all students demonstrated improved enthusiasm for learning.

[12] 100 per cent of teachers reported that attendance was increased on workshop days. 100 per cent of teachers reported that as a result of The Song Room program, some, most or all students demonstrated improved confidence in performing and presenting.

[13] 100 per cent of teachers reported that as a result of The Song Room program, some, most, or all students demonstrated increased teamwork, increased levels of self-expression, improved self-esteem, and willingness to help others.

Management approach

Management approach overview

We focus on creating and shaping thriving communities through the following three key mechanisms:

- **community investment** – our employee volunteering and giving programs;
- **community development** – projects and initiatives that enhance the communities at Stockland's assets; and
- The **Stockland CARE Foundation** – our charitable trust to deliver infrastructure, programs and initiatives to Australian communities.

Our community programs across community investment, community development and the CARE Foundation are focused on the areas of health and wellbeing, community connection and education.

These social impact areas align with our skills and assets, and we believe we have the ability to make a positive contribution to health and wellbeing, community connection and education in our communities. Further, our proprietary 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.

FOCUS AREAS	DESCRIPTION
Health and wellbeing	We are focused on promoting the health and wellbeing of our residential and retirement living communities and the communities living around our shopping centres. We seek to ensure our communities can access fresh, healthy food and participate in active and healthy living practices. This focus is 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 activate communities with health and wellbeing programs that support positive physical and mental health for all ages such as exercise and recreational groups, healthy eating and cooking programs and physical and mental health information services. Infrastructure that supports community health and wellbeing includes accessible community amenities and services, active public transport options, parks and recreational facilities, walking paths, cycle ways and inclusive playspaces.
Community connection	We seek to support greater community connection by fostering self-sustaining social cohesion. Our focus and commitment to community connection reflects our research that indicates residents in our communities desire greater community connections. 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 vision, design and development process.
Education	Our focus and commitment to education is supported by customer research, such as our proprietary Liveability Index, which identifies access to and quality of education as a major driver of personal wellbeing and prosperity for individuals, families and communities. Critical to the delivery of this focus area is providing access to formal and informal opportunities (including mentoring) for quality education and skills development at all life stages, and, through this access, enhancing the economic prosperity of our residents, retailers, customers, local communities and other stakeholders. Infrastructure that supports sustainable education includes the effective design and delivery of schools, libraries and learning hubs, local employment and training facilities, connectivity centres in partnership with contractors and local employment services, retailer training programs, and co-working spaces.

Community partnerships and programs

We have close working relationships with a variety of community organisations to help deliver social infrastructure and programs in and around our assets. These partners align with our community focus areas of health and wellbeing, community connection and education.

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

- **Foundation** partners are those we work with through the Stockland CARE Foundation. The Stockland CARE Foundation directs its financial and in-kind support to organisations that positively impact the health and wellbeing and education of communities in and around our assets.
- **National** community development programs and partners have national reach across all Stockland assets and projects and work with our teams to deliver infrastructure and programs aligned to our three focus areas. National partnerships are managed by our national sustainability team and are selected based on an assessment criteria outlined in our Request for Charitable Support and Sponsorship Guideline.

- **Local** community partners and programs work with our asset teams at the local, regional or state level to deliver ad hoc events or programs in and around our assets, servicing a particular societal need of the local community. 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 community partner opportunities according to criteria outlined in the 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 us.

Our community partnerships, programs and resources are summarised in our Community Data Pack.

Request for Charitable Support and Sponsorship Policy

Our Request for Charitable Support and Sponsorship Policy outlines our approach to responding to community members, employees and organisations directly or indirectly requesting financial, in kind or other types of support from us for a charitable purpose or sponsorship.

It includes an outline for our 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.

An external guideline is also available for community members and organisations that request financial, in kind or other types of support from us.

Community investment

Workplace 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. We match 100 per cent of these employee contributions and absorb the associated administrative costs, maximising the financial donation to the charity.

We partner with Good2Give to administer our workplace giving program.

Corporate donations

Corporate donations are made in response to specific events and ad hoc charitable purposes, in line with our Request for Charitable Support and Sponsorship Policy. These donations may be in support of a number of charitable causes, including emergency relief appeals in and around our assets or one-off community investment opportunities that align with other Stockland programs or strategies such as our Reconciliation Action Plan.

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 at a discounted rate.

Volunteering

Our volunteering program provides our employees with the opportunity to volunteer with an organisation of their choice or with our national community partners in and around our communities. 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 – provides much needed support to our local communities as well as serving as a powerful team building exercise and gives 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.
- Student mentoring – provides a way for individual employees to volunteer their time and skills as part of a 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).
- Personal volunteering – supports full-time and part time employees to take up to 16 hours of personal volunteering leave per year for a charity of their choice, in addition to their team volunteering activities.

Community development

Community development refers to the projects and initiatives designed to enhance the communities at our residential communities, retirement living villages and shopping centres.

We develop sustainability plans that outline the key community development activities to be performed throughout the year for all of our shopping centres. All residential communities are required to develop a sustainability plan for the financial year that new residents first inhabit their new homes. A whole of life project development plan is established during the early stages of concept design, which includes sustainability principles that will govern the project over its life.

All our managed retirement living villages (development and operations) have a sustainability plan that captures national community development initiatives, community grants and CARE Foundation activities. Their potential use as a village management tool for local activity will be developed in collaboration with the National Operations Team as part of the Strategic Asset Planning process.

Stockland CARE Foundation

We were proud to launch the Stockland CARE Foundation in May 2015. The CARE Foundation is a charitable Trust set up for the purposes of delivering infrastructure, programs and initiatives that improve the health, 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 Touched by Olivia 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.

The Stockland CARE Foundation Board oversees the Foundation strategy and programs and the CARE Foundation employee network supports the Foundation through communicating activities, recruiting volunteers, helping with events and sharing insights.

Further information on the governance of the CARE Foundation can be found in the Governance and Risk Deep Dive.

Roles and responsibilities

Our Chief Operating Officer assumes ultimate responsibility at Group level for community investment, community development and the Stockland CARE Foundation and reports directly to the Managing Director. Our community approach, targets and performance tracking are overseen by our Board Sustainability Committee. Accountability for community development delivery within each business unit sits with various Executive Committee members, including the CEOs of the Commercial Property, Residential and Retirement Living business units.

Our General Manager Sustainability supported by the business unit national sustainability managers and the CARE Foundation Manager, has responsibility for ensuring the effective implementation and evaluation of our community investment and development approach. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of our sustainability plans. Our development and asset managers are responsible for ensuring that community development is effectively delivered and managed at a project and asset level.

Review and evaluation process

Community investment

We collect, measure and report data relating to community investment initiatives on an annual basis, including our time, monetary support and in-kind donations given to charities and community groups. We collate and analyse this data to inform any modifications to our approach and to communicate the outcomes of our activities to our stakeholders. We continue to work with Corporate Citizenship (formerly known as the London Benchmarking Group or "LBG") to validate the data collected, verify the validity and accuracy of Stockland's reported community investment datasets, and to benchmark our performance relative to other Corporate Citizenship members.

We also undertake reviews of programs, partners and participation rates to measure and report the effectiveness of our approach.

Community development

All projects and assets that complete a sustainability plan are required to submit their plans to the national sustainability team for review 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 plan and tracks progress of community development against our sustainability strategy and targets.

Community partnerships

Each existing national partnership is consistently reviewed and evaluated to ensure successful application, community uptake and investment value is achieved. Each partner is also required to provide us with consistent reporting, including the number of participants involved and program frequency.

All new or potential community partners must submit a proposal to our sustainability team, in accordance with our Request for Charitable Support & Sponsorship Guideline.

Community engagement

We use 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 allows us to refine our processes if required. Refer to the Customer Engagement and Experience Deep Dive for further information on the mechanisms we use to seek feedback from customers.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Customer Engagement and Experience   FY17

Why this is important to Stockland

Understanding and responding to our customers' changing needs and improving the customer experience is critical to the sustainability of our business and the ongoing relevance and reputation of our brand, products and services.

Our commitment to customer engagement is consistent across our diverse customer base, which includes:

- the people who live in our residential communities,
- the people who live in our retirement living communities,
- the people who may potentially live in our residential and retirement living communities,
- shoppers and retailers in our shopping centres, and
- office, logistics and business park tenants across our commercial assets.

An overview of our management approach is provided on page 9.

Please note that investor and broader community engagement activities are detailed in our Stakeholder Engagement Deep Dive.

Our key achievements

- We maintained or exceeded a range of customer satisfaction targets including the National Liveability Index score for our residential communities and residents' satisfaction for our retirement living communities.
- We exceeded our satisfaction target for Logistics and Business Parks tenants following in-sourcing of management, with no dissatisfied tenants this year as measured by our annual satisfaction survey.
- We ranked 21st for brand reputation and were the leading property company according to AMR's annual reputation survey of Australia's 'Top 60 Companies'.
- Stockland Exchange, our online research community, has grown to 5,500 members, which is an eight per cent increase in the past year. In addition, our community was named as a Finalist in the Vision Critical APAC Visionary of the Year Award. Stockland Exchange continues to be pivotal in better understanding our customers' expectations and opportunities for product and service innovation.
- We experienced a 72 per cent increase in the number of residents completing our Liveability survey, which is asked of residents in our residential communities.
- We increased customer collaboration in our Innovations program by conducting new forms of customer engagement and research quickly, iteratively and in a cost effective manner with our customers. Our Geni shopping app and our virtual sales centre at **Cloverton** (Vic) are examples of how we are collaborating with customers to use digital engagement tools effectively.

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Achieve retailer satisfaction score of 77 per cent.	Not Achieved	Satisfaction amongst our retailer respondents was 75 per cent. We ranked first for satisfaction amongst survey respondents responsible for leasing who are based in their head office location (as measured by Monash University's TenSAT survey).
Tenant satisfaction amongst Logistics and Business Parks tenants of 77 per cent.	Achieved	Satisfaction amongst our Logistic and Business Park tenants was 89 per cent.
Prospective resident satisfaction target of 75 per cent for our Residential business.	Not Achieved	Satisfaction amongst prospective residents (Residential Leads and Deposits) was 68 per cent across FY17. We are reviewing the sales experience and satisfaction scoring method for FY18.
Maintain National Liveability Index target score of 80 per cent across our residential communities by FY17.	Achieved	We achieved a liveability score of 83 per cent across our residential communities.
Maintain a national mean score of 8.25/10 for average resident happiness for our retirement living residents.	Achieved	Resident satisfaction across Retirement Villages is at 8.44 average, with 90 per cent of residents rating satisfaction as 7-10/10.
Set shopper experience benchmarks to drive our focus on meeting the needs of our shoppers and identifying ways to improve the shopper experience.	In Progress	In FY17 we partnered with Monash University to pilot a shopper experience survey for our 10 largest retail centres (by floor area), benchmarked against a larger sample. In FY18 we plan to extend the program to cover more of our centres and will then set a relevant key performance indicators on shopper experience.
Set KPIs for the FY18 sales experience amongst our retirement living prospective customers.	Achieved	In addition to Resident Satisfaction, a new KPI based on prospective (Leads and Reservations) residents has been set for FY18. The metric is 'overall satisfaction with Stockland' set at 75 per cent rating as Excellent/Very Good.

Future priorities

- Achieve the following satisfaction scores in FY18:
    - Retailer satisfaction (weighted metric) of 77 per cent.
    - Tenant satisfaction amongst Logistics and Business Parks tenants of 80 per cent.
    - Prospective resident satisfaction nationally of 75 per cent amongst Lead and Opportunity customers. This is a new metric that considers a prospective resident's overall satisfaction with us, their likelihood to recommend us, and their ease of dealing with us.
    - Resident satisfaction across our residential communities of 90 per cent and a National Wellbeing Index above the Australian National average as measured by our annual Liveability study.
    - Average happiness score amongst our Retirement Living residents of 8.25 (out of 10).
    - Overall satisfaction of 75 per cent amongst our prospective Retirement Living customers (Leads and Reservations).
- Extend tenant satisfaction surveys to our Office tenants from FY18.
- Revise our liveability survey method to make the survey more user-friendly and accessible
- Expand shopper experience program to more of our centres and set relevant key performance indicators on shopper experience.

FY17 performance and case studies

Stockland brand reputation

We continue to conduct brand reputation research with both the general public and consumers living in our catchment areas. A strong brand reputation score is generally associated with positive behaviours including likelihood to recommend, likelihood to purchase, likelihood to invest and incidence of welcoming a company into the local neighbourhood.

While our reputation score has remained stable since FY15, we have seen an increase in the percentage of respondents who believe Stockland is having a positive influence on society. Moreover, in 2017 we were included for the first year in AMR's annual Australian Corporate Reputation Index covering the largest 60 companies in Australia. We ranked 21st in the study which makes us the highest ranking property company in the top 60.

The table below outlines key brand reputation metrics:

	FY17	FY16[1]	FY15
Brand reputation score for Stockland area (out of 100)	69.6	69.5	69.2
Proportion agreeing that Stockland 'has a positive influence on society'[2]	63%	59%	46%
Ranking in AMR's Australian Corporate Reputation Index	21st	NA	NA

Commercial Property

Retail tenant satisfaction

Our FY17 retail tenant satisfaction score was 75 per cent, two percentage points below our 77 per cent target (as per the weighted customer satisfaction score in the table below). The weighted customer satisfaction score, developed by us with data sourced from two different surveys conducted by Monash University, measures performance against five key metrics:

- Proportion of highly satisfied customers,
- Proportion of dissatisfied customers,
- Satisfaction ranking relative to competitors,
- Proportion of retailers likely to renew with Stockland, and
- Stockland's ranking on intention to renew relative to our peers (newly introduced metric).

Our retail tenant satisfaction performance over the years is provided in the table below. Over the coming 12 months, we intend to place greater focus on improving retailer satisfaction through a number of trade marketing and relationship building initiatives. Our retail tenant satisfaction target for FY18 remains unchanged at 77 per cent.

RETAIL TENANT CUSTOMER SATISFACTION

	FY17	FY16	FY15	FY14	FY13
Weighted customer satisfaction score[3]	**75%**	76%	79%	80%	71%
Relative customer position amongst Head Office based retailers (Monash University's TenSAT survey)	**2nd**	1st	1st	1st	1st

When the retail satisfaction survey results are broken down by respondent group, it is worth noting that we still lead the industry on satisfaction amongst respondents who are responsible for leasing and based in their respective head offices.

Mystery Shopping research

We continued Mystery Shopping research across 33 of our retail centres in FY17. The program rates the customer experience including customer service and satisfaction with amenities compared to other shopping centres. We scored 90 per cent this year compared to our target of 80 per cent. In FY18 we plan to review our Mystery Shopping research in line with the above

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[1] In both FY15 and FY16, two waves of research were conducted per year. The reported results are the average score across these two waves where data was available and amongst Stockland catchment areas.
[2] Proportion scoring Stockland 5-7 on a 7 point score. Note a further 20% responded 'not sure' on this metric.
[3] Weighted based on performance against five key metrics: the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors, incidence of intending to renew and intention to renew relative to our peers. Sample is all those retailers responsible for leasing.

mentioned Shopper Experience research program to ensure we are provided with a genuine read on shoppers' perceptions while still enabling us to benchmark our performance relative to other shopping centres.

RETAIL CENTRE MYSTERY SHOPPING

	FY17	FY16	FY15
Mystery Shopping score	**90%**	90%	88%

CASE STUDY
Improving the shopper experience with Geni

Stockland is committed to developing initiatives for the retail business that improve the shopping experience and match customers with retailers who are able to meet their needs. Over the last year, we worked with customers to develop the Geni app, which is currently in pilot at one centre. Geni is the ultimate shopping helper, allowing customers to create shopping lists that match to the best deals from the stores in their local centre. The app ensures shoppers will never miss a bargain, and it provides retailers with a new direct marketing channel. Furthermore, it enables us to collect data that assists us to work with customers to deliver the retail experiences they desire. [4]

Engaging directly with shoppers was key to delivering a product that would improve the shopping experience, and we sought customer input and feedback at all key stages. During the discovery phase, we used surveys and discussions to understand how people plan their shopping journeys. We then asked shoppers to evaluate draft concepts, and conducted a three-month test with shoppers of a prototype. The prototype test enabled us to understand likely engagement amongst the target group and further refine the concept.

We then worked with shoppers to evaluate concepts for the app's imagery and name. As part of the pilot process currently underway, we are receiving further feedback from shoppers in our pilot trade area. If the pilot achieves its success measures, it will be recommended for roll out across multiple centres and further app enhancements.

The Geni app is currently being piloted as a way for us to deliver improved retail experiences for our customers

Logistics and Business Park tenant satisfaction

In FY17, we again undertook customer satisfaction research with our Logistics and Business Parks tenants. 89 per cent of our tenants rated their satisfaction with Stockland as high compared to a target of 77 per cent. The research also showed that there were no dissatisfied tenants with the remaining 11 per cent scoring satisfaction neutrally. We saw significant improvement in assets that Stockland moved to manage in-house directly since the last wave of research.

LOGISTICS AND BUSINESS PARK TENANTS

	FY17	FY16
Logistics and Business Park Tenant Satisfaction	**89%**	87%

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[4] Our privacy policy (https://www.stockland.com.au/privacy-policy) sets out how we collect, use, store, disclose, and manage personal information collected by Geni.

Residential

We continue to conduct our proprietary Liveability Index survey with residents and in FY17 we received over 2,500 survey responses from residents across 40 communities,[5] which was a 72 per cent uplift in the response rate when compared with the previous year. This research tells us how satisfied our residents are once they have moved into our communities, what we are doing well, and learnings that we can take forward for future developments. Insights from this research are used to inform strategic planning of each community and our national community design guidelines. For further information on how we use this insight, please refer to the Community Deep Dive.

FY17 LIVEABILITY INDEX PERFORMANCE

	FY17	FY16	FY15	FY12/13
Average Liveability Index[6] score across our communities	**83%**	84%	84%	75%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	79%	80%	80%	79%
Resident satisfaction with Community Design elements that influence health and wellbeing[7]	78%	82%	88%	81%
Resident satisfaction with Community Perceptions[8]	81%	79%	78%	71%

CASE STUDY
Our Liveability Index – delivering what matters for wellbeing and resident satisfaction

As cities continue to experience strong population growth, we need to have an overarching focus on creating liveable, healthy and connected places for people.

We have conducted in-depth, customer-driven research since 2011 to measure the liveability of our Residential communities nationally over time. We know from this research that people buy more than just a house or land. Home buyers are buying into a lifestyle shaped by the people, facilities, activities and environment around them.

We have identified four guiding principles for liveable cities, grounded in the Index:

- **Connected** to work, shops and community hubs ideally within 30 minutes of home,
- **Healthy** by providing walkable neighbourhoods and great outdoor places that encourage people to get active,
- **Smart** with great access to high quality education at every stage of life, and clear pathway to jobs of the future, and
- **Affordable** with a variety of housing options for different life stages, ages and budgets.

Our Liveability Index gives us a transparent method for prioritising our efforts in designing, planning and building what is important to residents. The results of our index help to inform:

- **Project planning**: Development managers use the Liveability Index customer insights to better plan, design and bring forward key community infrastructure, to generate higher levels of customer satisfaction.
- **Monitoring community lifecycles**: We measure how customer satisfaction, wellbeing and happiness increase over time as our communities mature.
- **Place making**: Research informs the creation of a consistent place-making approach across our communities, as set out in our 'Better Places Manual'.
- **Collaboration**: Our research shows us that if we work with government and other key stakeholders to fast-track schools, parks, childcare, cafes and shops, we can have a profound impact on the liveability of our communities and customer wellbeing.

When conducting our community liveability research earlier this year, we received 2500 responses from 40 communities. Some key metrics from the results are:

- The overall Stockland Liveability Score was 83 per cent (above our 80 per cent target),
- The average personal wellbeing score of residents was 79 per cent – above the Australian average,
- 63 per cent of residents are doing more exercise since moving into a Stockland community,
- 63 per cent feel safer since moving into a Stockland community, and
- 75 per cent feel like they are part of the community.

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[5] We targeted and received sufficient responses from 24 communities to look at these results in depth.
[6] Liveability score is a single number that measures resident satisfaction on a range of attributes calculated using regression analysis.
[7] Based on percentage rating satisfaction as 6-10 out of 10.
[8] Based on percentage rating satisfaction as 6-10 out of 10.

Measuring liveability in FY18 and beyond

Our liveability research has been an important focus of our customer engagement activities since its launch five years ago. In FY18, we intend to review and improve our Liveability research program. As more than half of residents now complete the survey on a mobile device, there is a need to make the survey more user-friendly by reducing the number of questions and the scale used to collect this data. These changes will mean that direct comparison of our Liveability Index score in FY18 compared to historical data will not be feasible. As there is a strong correlation between the Liveability Index score and resident satisfaction, we intend to use this latter metric as the target for FY18 and then revert back to a Liveability Index target score for FY19 following implementation of the new programme. The below table provides Liveability Index and resident satisfaction scores to provide transparency and comparability as we revise the research methods.

FY18 LIVEABILITY TARGETS AND PAST PERFORMANCE

	FY18 TARGET	FY17	FY16	FY15
Average Liveability Index[9] score across our communities	**NA**	**83%**	84%	84%
Average resident satisfaction across our communities[10]	90%	93%	93%	93%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	Above Australian Average (73-77)	79%	80%	80%

In FY18, we also intend to extend our liveability survey to residents who have moved into one of our Medium Density projects or a Completed Home as well as surveying residents who live in a Stockland community where we are no longer actively selling. By measuring and comparing the liveability of residents living in these communities and home types, we hope to identify new learnings that we can apply to our ongoing developments.

Satisfaction with the residential sales experience

In addition to measuring Liveability amongst residents, the Residential business has historically measured satisfaction with the sales experience amongst prospective purchasers (Leads and Deposits). Satisfaction amongst prospective residents (Residential Leads and Deposits) was 68 per cent across FY17, which is below the target of 75 per cent. The primary reasons why the target was not achieved are:

- The growing expectations of customers seeking immediacy in the delivery of product and services that we are not always able to meet, and
- The strength of the housing market with demand continuing to exceed supply largely seen in our NSW and VIC markets.

We have been measuring satisfaction with the sales experience by asking customers only about their experience with our sales professionals. Since the customer journey is changing and customers' experience with residential sales encompasses more than just their dealings with our sales team, we have evolved our survey methods and key performance indicators to reflect this. Moving forward, the new metric for prospective resident satisfaction will be made up of three components that drive customer engagement and conversion, their overall experience with Stockland, their likelihood of recommending Stockland if asked, and their sentiment on the effort required in engaging with Stockland through the process.

The below table shows the FY18 target for the revised metric, and our FY17 performance against the metric.

REVISED PROSPECTIVE RESIDENT SCORE AND TARGET

	FY18 NATIONAL TARGET	FY17 PERFORMANCE
Weighted customer satisfaction score[11]	**75%**	76%

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[9] Liveability score is a single number that measures resident satisfaction on a range of attributes calculated using regression analysis.
[10] Based on percentage rating satisfaction as 6-10 out of 10.
[11] Calculated based on total volume of surveys (historically 70% being from Leads and 30% from Deposits).

CASE STUDY
Co-designing the sales experience at Cloverton

When considering whether to live in a community that's under construction, it's hard to imagine what it will feel like to walk down the street, enjoy the park with your family, or meet friends in the town centre. To address this, Stockland Innovation Team in collaboration with Customer Insights, partnered with Telstra to explore technology to help bring communities to life.

Cloverton (Vic), a residential community in Kalkallo was identified as the pilot site – one of our largest ever masterplanned communities in Victoria, home to more than 30,000 people when completed.

The $4.6 million Cloverton Vision Centre, which opened in December 2016, creates an innovative, engaging experience enhanced by technology that enables prospective residents to explore what **Cloverton** will be like as it comes to life over the next 30 years.

The Vision Centre brings online tools like **Cloverton's** virtual community masterplan into the physical sales environment. Visitors use the touch-screen map table to explore the different aspects of the community, such as proximity to transport and shops, as well as parks and open spaces.

A range of digital screens complement more traditional sales tools, such as the viewing tower, to cement prospective residents' excitement about the future of **Cloverton**.

Our customers continue to provide insights to our Innovation Team to drive future enhancement of the digital tools.

Inside the Cloverton Vision Centre

Retirement Living

Our retirement living satisfaction or 'happiness' target of 8.25/10 is measured via the Residents Voice program to understand customer satisfaction in our Retirement Living business. The program measures many of the same aspects of resident satisfaction as our Residential liveability research. A total of 6,813 residents, out of 11,710 invited, took part in the Residents Voice survey (58 per cent participation rate).

Our retirement living satisfaction or 'happiness' target of 8.25/10 is measured by asking how happy our residents are with the village where they live. We met this target in FY17, with residents indicating an average happiness score of 8.44 (see table below).

RETIREMENT LIVING RESIDENTS VOICE SATISFACTION

	FY17	FY16	FY15	FY14	FY13
Average overall happiness with their village (out of 10)	**8.44**	8.48	8.48	8.49	8.51
Proportion of residents rating satisfaction as seven or more	**90%**	90%	90%	90%	90%
Number of residents completing the survey	**6,813**	6,614	5,897	6,668	6,143
Response rate	**58%**	57%	59%	68%	66%

Additional metrics that provide insights about the experiences of our Retirement Living residents include: In addition to overall resident satisfaction, it is worth noting that 92 per cent of residents are satisfied with their homes and that 88 per cent of residents are extremely happy with their social life at the village. Furthermore, 80 per cent of residents would recommend their village to friends and family and 45 per cent have done so in the last year.

Our retirement living target remains unchanged for FY18. We are currently reviewing the timing of survey data collection to ensure the survey is administered at a time that works best for everyone involved. This may impact on our ability to report on this metric in FY18.

Stockland Exchange

Stockland Exchange is our own research community made up of shoppers, residents and prospective residents across both our residential and retirement living communities. The research community has over 5500 members aged between 18 and over 90. In FY17, members have collectively engaged in over 50 research projects and provided over 20,000 survey responses on a range of initiatives. In the last year we have welcomed over 500 new members and used community feedback to help:

- design local parks and playgrounds,
- name of communities and parks,
- inform the development and amenity of local communities,
- provide feedback on the retailers they would most like to see and the desirability of various retail stores and brands to add to our shopping centres, and
- inform our innovation and concept testing including the development of our Geni app.

Having our own research community enables us to gather insight from our customers quickly and cost effectively. Since 2014, we estimate that we have received over $2 million in value from our research community and importantly having the community makes it easier and quicker for us to engage with our customers; listen to their feedback and ultimately help build communities that better meet the needs of our customers.

Stockland Exchange was recently named as a Finalist in the Vision Critical Visionary of the Year Awards in recognition of the contribution that the community is having on Stockland's goal of becoming a more customer centric organisation.

Management approach

Management approach overview

Customer engagement methods and objectives vary across business units due to the different requirements of our diverse customer base. We focus on understanding both customer insights and customer experiences with the goal of improving the customer experience and advocacy:

- 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 that respond to customer needs and in turn generate more sustainable returns for the business.

- Customer experience – developing a strategy to drive customer experience and then measuring the experiences of our customers 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.

We invest heavily in customer insights to better understand who our customers are and how we can better meet and anticipate their needs. One simple initiative that demonstrates our commitment to improving the customer experience is a standard survey question asking customers if they have any additional feedback or suggestions for improvement. This ensures that we are continually asking customers what matters to them and this insight is shared with relevant internal stakeholders in order to improve the customer experience.

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

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 and customer service managers) on a monthly basis and offers insights into the volume and nature of customer concerns. Further, our Complaints Management Policy encourages customer feedback as a valuable way to identify opportunities to improve the quality of our products and services. We are proactively reviewing our complaints handling process to ensure fair, consistent outcomes for our customers and more accurate and automated collection of this valuable feedback using Salesforce.

Our key customer engagement mechanisms for each customer group are outlined in the table below

Group

	HOW WE ENGAGE	WHY WE ENGAGE
All Consumer Groups	In 2014, Stockland launched its own online research community, Stockland Exchange. This is a community of over 5,300 members who are customers of our shopping centres, residential and retirement villages.	The community is used to conduct research across our projects and assets. This enables us to better understand our customer needs, test ideas and provide a mechanism for customers to influence Stockland's decision making.
	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 marketing campaigns.	This program provides Stockland with deeper insight into the drivers of our reputation and helps identify how we can improve our reputation and how we compare to our peers.
	We engage with prospective residents through surveys and discussion groups.	To ensure that customer insights are considered in the development of our assets.

Commercial Property

	HOW WE ENGAGE	WHY WE ENGAGE
Retail Tenants	We conduct annual satisfaction tracking research among our retail tenants via two research studies: Stockland proprietary approach, a research study of centre tenants conducted on Stockland's behalf; and Monash University's TenSAT 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 that impact most heavily on retailer retention.
Shoppers	We conduct shopper satisfaction audits across ten centres (and potentially more will be included in FY18) as part of Monash University's ShopperSat research, which measures shopper experience across 100 centres Nationally.	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 retail 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 on specific issues, centre developments or programs.
	We use transactional data to analyse the spending habits of our shoppers and residents who live in our centres' trade areas through the use of anonymous and de-identified transactional data.	To inform our tenancy mix and retail development planning as well as track our centre performance over time.
Office, Logistics and Business Parks Tenants	We conduct annual surveys with tenants across our logistics and business parks assets. In FY18 we will also survey office tenants.	To assess tenant satisfaction and help us build stronger customer relationships.

Residential

	HOW WE ENGAGE	WHY WE ENGAGE
Prospective Residents	We conduct ongoing research with prospective customers (leads) and when they place a deposit with us.	To continually enhance the customer experience throughout the buying journey and ultimately increase conversion.
	We conduct surveys with customers at the point when they settle their contracts with us.	To continually monitor the customer experience between deposit and settlement and identify areas for improvements.
	Mystery Shopping research whereby audits are undertaken of the sales experience.	To ensure consistency in the sales experience delivered at point of sale that ultimately leads to increased conversion and referral business.
Community Residents	A key element of our residential customer engagement is our proprietary Liveability research, which identifies the specific elements that enhance customer satisfaction among our community residents.	To identify specific elements that most significantly enhance customer satisfaction. By focusing on development and community creation activities, we can increase satisfaction and drive greater referral rates.

Retirement Living

	HOW WE ENGAGE	WHY WE ENGAGE
Prospective Village Residents	We conduct sales experience research with inquiring residents and those who have reserved a property.	To better understand the sales experience and prospective customers' needs to ultimately increase sales conversion.
Village Residents	We conduct an annual satisfaction survey with residents called Residents Voice. This is equivalent to the Residential Liveability research.	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 provided when residents move in explains how they can provide feedback.	Opportunity for residents to provide us with feedback on village life at any time.

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 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 a product and pricing strategy.

Ultimate responsibility for the customer experience lies with the CEOs of the Commercial Property, Residential and Retirement Living business units. Each of our business units has 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. In addition, in FY17 a new National Customer Experience Manager role was created. Reporting to our General Manager Group Marketing, this role is responsible for providing thought leadership and developing an organisational wide Customer Experience strategy as well as supporting the business units to implement their customer experience programs. The new role demonstrates our ongoing commitment to customer centricity.

Review and evaluation process

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 meet the evolving needs of our customers and the community. Customer research is used and reviewed at Project Control Group meetings (monthly meeting to review progress of development projects), which review and respond to customer experience findings. In addition, key insights from customer and other research are incorporated into Investment Review Group papers and reviewed by the Research team to ensure that customer insights are accurately reported and considered in investment decision-making.

The Customer Insights team works with the business units to set and review customer research related KPIs to ensure that they are attainable and in line with customer expectations.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Employee Engagement, Development, Diversity and Inclusion

FY17

Why this is important to Stockland

We acknowledge that the ability to engage and retain our employees is critical to our overall business performance. Employees who are engaged are more productive, more passionate and more inspired to innovate and deliver above and beyond standard performance. Furthermore, building a diverse and more inclusive workplace enables greater breadth of thought, more informed decision-making, and better business outcomes.

Developing our employees' capabilities enables them to deliver on our business strategy and purpose, drive continuous improvement and enhance performance. An employee's professional development enhances each employee's passion and potential to deliver high quality performance outcomes, both for themselves and for the business.

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. An overview of our management approach is provided on page 12.

Our key achievements

- Maintained our recognition as an Employer of Choice for Gender Equality with the Workplace Gender Equality Agency for the third year in a row.
- We had 40 female staff members receive nominations for the Property Council of Australia's 100 Women in Property Program across all States and business units (a significant increase from 10 nominations in 2016).
- Appointed women to 71 per cent of General Manager appointments (including two promotions) and appointed our first female Senior Manager in Group Project Management.
- Expanded Stockland's Learning & Development offerings to target a broader cross section of employees.
- Rolled-out the Success Factors Performance Management module to improve overall user experience, functionality and technology as part of the broader 'Core Systems' project to improve systems across the organisation.
- Launched our Senior Leader Program (which is part of an ongoing review of our Stockland Leadership Experience) for the first cohort of 20 of top Senior 100 leaders.
- Recognised by HRD magazine as one of the most Innovative Australian HR Teams.
- Completed employee and external market research to finalise the Stockland People Proposition and align with Stockland's Customer Brand and purpose.
- Recognised as one of the Top 100 Graduate employers in Australia by the *Australian Financial Review*, having expanded our graduate program from 11 to 22 graduate roles.

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Improve Stockland's Wellbeing Index to 78 or above, as measured by the FY17 Our Voice survey.	Not Achieved	Our Wellbeing Index score for FY17 was 75, as measured by the Our Voice survey. A score of 75 is six points above the Australian National Norm. We also piloted a number of initiatives that improved wellbeing scores in those areas.
Maintain an employee engagement score of 80 per cent or above, which is five per cent higher than the Australian high performing norm of 75 per cent.	Achieved	We achieved an employee engagement score of 82 per cent, which is seven points higher than the Australian National Norm.
Reduce employee turnover (<1 year tenure) to 20 per cent or lower.	In Progress	Our turnover for employees tenured less than one year was 20.1 per cent. This result is an improvement on FY16 and continues to track toward the target.
Retain employee-initiated turnover for employees with Strong performance or above at 12 per cent or lower.	Achieved	Our employee-initiated turnover for employees with Strong performance or above was 10.6 per cent.
Maintain gender pay equity ratio of 97-103 per cent.	Achieved	Our gender pay equity ratio is 98.6 per cent.
Increase the percentage of women in management roles towards target of 50 per cent by 2020.	In Progress	As at 30 June 2017, women represented 45.9 per cent of our management population, which is above our FY17 target of 45.2 per cent.
Implement an Indigenous hiring strategy.	Achieved	We enacted a casual employment scheme in Far North Queensland shopping centres, focusing on opportunities for indigenous youth.
Hire two employees with disabilities per annum from FY16 to FY18.	Achieved	We hired two employees with disabilities during FY17.
Recruit one graduate per graduate intake through the Stepping Into internship program run by the Australian Network on Disability.	Achieved	We appointed a Stepping Into intern to a graduate role in FY17.
Target an average of three to four training days per employee.	Not Achieved	Our employees averaged 2.5 training days in FY17. The below-target result is attributable to changes in frequency of Commercial and Residential business unit conferences, which have moved from annual to biennial events.
Develop and conduct training as outlined in the training curriculum for Sales, Development and Project Management.	In Progress	We progressed our technical curriculum with the launch of a Residential Sales Capability Framework. Design of a Sales on-boarding module is underway, as is the scope for design of the first module for Project Management and expanded development modules.
Launch an employee value proposition (Stockland People Proposition) that builds employee advocacy for our customer brand.	In Progress	We are developing content to support the FY18 launch of the employee value proposition. This follows the finalisation of the Stockland People Proposition that aligns with Stockland's Customer Brand and purpose.
Deliver the first program of the Stockland Leadership Experience to support senior managers to lead others through an increasingly diverse, collaborative, and complex environment.	Achieved	We designed and launched Senior Development Program for the first cohort of 20 of our senior leaders. Stockland's program was recognised as part of HRD magazine most Innovative Australian HR Team awards.
Launch a new learning management system as part of our Core Systems Program in FY17. This will support the expansion of our training programs, enhance our employees' learning experience and increase our reporting capability.	In Progress	Our new Learning Management System will launch in August 2017 with increased capabilities for learners including easier navigation and clear linkages to employee development planning and performance.

Future priorities

- Continue to rollout and embed the Senior Leaders program across General Managers and Senior Managers.
- Rollout the next phase of the Stockland Leadership Experience to the Manager job band.
- Consider expansion of Indigenous hiring strategy.
- Hire two employees with disabilities per annum (FY16 – FY18).
- Continue transition to HR systems and processes to SAP SuccessFactors particularly Learning and Talent/Succession modules.
- Review and implement new organisational operating models/structures and new ways of working to maximise Core Systems.
- Integrate the People Proposition into our recruitment processes and platforms.
- Enhance the graduate program by providing greater clarity for the graduate career.

FY17 performance and case studies

Employee engagement

Building a highly engaged workforce is critical to our success as an organisation and our ability to deliver on our priorities. Stockland has partnered with Willis Towers Watson, a leading global advisory company, for over a decade to design and deliver the Our Voice employee engagement survey, which is one of the key ways we measure the engagement of our employees.

In 2017, we used unique employee logins for the second time and reduced the survey questionnaire to improve ease of completion and data quality. In 2017, we achieved an employee engagement score of 82 per cent, which remains above the Australian National Norm (ANN) of 75 per cent. 96 per cent (14 points above the ANN) of employees indicate they fully support the values for which Stockland stands, 91 per cent of respondents saying that they believe strongly in the goals and objectives of Stockland and 95 per cent of respondents indicate 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 had a positive rating of 88 per cent which is nine points above the Global High Performing Norm (GHPN), reflecting our employees' belief that we are doing a good job of integrating sustainability into our projects, activities (86 per cent), our products and services (84 per cent).
- Diversity and Inclusion continues to be a key driver of employee engagement, with 86 per cent of employees considering we are diverse and inclusive. As we continue to create a more diverse and inclusive workplace, it is encouraging to note the large proportion of employees who agree that men and women have the same opportunities to advance at Stockland (83 per cent), perceive the working environment to be accepting of differences with regard to people with disabilities or psychological/physical impairment (86 per cent), and Stockland is accepting of differences with regard to cultural background or lifestyles (93 per cent).
- Employees consider that we care about health and safety (92 per cent), with employees indicating their work area is a safe place to work (96 per cent), that Stockland provides adequate OH&S systems, resources & training (90 per cent), and prompt and effective action is taken when unsafe conditions are brought to management's attention (90 per cent).
- Leadership remains steady with a score of 73 per cent, eight points above the ANN and people have a clear sense of direction from the Leadership Team at 80 per cent. These results reflect concerted efforts on employee communication and visibility of leaders reinforcing our objectives and priorities.

The Our Voice survey also identified the following areas for improvement:

- Employee satisfaction with our work processes and systems (66 per cent) has declined from last year. Improving systems and technology is an organisational priority area, and so it is encouraging to note that employee perceptions of the efforts to enhance systems and technology improved (by four points to 79 per cent). The Core Systems Program launched last year aims to consolidate and streamline our management systems.
- Work processes continue to impact employee enablement, which encompasses work systems, employee wellbeing, and efficiency of processes. While 55 per cent of employees believe Stockland is working to make processes as efficient as possible, some are experiencing obstacles to doing their job well (25 per cent). In parallel to the Core Systems Program we are reviewing key operating models and processes to improve efficiencies across the organisation.
- Innovation continues to be a focus area for improving organisational performance and employee engagement. The Core Systems program is an example of where we are challenging our traditional ways of doing things (69 per cent) and trying new approaches to address business challenges (75 per cent). There is opportunity to create a climate where ideas can fail without negative consequences for the person or group responsible (60 per cent). Through quarterly Leadership Team

gatherings, the Stockland Leadership Experience for Senior Leaders, and the graduate program, we are improving collaboration across business units (63 per cent).

Key projects undertaken to enhance employee engagement in FY17 included:

- Our Collaboration project is underway with the rollout of Office 365 to enable us and our business partners to create, store and share content securely, anywhere anytime, using Office 365 technology. The project is delivering improved document management protocols, accessibility and supporting flexible work practices.

- Flexibility@Stockland was further embedded through the 'Flex in Feb' campaign to increase participation in 'one simple thing', an initiative that encourages employees to identify an activity that enhances their work life quality. The campaign attracted positive participation and an uplift of recorded informal flexible working arrangements. 70 per cent of employees recorded their 'One Simple Thing' ('OST') following the 'Flex in Feb' campaign or have a formal flexible work arrangement in place.

- The Core Systems Program represents the largest investment in our systems in Stockland's history and supports our business strategy by delivering business tools that empower employees to work more efficiently. FY17 has seen the rollout of Performance Module across the organisation and CRM in our Residential and Retirement Living businesses. The remainder of the Human Resources and Finance modules are scheduled for FY18.

- The Digital Workplace Strategy, which is focused on improving employee flexibility and innovation both in and out of the workplace. As part of an initial pilot, the Brisbane office has moved to a full productivity-based working environment, which provides that office with a significantly enhanced way of working

- Stockland Leadership Experience, which aims to enhance the capability of our Senior Leaders. In October 2016 we completed the development of the Stockland Leadership Experience for Senior Leaders (Senior Development program) and delivered the program to our first cohort of leaders. The Program is designed with our purpose at its core and focuses on improving customer led innovation, inclusive leadership and collaboration to enhance people and enterprise leadership capability.

CASE STUDY
Collaboration technology to support employee engagement

In 2016 the employee engagement survey results reinforced the need to improve system and process efficiency. The *Collaboration* project has facilitated improved document control and accessibility for employees across the organisation.

Our *Collaboration* project is a key component of our broader IT investment strategy. *Collaboration* has delivered both technology and change management to support the transfer of documents and other key information to a cloud-based solution (Office 365). The project is part of a larger direction we are taking to improve employee experience with technology and ready the business for the digital economy.

Employees now have the capacity to access their work documents flexibly – anywhere, anytime, from any device. The project has also improved mechanisms for collaborative editing, such as allowing multiple persons to edit a document simultaneously, better version control, and new note-taking programs. Finally, *Collaboration* has involved restructuring directories to deliver shared Team Sites and Asset Sites customised to the unique needs of each team.

The past year included a strong emphasis on training and education in the new ways of working, with hundreds of staff members trained on accessing the cloud and using their respective Team or Asset Sites. Key priorities for *Collaboration* next year are to continue training our employees in the new systems, and to implement the governance framework required to ensure our cloud solution meets our legal obligations for the storing and retrieval of business records.

The improvements that have been delivered through the *Collaboration* project will be further enhanced as we transition to mobile laptop technology and activity based working.

Employee Engagement, Development,
Diversity and Inclusion

Talent attraction and retention

Rolling turnover[1]

We achieved our target of less than 12 per cent employee-initiated turnover for employees with Strong performance or above (turnover rate 10.6 per cent). Stockland-initiated turnover decreased in FY17 after an increase in the second half of FY16 as a result of redundancies that were a part of the formation of the Stockland Support Centre (SSC).

Our overall turnover rate decreased to 17.5 per cent from over 20 per cent in FY16. The table below details the proportion of our workforce that has left the business in the last 12 months.

TURNOVER RATES BY TURNOVER TYPE

	FY17	FY16	FY15	FY14	FY13	FY12
All employee-initiated turnover[2]	15.1% (220)	14.9% (216)	13.8% (193)	15.0%	15.8%	13.6%
Employee-initiated turnover for employees with Strong performance or above[3]	10.6% (104)	11.8% (143)	12.2% (150)	12.6%	NA	NA
Stockland-initiated turnover[4]	2.4% (35)	5.6% (81)	3.0% (42)	5.2%	12.3%	8.9%
Total	17.5% (255)	20.5% (297)	16.8% (235)	20.2%	28.1%	22.5%

Turnover by tenure group[5]

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

EMPLOYEE TURNOVER BY LENGTH OF TENURE

TENURE GROUP	FY17	FY16	FY15	FY14	FY13	FY12
<1 Year	20.1% (46)	22.6% (50)	18.8% (40)	31.0%	26.8%	32.1%
1 - 3 Years	19.8% (78)	21.5% (83)	20.0% (71)	24.5%	28.5%	21.2%
3 - 5 Years	19.4% (47)	19.7% (50)	16.4% (43)	15.1%	30.1%	20.4%
5 - 10 Years	16.8% (64)	20.3% (82)	14.8% (59)	16.6%	27.5%	21.2%
>10 Years	9.3% (20)	17.5% (32)	14.0% (22)	12.0%	25.4%	18.7%

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[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 Strong Performance or above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Strong Performance Or Above Rating] by [Employees With A Strong Performance Or Above Rating].
[4] Stockland-initiated turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).
[5] 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].

Diversity and Inclusion

Our FY17 employee engagement results continue to reiterate the importance our people place on Diversity and Inclusion, which continues to be a key driver for engagement and retention. The Diversity and Inclusion Index from our 2017 Our Voice survey has remained steady at 86 per cent, and continues to be above Australian National Norm for Diversity and Inclusion.

The three priorities set by the Diversity and Inclusion Steering Committee for FY17 include:

- Developing Inclusive Leaders,
- A focus on employee wellbeing, and
- Maintain the momentum of the Employee Advocacy Groups (EAGs).

Our Diversity and Inclusion policy reinforces our commitment to improve the diversity of our workforce and continue to build a culture of inclusion in our workplace. The policy outlines our aim to leverage the maximum potential of our people, irrespective of differences, such as gender identity, ethnicity, age, physical abilities, orientation, family status, beliefs, and perspectives.

Targets and metrics that guide our approach to Diversity and Inclusion include:

- Targets for women in management,
- Parental leave return rates targeting greater than 80 per cent return,
- Annual turnover targets,
- Gender pay gap analysis,
- Gender diversity of our succession pipeline and talent population, and
- Diversity and Inclusion related indices from our annual Our Voice employee engagement survey.

Gender specific metrics and performance

WOMEN IN MANAGEMENT

	FY17		FY16		FY15		FY14		FY13	
JOB BAND	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
Management	555	45.9%	536	44.6%	515	44.7%	464	45.4%	454	43.0%
• Executive [6]	9	11.1%	9	11.0%	9	11.0%	7	0.0%	5	0.0%
• Senior Management [7]	152	38.8%	151	36.0%	138	36.0%	132	35.0%	125	33.0%
• Manager	394	49.5%	376	49.0%	368	49.0%	325	50.0%	324	47.0%
Employee	1,065	66.9%	1,010	67.0%	1,012	66.0%	938	66.0%	913	66.0%
Stockland	1,620	59.7%	1,546	60.0%	1,527	59.0%	1,697	59.0%	1,711	64.0%

FY17 RATE OF RETURN FROM PARENTAL LEAVE

Our rate of return from parental leave continues to be well above our target of 80 per cent.

		WITHIN 6 MONTHS			WITHIN 12 MONTHS		
GENDER	TOTAL LEAVE	RETURNS	RETURN RATE	FY16 RETURN RATE	RETURNS	RETURN RATE	FY16 RETURN RATE
Male	17	16	94.12%	94.74%	16	94.12%	94.44%
Female	107	89	83.18%	91.46%	86	80.37%	79.22%
Overall	124	105	84.68%	92.50%	102	82.26%	84.07%

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[6] Executive is Stockland's Executive Committee.
[7] Includes General Manager and Senior Manager job bands.

GENDER PAY EQUITY RATIO

We aim to achieve gender pay equity within roles by considering an individual's positioning against the relevant market benchmark and comparing gender outcomes. This analysis is shown in the gender pay equity ratio table below. Our target is for a gender pay equity ratio of 100 per cent plus or minus three per cent across the company. This means that males and females would be paid the same for performing similar roles, with a small variance to allow for different levels of experience and other factors. Using the gender pay equity ratio overcomes the limitation of measuring pay equity based solely on average fixed pay by job band, which ignores different market values placed on different jobs.

	FY17	FY16	FY15	FY14
Stockland	98.6%	97.4%	97.2%	96.9%

AVERAGE FIXED REMUNERATION RATIO BY JOB BAND[8]

The average fixed remuneration ratio looks at the ratio of the average female fixed pay to the average male fixed pay by job band. This does not necessarily measure whether we pay males and females similar rates for the same role, as job bands cover a broad range of diverse roles. The ratios below in part reflect the under-participation rates for females in management and certain job families where market benchmarks are higher.

JOB BAND	FY17	FY16	FY15	FY14	FY13
Executive	0.64	0.59	0.60	NA	NA
Senior Management[9]	0.86	0.85	0.93	0.89	0.88
Management	0.84	0.83	0.85	0.83	0.84
Employee/Professional Technical	0.86	0.86	0.86	0.86	0.86
Total employees[10]	0.66	0.64	0.66	0.65	0.64

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[8] Provided for the following job bands: Executive Committee, General Manager, Senior Manager, Manager and Employee/Professional Technical.
[9] Senior Management includes Senior Manager and General Manager job bands.
[10] The ratio is a function of total pay and employee number by gender.

Cultural Diversity

The table below provides an overview of the cultural diversity of our employees. This data is sourced from our annual Our Voice survey, where respondents are able to voluntarily select the cultural group they identify with.

WORKFORCE BY CULTURAL BACKGROUND[11]

CULTURE	FY17	FY16	FY15	FY14	FY13
Australian	56.2%	62.5%	56.2%	69.6%	64%
Aboriginal and Torres Strait Islander	0.4%	0.0%	0.4%	0.3%	0.3%
European[12]	25.4%	22.8%	25.4%	14.6%	12.0%
Asian[13]	9.3%	8.7%	9.3%	6.5%	6.0%
Maori and New Zealand	2.4%	2.3%	2.4%	2.3%	2.0%
Middle Eastern	0.8%	0.0%	0.8%	0.7%	–
South African	1.0%	1.2%	1.0%	0.9%	1.0%
North American	0.6%	0.0%	0.6%	1.2%	1.0%
Other	4.0%	2.5%	4.0%	3.9%	2.0%

Employee Advocacy Groups (EAGs).

Our 'Gender Equity', 'Disability and Flexibility', 'Wellbeing, LGBTI+ and Cultural Inclusion', and 'Parents and Carers' EAGs are a key component of our approach to Diversity and Inclusion. This section focuses on key achievements of EAGs in FY17; more information on the EAGs' objectives and composition is detailed in the management approach section of this document.

Gender Equity

The Gender Equity EAG recommended changes to our leadership development programs, which are now available as mixed cohorts of women and men, and women only cohorts. Further information on these leadership development programs is provided from page 9.

Parents and Carers

In FY17, the Parents and Carers EAG made policy changes to the Parental Leave experience at Stockland.

Changes to the Parental Leave policy initiated by the group include:

(1) Changes to the timing of non-primary carer's leave – In consultation with employees it was found that the previous policy granting ten days leave immediately following the birth or adoption of a child was not always the best use of leave. Employees told the EAG that being able to take the ten days of non-primary carer's leave anytime during the first year would be more appreciated.

(2) Introduction of accrued long service leave – Employees can now access accrued long service leave on their 10 year anniversary of joining Stockland, regardless of whether parental leave has been taken (accrual is still based on paid service).

(3) Improved clarity on eligibility for short-term incentive payment – Employees need a minimum of one month's paid service to be eligible for an STI payment (excluding paid parental leave) for existing employees (previously was three month requirement).

(4) Amended primary carer's leave for fathers/partners – Primary carer's leave can now be accessed within 12 to 18 months at the business's discretion (was previously only available within 12 months).

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[11] Data presented as a percentage of respondents who chose to disclose their cultural background to the Our Voice survey, our employee engagement survey. Some employees choose not to disclose their cultural background. Responses to this survey are collated by a third party and completely confidential – we have no access to individual data points.
[12] Includes north-west, central, southern, eastern, British, Irish and Scottish.
[13] Includes south-east, north-east, southern and central.

(5) Enhanced primary carer's leave – The policy now allows for 16 weeks paid leave including superannuation plus the choice of one parental flex option: (a) an additional two weeks paid leave, (b) superannuation paid during period of unpaid leave up to one year (up to 36 weeks), or (c) a lump sum payment of $3000 (gross) on return from leave.

The policy has been extended to long-term foster care arrangements.

Wellbeing, LGBTI+ and Cultural Inclusion

The Wellbeing, LGBTI+ and Cultural Inclusion[14] EAG has worked toward its wellbeing objectives in FY17 by:

- Scoping a wellbeing portal for our employees in partnership with BUPA,
- Completing a healthy eating pilot in the Brisbane office, and
- Deploying Mates in Construction suicide prevention training (more information on Mates in Construction is provided in our Human Rights Report).

With regard to cultural inclusion, the EAG has:

- Launched our second Reconciliation Action Plan, and
- Expanded the office procurement partnership with Nallawilli from paper to bottled water and tissues.

More information on our Reconciliation Action Plan and other initiatives related to indigenous rights is provided in our Human Rights Deep Dive.

Employee Wellbeing

Our employees are our greatest asset and in FY17 we focused on employee wellbeing by ensuring that support was available in the mental health space through an affiliation with Mates in Construction and broader support was developed for our people experiencing domestic and/or family violence.

Mates in Construction is an initiative of the Australian Building and Construction Industry, and is dedicated to preventing suicide in the construction industry. Mates in Construction offers suicide prevention programs and offers support through case management and a 24/7 helpline. More information about Mates in Construction can be found in our Human Rights Deep Dive.

Employee development

Learning and development

We achieved an average of 2.5 training days per employee in FY17, representing a decline from the previous year. This decline was because of business unit conferences in Residential and Commercial Property moving from annual to biennial events.

ANNUALISED TRAINING DAYS PER EMPLOYEE

	FY17	FY16	FY15	FY14	FY13
Training Days per Employee	2.5	3.1	2.5	3.1	1.5

We will be reviewing the suitability of Training Days as a measure of our Learning and Development performance during FY18 reflecting the changes in approach to employee development including online learning and on-the-job experiences.

We 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. Our Real Conversations program, launched in November 2016, originated from feedback that our people would benefit from enhancing their skills in holding challenging conversations. The session contains practical tools and frameworks to support real conversations and allows employees to practice these conversations in a safe environment. Since launch we have had 148 employees attend (Australia wide) and have more sessions scheduled.

Leadership development

Over the past year, we reviewed our existing leadership development offering in light of the current and future capabilities required for our business, with the first phase of our new approach being our Stockland Leadership Experience for Senior

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[14] In FY17, this EAG was known as the Cultural Inclusion and Wellbeing EAG. From FY18 onward this EAG will be referred to as Wellbeing, LGBTI+ and Cultural Inclusion and will include support for our LGBTI+ community as part of its remit. This is in response to employee feedback that we need to be more visible when it comes to better supporting our LGBTI+ community within our approach to Diversity and Inclusion.

Leaders in September 2016. With ongoing revisions to our leadership orientation program (Leading@Stockland) we ensure ongoing relevance and impact for participants.

CASE STUDY
Developing Inclusive Leadership through the Stockland Leadership Experience

The Stockland Leadership Experience (SLE) for Senior Leaders was launched in September 2016 for rollout across our top 145 leaders. The purpose of the programs is to develop our senior leaders ability to:

- operate more inclusively,
- lead customer centric innovation with greater agility,
- lead and drive personal and organisational change,
- increasing emotional intelligence and self-awareness,
- develop habits to build resilience and wellbeing, and
- build more collaborative working relationships with peers.

To create a learning experience, the SLE is centred on our Purpose of "creating a better way to live" for the communities in which we operate.

Leaders are set in the context of a community for a week, and are set a challenge to address, supported by a faculty of experts in the fields of innovation, inclusion, mindfulness and leadership effectiveness.

Our first program was centred in Maitland, where we are investing in a $412 million dollar shopping centre re-development. The Maitland region is experiencing an economic downturn due to a slowdown in mining, has the highest rate of youth unemployment in the state and is one of the centres for the re-settlement of Syrian refugees. It was in this context that the leaders spoke with the community members about: "How can we create a better way to live in the Maitland Community?"

Throughout the experience leaders were guided by an inclusive leadership expert to develop their listening skills and reflect on how their biases might get in the way of listening. This gave leaders an understanding of their own biases as well as a set of tools they can adopt back in the workplace to use with their teams and customers.

Feedback on the program from our first cohort and the executive team has been exceptional, with an 88 per cent approval rating. We've seen a shift in leaders operating differently with their teams, and adopting mindfulness and innovation techniques in their work. The program will be rolled out to a further 75 leaders in FY18.

Participants at the Stockland Leadership Experience

As part of our inclusion strategy and on the recommendation of the Gender Equity EAG, we have expanded our leadership development programs to be available as mixed cohorts for women and men, and women only cohorts. Our successful Springboard program was rebranded to Career Foundations and open to men and women. This program targets employees in the first five years of their career and focuses on building a meaningful career plan by identifying future aspirations and mapping out development plans Our Senior Women Leaders Program was rebranded to Senior Resiliency and is open to men and women. This program targets employees with 10+ years of experience and asks participants to use their future legacy ambitions to guide their leadership development and inspire them to solidify their industry presence. Since the launch of these programs in 2010, we have seen an increase in the number of women taking up management roles from 35 per cent in FY10 to 45.9 per cent in FY17.

Graduate development

Our graduate program has almost doubled in size with 22 graduates commencing in February 2017. The graduates taking part in the annual program are placed across Development, Retirement Living, Commercial Property, Group Investments, Group Legal, Sustainability, Risk and Operations. Graduates have been sourced from a wide range of undergraduate disciplines including property, law, commerce, planning, development, business, networking, science, architectural studies and urban development. The professional development days that form part of the graduate program incorporate the capabilities of inclusive leadership to ensure there is alignment between our current leaders and our potential future leaders.

For our 2017 graduate intake, 50 per cent of roles were filled through our core feeder pools including our intern programs, Stepping Into program or scholar program. Our Careers@Stockland team sourced all other roles, with over 1,000 applications in total.

CASE STUDY
Amplifying our focus on graduates

With the largest intake of graduates to date (22 graduates in 2017) we have doubled the intake in the last two years and we have continued to increase our ability to attract a diverse range of talent from all over Australia and a variety of universities.

The increased intake of graduates responds to a need we identified to increase resourcing and provide innovation and diversity of thought. Our graduate cohorts are seen as our future talent pool and will form part of our talent pipeline and succession planning.

Throughout the two-year program the graduates will contribute to the business as well as have their skills enhanced through targeted development. Development can take the form of rotations to different roles across the business, as well as career planning, community involvement, coaching and innovation.

Our graduates have provided input on updated corporate policies and we will continue to leverage their ability for innovative thinking and continuous improvement. We provide opportunities for the graduates to collaborate as a cohort on projects across the business.

Our next intake of graduates will commence in the first half of 2018. We will continue to enhance the graduate program through new intakes and contemporary development experiences.

Our graduate program staff participating in volunteer bush regeneration activities at Hermitage Foreshore

Management approach

We have a multi-faceted approach to enhancing employee engagement, including career development and reward and recognition programs, health and wellbeing initiatives (refer to Health and Safety Deep Dive), giving and volunteering activities (refer to Community Deep Dive), an inclusive workplace and flexible work arrangements.

Employee engagement

Our Voice

We measure employee engagement annually through the Our Voice survey, independently administered by survey provider Willis Towers Watson. The survey measures our level of employee engagement and provides us with valuable information about our people's perceptions and experiences of our 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. A requirement of the Our Voice process is that all employees have the opportunity to attend a results debrief and action planning session. These sessions are either facilitated by a member of the Human Resources (HR) team or a manager, and focus on understanding the key issues and challenges that influence employee engagement and identifying opportunities to improve.

Developing leaders who are authentic, accessible, performance focused and a beacon for talent is a core component in maintaining and building employee engagement. We have an extensive leadership and development framework to enhance manager skills. We 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.

Internal communications

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

IDEAL FUTURE STATE	HOW WE AIM TO ACHIEVE IT
Employees understand and feel connected to 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 Committee members 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 team 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, 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.

Communication of significant operational changes

In the case of significant operational changes, we must discuss with impacted employees (and their representatives if any) the introduction of 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. While there is no minimum notice period specified in general, employees covered by an Award may have a minimum notice set out in the Award conditions.

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 shortlists. Our policy also requires that male and female employees are involved in all candidate interviews to bring rounded and equitable perspectives to our hiring decisions. This practice also reinforces our gender balance commitments with prospective candidates. Candidates are asked to complete psychometric tests as part of the recruitment process and if they join Stockland, their test results are shared with them and used as an opportunity to inform their professional development.

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 to connect with suitably qualified candidates with a disability to fill vacant positions.

Every year we recruit a cohort of graduates in a variety of disciplines from Australian universities. Our graduate program aims to build a pipeline of future talent, to introduce diversity of thought, and to provide a high quality early career experience. The graduate program is two years, and all graduates undertake a comprehensive training development program to supplement their on-the-job experience. As part of the program, graduates participate in graduate-focused development days, are allocated a senior leader from the business as their sponsor, participate in volunteer days and complete discipline-specific professional qualifications. Graduates also gain exposure to the Executive Committee and senior leaders via both one-on-one and group events. In addition, all graduates complete our Career Foundations program, Real Conversation and Business Writing program in their second year.

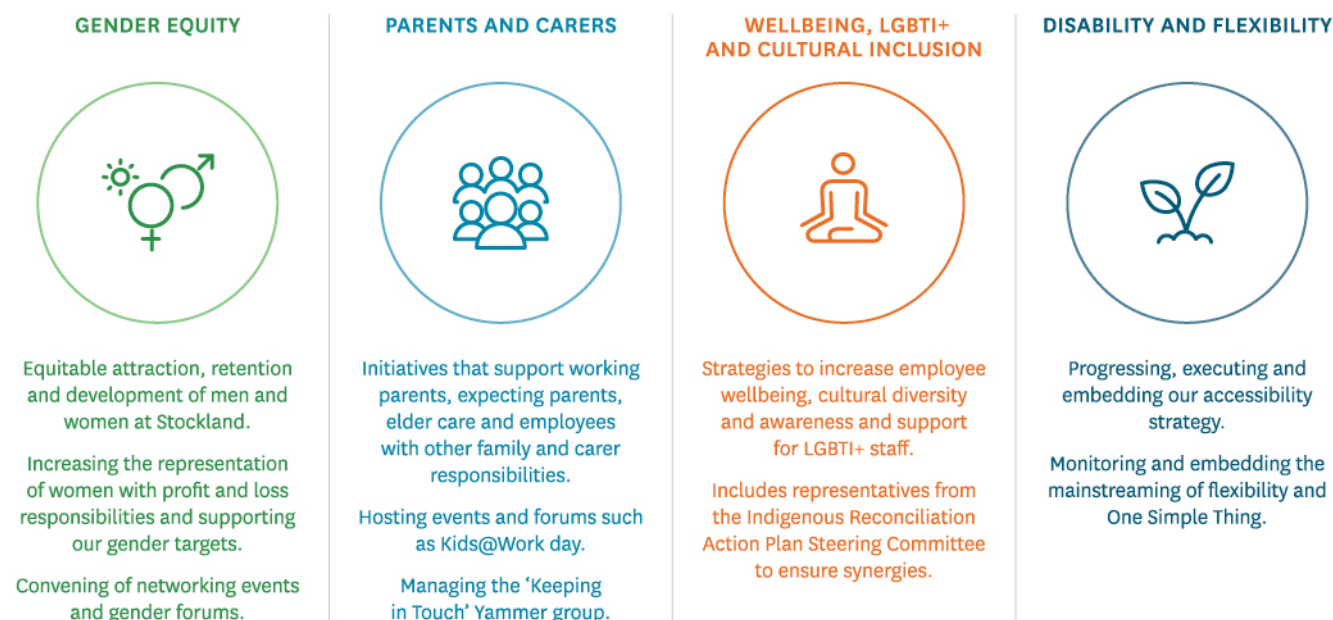Supporting the graduate program are a number of feeder pools, including:
- the Ervin Graf scholarship and work experience throughout the year aimed at training and developing high-performing property students,
- the Stepping Into program, which supports undergraduate students with a disability,
- the Lucy program, which supports female undergraduate students from disadvantaged backgrounds,
- UNSW Internship for Business Students, which provides students with the opportunity to gain work experience,
- UTS Bachelor of Accounting Sponsorship, which provides work training to accounting students completing their undergraduate degree (students complete two six-month internships with sponsor organisations), and
- internships provided to UTS Law students over the winter break, which serve as additional sourcing channels to the graduate program and support our broader diversity strategy.

Employee Advocacy Groups (EAGs)

To expand the reach of Diversity and Inclusion through our business, we have established EAGs under the diversity pillars of:

- Gender Equity,
- Parents and Carers,
- Wellbeing, LGBTI+ and Cultural Inclusion[15], and
- Disability and Flexibility.

GENDER EQUITY	PARENTS AND CARERS	WELLBEING, LGBTI+ AND CULTURAL INCLUSION	DISABILITY AND FLEXIBILITY
Equitable attraction, retention and development of men and women at Stockland.	Initiatives that support working parents, expecting parents, elder care and employees with other family and carer responsibilities.	Strategies to increase employee wellbeing, cultural diversity and awareness and support for LGBTI+ staff.	Progressing, executing and embedding our accessibility strategy.
Increasing the representation of women with profit and loss responsibilities and supporting our gender targets.	Hosting events and forums such as Kids@Work day.	Includes representatives from the Indigenous Reconciliation Action Plan Steering Committee to ensure synergies.	Monitoring and embedding the mainstreaming of flexibility and One Simple Thing.
Convening of networking events and gender forums.	Managing the 'Keeping in Touch' Yammer group.		

Gender Equity

The Gender Equity EAG is sponsored by the Group Executive for Legal and focuses on the equitable attraction, retention, and development of men and women at Stockland through:

- a gender equity lens over our Learning and Development programs,
- an examination of Unconscious Bias and Inclusive Leadership in the leadership curriculum,
- commissioning an external audit of our approach to gender pay equity by Ernst & Young (EY), and
- a review of job families and exploration of how to improve diversity in targeted job families particularly development and project management.

Parents and Carers

The Parents and Carers EAG is sponsored by the Group Executive for Commercial Property and focuses on the employee experience for parents, and with an ageing population in Australia, the EAG investigates how to support our people who are carers. Specific achievements of the Parents and Carers EAG in FY17 are provided earlier in this document.

Wellbeing, LGBTI+ and Cultural Inclusion

The Wellbeing, LGBTI+ and Cultural Inclusion EAG is sponsored by the Chief Operating Officer and focuses on our approach to wellbeing, oversees the Reconciliation Action Plan working group, and reviews the way we measure diversity through recruitment. Specific achievements of the EAG in FY17 are provided earlier in this document. From FY18, this EAG has added support for our LGBTI+ community into its remit, in response to employee feedback that we need to be more visible when it comes to better supporting our LGBTI+ community without our approach to Diversity and Inclusion.

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[15] In FY17, this EAG was known as the Cultural Inclusion and Wellbeing EAG. From FY18 onward this EAG will be referred to as Wellbeing, LGBTI+ and Cultural Inclusion and will include support for our LGBTI+ community as part of its remit. This is in response to employee feedback that we need to be more visible when it comes to better supporting our LGBTI+ community within our approach to Diversity and Inclusion.

Disability and Flexibility

The Disability and Flexibility EAG is sponsored by the Group Executive for Retirement Living and focuses on increasing the take-up of flexibility in the workplace, and advocating for the recruitment of people with a disability. The EAG achieves this through:

- the promotion and championing of our approach to flexibility; One Simple Thing,
- reviewing and, as applicable, developing guidelines and collateral to support the management of flexibility in the workplace,
- creating information tools to improve the recruitment of people with a disability, and
- maintaining a partnership with the Australian Network on Disability and continue to participate in the Stepping Into internship program.

Anti-discrimination and harassment

We are committed to preventing discrimination and harassment. All new employees are required to complete an online course on Equal Employment Opportunity. This program is supplemented with a two-hour face-to-face course for people managers on preventing workplace discrimination and harassment. Many of our senior leaders have also undertaken unconscious bias training.

Performance evaluation and pay equity

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 comparative 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 CEO and reported to the Human Resources Committee of the Board, this 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 and a key reason why our people choose to stay working with us. Our annual engagement survey showed that "my immediate manager is considerate of my life outside work" is one of our top strengths and that work/life balance was the second most popular reason that people stay at Stockland. Our policy is that all roles should be considered flexible. Supported by tools for people managers and an online 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 and teams, the online 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.

Part-time employees enjoy the same benefit policies as full-time employees. Temporary employees are not covered by the same benefit policies but have remuneration and entitlements specified in their individual contracts.

Support for parents and carers

Our 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 per cent.

Treehouse, our onsite 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 online 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 individuals with information and support regarding any type of dependent care, health and lifestyle service.

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. 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 Managing Director and CEO is a founding member of the Male Property Champions of Change and we continue to share and applying learnings from this group.

Employee development

Learning and development

Our learning and development program is structured to help employees as they join the organisation, to grow within their roles once they are on board, 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, how to have difficult conversations and how to increase their presence and 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 and give them the tools to focus their career. We have a core leadership curriculum in place to support this, complemented by online training solutions, coaching, 360° leadership reviews and other assessments.

Developing Inclusive Leaders

In 2015, we partnered with the Diversity Council of Australia on a research study titled; ***Building Inclusion: An evidence based model of inclusive leadership***. Since then we have extended inclusion to deliver more than just a diverse workforce by integrating the principles of inclusion across company processes. For example, the identification of inclusive leadership capabilities has been used to underpin the Stockland Leadership Experience and our approach to succession planning. From this research, we know that inclusive leaders drive performance, productivity and innovation, through their ability to relate to a diversity of people and perspectives, be open and flexible, and focus on personal, team, and organisational growth.

Inclusion is a significant component of the Stockland Leadership Experience, which is a senior leader development opportunity centred on our purpose, "creating a better way to live" for the communities in which we operate. Leaders are immersed in a community for a week, and are set a challenge to solve; they are supported by a faculty of experts in the fields of innovation, inclusion, and mindfulness. Inclusive leadership capabilities underpin the challenge to be solved and academic activities with the faculty embed the learning during the immersion experience.

Our succession planning process values diversity of experience, leadership capabilities, and recognises transferable skills, with a concerted focus on improving our proportion of women in management roles. In addition to our approach to succession planning, our Managing Director and CEO continues to champion diversity in the industry through participation in the Property Male Champions of Change group, appointment as a Pay Equity Ambassador, and as the immediate Past President of the Property Council of Australia, following his two-year that which concluded in early 2017.

Our Managing Director and CEO's participation in these initiatives has led us to continue to apply for recognition as a Workplace Gender Equality Agency Employer of Choice, and setting up programs led by our Executive Committee focused on women in management.

Performance and development

Every year, all employees are required to set clear and measurable development objectives to deliver the objectives of their business and the broader Group. These are collected and tracked via our performance management system.

Our performance and development process is described below.

STOCKLAND PERFORMANCE MANAGEMENT PROCESS

Performance Plan	Set Objectives	Mid-Year Review	Annual Review
	July-August	January-February	May-June
	Development Plan		
	Ongoing Review, Coaching & Mentoring		

Performance and development comprises two key components:

(1) **Performance review process**, which measures the employee's overall performance, including progress against the objectives set at the start of each financial year or at the commencement of a new role. Employee performance is an ongoing focus, reflected in the nature and rigour of our performance review process, outlined below:

- Objectives setting – managers and employees agree objectives and measures of success for the performance year,
- Ongoing feedback – managers and employees have regular meetings throughout the year to discuss ongoing performance and progress against employee's objectives,
- Mid-year review – a more formal opportunity to review employee progress against agreed objectives, and
- 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.

(2) **Career Development** is encouraged through the establishment and ongoing review of personalised development plans, agreed between an employee and manager. This occurs 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. Employees are encouraged to drive their own career development, and we provide our employees and their managers with the tools to do so.

We have implemented a number of programs and initiatives that drive career development:

- 3in3 Program – a structured professional learning program that 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.
- Leadership – we have several programs to provide leaders with the knowledge and skills to facilitate career conversations. This includes Leading@Stockland, Coaching For Success, Real Conversations, Career Foundations, Career Resiliency and our Senior Resiliency program.
- On-the-job – we continue to expand the number of opportunities for our employees to get involved in cross-business projects and initiatives including the Core Systems Program and Employee Advocacy Groups (EAGs), which support our broader diversity and inclusion strategy.
- Further education – employees are encouraged to undertake further education at accredited industry or tertiary institutions. We have a further education policy that outlines the three levels of support we offer for employees undertaking further study, depending on the relevance to their current or next role.

- Professional development – We encourage participation in external training to assist employees with their general professional and career development. We have provided a list of our preferred courses and vendors on our intranet.

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 our business 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.

Our 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.

Talent and Succession

Every year we assess our leader population (Executive Committee, General Managers, Senior Managers and Managers) to identify our high potential employees and map successors for leadership team roles (Executive Committee and General Managers). The talent review process allows us to target investment in our high-potential employees and ensure they receive the development, visibility and support to further their career at Stockland. The succession process involves identifying successors for leadership team roles to support employee engagement, development and retention and business continuity in the event of leadership team turnover.

The resulting talent and succession report, including associated analysis and insights, is shared with the Executive and HR Committees for their review and input.

Roles and responsibilities

Our Chief Operating Officer assumes ultimate responsibility for employee engagement and human capital at a Group level, with the Managing Director and CEO and other 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, all of our employees have a role to play in ensuring internal communication is effective, engaging and responsive and that it contributes to the achievement of optimal business outcomes.

Our leaders and managers are responsible for supporting their people to develop personally and professionally. We have a defined set of leadership accountabilities and competencies outlining what is required to coach, develop and build high performing teams.

Our corporate HR team (including our Organisation Development, Learning and Development, and Performance and Reward teams) is responsible for supporting the development and growth of our people through 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.

Review and evaluation process

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 business-wide communication channels and cascaded through team debriefs and action planning sessions. The team debriefs 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, the Leadership team undertakes an alignment survey, with feedback provided by team members, to assess alignment in clarity, understanding and communication of expectations as they relate to strategic priorities and direction. The survey results are debriefed at a team and Group Leadership team level with subsequent actions identified.

Talent attraction and retention

We recognise that employee engagement has a direct relationship with both productivity levels and talent attraction and retention. As such, we use key retention metrics to determine the success of our employee engagement activities, including employee initiated turnover, turnover in the first year and key talent retention. Employee turnover is monitored and reported monthly on a rolling 12-month average. We also track turnover for employees with strong 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 internal 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.

Employee development

We utilise a range of metrics as proxies for determining the return on investment in employee 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.

Our annual Our Voice employee engagement 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° leadership assessment 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.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Governance and Risk

FY17

Why this is important to Stockland

We adopt a rigorous approach to understanding and proactively managing the risks we face in our business. We recognise that making business decisions that 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 identify risks and 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.

We acknowledge that sustainability leadership at Board and executive level is critical to integrating sustainability management and performance into our culture, processes and business relationships. We also recognise the importance of effective management and remuneration methods that promote and incentivise proactive approaches to sustainability both at Group and asset level.

Health and safety are important focus areas for our business, and our activities and achievements related to health and safety can be found in the Health and Safety Deep Dive.

An overview of our management approach is provided on page 4.

Our key achievements

- Developed an organisation-wide Environmental Management System, third party reviewed by an independent expert.
- Established a cyber risk management plan and launched employee education and awareness programs, upgraded network systems, and reviewed process security controls.
- Completed a series of reviews (including risk management action plans) across a number of focus areas for our business including Medium Density, Stockland Support Centre, contamination due diligence investigation framework, employee injury management, and the core system governance framework.
- Advanced our organisational resilience through continued refinement of crisis management processes, and through desktop exercise scenarios involving a broad mix of our business units and functions.
- Completed an analysis of our historical incidents resulting in insurance claims across our portfolio to aid future design and investment decisions and identify process improvement opportunities.

In this document you will find:

Stockland

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Continually review and enhance organisational resilience in relation to crisis management and emergency response plans. This will include further desktop exercise scenarios and refining our crisis management processes.	Achieved	We enhanced our organisational resilience by using a number of scenario exercises with our crisis management team and executive committee. Progress included monthly desktop exercises across our asset and development management teams.
Establish a cyber risk management plan to guide cyber security provisions and further protect our systems and data from cyber risks.	Achieved	We established a cyber risk management plan and launched employee education and awareness programs, upgraded network systems, and reviewed process security controls. This will be an ongoing focus given the increasing sophistication of cyber security threats.
Enhance the Operational Risk Management System through a national training program.	Achieved	The national training program continues to embed the Operational Risk Management System through targeted role-specific training and development workshops across key roles including Village Management, Logistics and Business Parks, Project and Development Managers and Retail operations teams. Additional role-specific training will continue to be delivered in FY18 and beyond.

Future priorities

- Enhance organisational resilience and crisis management processes by broadening the reach of training and awareness to state-based teams, and evolve the complexity of exercise scenarios.
- Identify and complete risk reviews in priority areas (including but not limited to), direct procurement approval framework, supply chain management, and compliance.
- Continue to review and enhance our cyber security risk management plan to further protect our systems and data from cyber risks.
- Review the current Operational Risk Audit and Assurance program with intent to expand the scope of the assurance program through the development and implementation of deep dive focus areas.
- Conduct systems controls review to assess control gaps and risk in business process designs.

FY17 performance and case studies

Governance of sustainability objectives and performance

Board Sustainability Committee

The Board Sustainability Committee met twice in FY17, in December 2016 and June 2017, and the Sustainability Working Group met a further two times in August 2016 and April 2017. The key areas explored in FY17 included our sustainability targets, our approach to carbon mitigation, our progress with community-related strategy, and our CARE Foundation. Further information on these initiatives can be found in the Carbon and Energy Deep Dive and Community Deep Dive.

Environmental Management System (EMS)

We developed a group-wide Environmental Management System (EMS), which formalises our environmental risk and opportunity management process. The EMS provides an overview of our commitment to environmental aspects, and sets out how we resource and implement programs and procedures to achieve our goals. The document has been structured around the international standard ISO 14001:2015 Environmental Management Systems to show how our initiatives align with the requirements of the standard. An external expert has independently verified alignment with the standard. The document references our policies, procedures and other business management systems and documentation, which constitute an EMS.

Risk management

Corporate risk, assurance and insurance

In FY17, we conducted annual risk workshops with each business unit and corporate function group 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 (as outlined in the management approach on page 4), the updated risk profiles also inform the key areas of focus for our internal audit partners. Our key risk register was updated and reviewed quarterly.

We conducted a number of reviews across focus areas identified through our annual risk profiling process. These included the Medium Density delivery process, Stockland Support Centre, contamination due diligence investigation framework, employee injury management, and the core system governance framework. The outcome of these reviews resulted in a deeper understanding of the risk exposure and the identification of control/process gaps and improvement opportunities to reduce the risk exposure.

We also further refined our crisis management processes in FY17 by leveraging the state executive groups to coordinate interstate responses in the event of a crisis. We completed two desktop scenario exercises, which provided an avenue to test the effectiveness of our response processes as well as educate key stakeholders in the processes to be applied in the event of a crisis situation.

Cyber security was another important focus for our risk management planning. We established a cyber risk management plan and launched employee education and awareness programs, upgraded network systems, and reviewed security controls. We have engaged a cyber security specialist to further drive the program, which will be an ongoing focus in FY18 and future years, given the increasing sophistication of cyber security threats.

To improve the management of risks associated with insurance claims, we analysed our historical incidents and claims across our portfolio to inform future design and investment decisions and identify process improvement opportunities.

Operational Risk Assurance Program

The Operational Risk Assurance Program commenced in FY14 and continues to provide a systematic approach to verifying the implementation of our operational risk systems across our assets on a national basis.

At the conclusion of each audit stage, a score is calculated for each asset based on the number of actions (gaps) identified. This score is then aggregated for all respective assets within the business unit to provide a snapshot of our performance. In FY17, the Retirement Living, Retail, Logistics and Business Parks, and Residential businesses completed their respective operational risk audits with the following results:

- Retirement Living – national compliance average of 96 per cent (a four per cent improvement on the previous year),
- Retail centres – national compliance average of 96 per cent,
- Logistics and Business Parks – national compliance average of 95 per cent (up from 77 per cent on the previous year),
- Residential – national compliance average of 97 per cent (a one per cent improvement on the previous year).

All business units have shown a progressive improvement in compliance levels, underlining our continuous improvement in the implementation of Work, Health and Safety (WHS) and risk management processes nationally.

Compliance

In FY17, the primary focus of the compliance function was to develop and embed policies, procedures and guidance to assist the business assess and remediate compliance/near-miss incidents. Some of the new and existing key compliance policies that were developed and/or updated include:

- **Third Party Due Diligence Policy** – provides guidance on third party due diligence. Our due diligence screening database was enhanced to support the business in assessing and mitigating their third party risks.
- **Records Management Policy** – updated to reflect our Document Management System (SharePoint), and to provide principles and rules on how records should be appropriately classified and stored. This updated policy makes reference to Stockland's Retention Schedule, which sets out the retention period for different categories of business records.
- **Whistleblower Policy** – The scope of this policy was updated to include reporting from our external stakeholders. This included developing an avenue for external stakeholders to anonymously report concerns via our website. Another key update was to add our Group Risk Officer as a second Whistleblower Protection Officer in addition to the General Counsel.
- **Anti-Competitive Policy** – updated to reflect the revised Whistleblower Policy.

We continued to provide various compliance training programs including general compliance, managed investment scheme, privacy, real estate licensing and trust accounting training. We also delivered tailored privacy and consumer law training to specific business functions to strengthen and increase staff awareness and knowledge of respective compliance areas.

We conducted a number of risk reviews to identify and enhance our processes and controls to help mitigate risks in areas relating to privacy and consumer law.

Management Plan Review

As part of our commitment to ensure our activities comply with legal and regulatory obligations, our Group Risk team worked across the business to review the mechanisms that support project teams in meeting these obligations. This review involved assisting our Residential business to complete a national review of relevant management plan obligations (as set out in the respective development approvals) to ensure all obligations have been captured in the relevant site-specific register. A similar process across our Commercial Property and Retirement Living projects and operational assets was completed to assist in managing their respective management plan obligations. Development management, asset management, and operational teams will review management plan requirements on an ongoing basis. Our regular Operational Risk Audits will assist teams in the ongoing management and monitoring of their site-specific registers. Further reviews will be undertaken by the Group Risk team to monitor new developments and operational assets to assist with the development of site-specific registers for new projects.

Internal audit

In FY17, we completed eight internal audits across key business areas including Accounts Receivable, Development and Construction, Retirement Living Sales and Leasing. An external audit firm, EY, was also engaged to perform a Fraud Risk Review across three development projects. Rolling audits continue across our Retail and Retirement Living portfolios.

FY17 also marked the commencement of a large-scale review of future state business process design documentation, to identify any process and control deficiencies as part of the Core Systems program. This work will continue into FY18.

Audit actions and review recommendations are tracked and reported to our leadership team on a monthly basis with status reports submitted to the Board and the Audit Committee on a quarterly basis. We continue to proactively work with the respective business units and key stakeholders to address the findings contained within audit reports.

Management approach

Governance of sustainability strategy and performance

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.

All directors of the Board are members of the Sustainability Committee, reflecting the integral role that sustainability plays in our 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 Board Sustainability Committee Charter is available here. In 2016, we initiated a Board Sustainability Sub-committee, which includes three independent directors with the purpose of approving reporting and providing interim reviews on subject matters on issues before consideration by the Sustainability Committee.

External guests are often invited to educate and inform the Sustainability Committee on new and evolving areas of interest. In FY17 these included prefabrication and digital innovation in building information management, and cyber security. Sustainability updates are submitted to the Executive Committee each month, along with a Stakeholder Relations update that outlines all significant stakeholder issues.

STOCKLAND BOARD COMMITTEE STRUCTURE

STOCKLAND BOARD

- Sustainability Committee
- Human Resources Committee
- Audit Committee
- Risk Committee
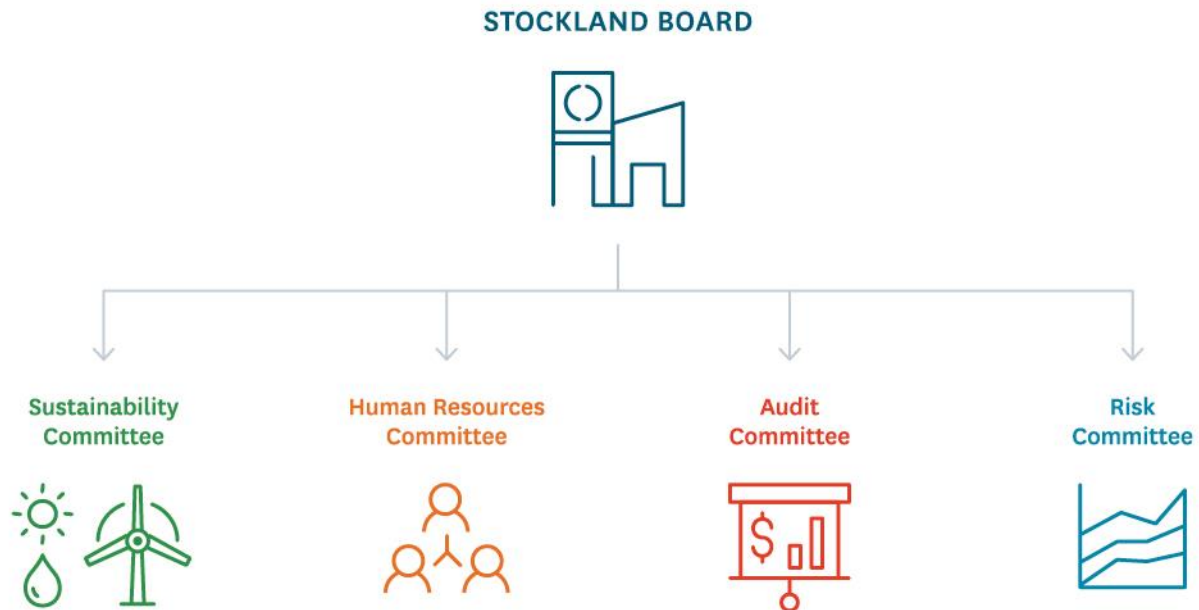
Executive Committee

Every member of our Executive Committee has specific responsibilities relating to our sustainability performance, with strategic key performance indicators linked to our achievement of internal and external targets and objectives (see figure below). Ultimate responsibility for sustainability at a Group level sits with our Chief Operating Officer (COO) who reports directly to our Managing Director and CEO.

STOCKLAND EXECUTIVE COMMITTEE

MANAGING DIRECTOR & CEO

EXECUTIVE COMMITTEE

- Group Executive & Chief Financial Officer
- Group Executive & Chief Investment Officer
- Group Executive, General Counsel & Company Secretary
- Group Executive, Strategy & Stakeholder Relations
- Group Executive & Chief Operating Officer
- Group Executive & CEO – Commercial Property
- Group Executive & CEO – Residential
- Group Executive & CEO – Retirement Living

Sustainability Steering Committee (internal)

Our internal Sustainability Steering Committee shapes and monitors our sustainability approach and strategy.

The Steering Committee is chaired by the COO and is composed of senior management from the various organisational departments including Strategy and Stakeholder Relations, Project Management, Supply Chain, Human Resources, Operations, Development and Sustainability.

The Steering Committee meets three times a year, 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 environmental, social and governance (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 integrated reporting, and
- acting as a first point of reference for significant ESG risks, opportunities and initiatives.

Governance of Stockland CARE Foundation

The Stockland CARE 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.

The Stockland CARE Foundation Board oversees the Stockland CARE Foundation strategy and programs. Members include:

- Graham Bradley, Chair of the CARE Foundation (former Stockland Chairman 2005-2016),
- Mark Steinert, Managing Director and CEO,
- Michael Rosmarin, Group Executive and Chief Operating Officer,
- John Schroder, Group Executive and CEO Commercial Property,
- Katherine Grace, Group Executive, General Counsel and Company Secretary, and
- Davina Rooney, General Manager Sustainability (CARE Foundation Secretary).

Our CARE Foundation and Community Partnerships Manager manages Foundation programs and partnerships. We have also established a Foundation Employee Network, which consists of employees across New South Wales, Victoria, Western Australia and Queensland to help plan, implement and communicate Foundation programs and initiatives.

Additional information on the CARE Foundation can be found in the Community Deep Dive.

Sustainability strategy implementation framework

Sustainability is integrated and embedded into processes and systems across our business operations and project development lifecycle, as described in our EMS. We have a proactive framework in place to support the implementation of our sustainability strategy across our communities, villages and assets. Elements of the implementation framework are described in the table below.

FRAMEWORK ELEMENT	EXAMPLE
Business-specific sustainability policies • set minimum standards and requirements	Residential Sustainability Policy
Sustainability plans • guide site-specific actions and initiatives	Aura Sustainability Plan
Project- or asset-specific action plans • determine operating and capital expenditure	Aura Business Plan (including Sustainability Plan)
Key performance indicators and individual performance objectives • drive commitment and performance of all employees to support delivery of project- and asset-level action plans	Achieve the target Residential Liveability score

Development

We incorporate social and environmental considerations into our design and development processes so that our assets are resilient and capable of sustained value creation over the long term.
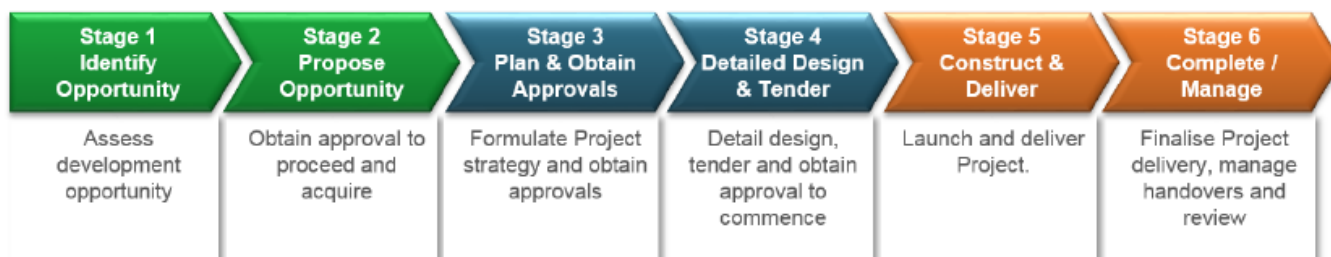
Our project development lifecycle, known as D-Life, is the process followed to manage development opportunities from concept stage, through to planning and delivery. This process is common to all business units.

Each stage of the D-Life process requires the delivery of specific sustainability objectives to pass the defined approval gates (see Figure 3). These objectives and associated initiatives are outlined in our business-specific sustainability policies. These policies are aligned with our sustainability strategy and focus areas, tailored to the particular characteristics of each of our businesses and aim to promote consistency in our sustainability approach across all our developments.

FIGURE 3: DEVELOPMENT PROCESS – D-LIFE VALUE CHAIN

D-Life Value Chain

Stage 1 Identify Opportunity	Stage 2 Propose Opportunity	Stage 3 Plan & Obtain Approvals	Stage 4 Detailed Design & Tender	Stage 5 Construct & Deliver	Stage 6 Complete / Manage
Assess development opportunity	Obtain approval to proceed and acquire	Formulate Project strategy and obtain approvals	Detail design, tender and obtain approval to commence	Launch and deliver Project.	Finalise Project delivery, manage handovers and review

Operations

For our operating assets, we establish annual asset management plans that are aligned with our sustainability strategy for all Retirement Living and Commercial Property assets. These plans incorporate strategic sustainability initiatives and objectives (see Figure 4). The Residential business completes an annual business planning process where sustainability planning is included as part of budgeting. Teams report on progress against objectives (including sustainability objectives) annually.

FIGURE 4: OPERATIONS PROCESS

ANNUAL CYCLE

- Sustainability Initiatives identified at Asset Level
- Commercially viable initiatives proposed to Business
- Viable initiatives incorporated into Asset Plan
- Sustainability, Stakeholder Engagement and Community Development plans to support Asset Plan finalised
- Asset Plan requirements incorporated into Capital Budget
- Delivery of Asset Plan

Ethics and conduct

Stockland believes in doing business in an ethical way and acting in a professional manner. We set high standards and are committed to meeting them. Our Code of Conduct outlines these standards and the expectations they place on our employees. We ask all of our employees to sign a copy of the Code of Conduct as a demonstration of their commitment to our ethical standards and to confirm they have reviewed the Code as part of confirming their annual compliance statement.

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 KPIs linked to our values,
- training on issues of privacy, and competition and consumer law,
- whistleblowing 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.

All new employees are required to complete mandatory compliance training as part of their on-boarding process, including: fraud, bribery and corruption, insider trading, escalation of procedures, raising concerns, and conflicts of interest. All existing employees are required to complete a refresher of this mandatory compliance training annually.

Our Fraud and Corruption Policy sets out our approach to fraud and corruption and provides relevant employee guidance. More information on fraud and corruption prevention mechanisms is contained in our Human Rights Deep Dive.

Corporate Risk Management

Our approach to risk management is guided by Australia/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009), the Australian Stock Exchange Corporate Governance Principles and other applicable regulatory standards. Our Risk Management Framework includes supporting guidelines, procedures and tools to help manage risk 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 approach is assured according to the Three Lines of Defence, which, along with a strong and sustained commitment at all levels of the organisation, contribute to our resilient, risk-aware culture.

First Line of Defence

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

Second Line of Defence

Our Group Risk functions assist the First Line of Defence, and are responsible for developing the risk management framework and for adapting it to changes in the business and the external environment in which we operate (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 include:

- **Strategy** – providing advice to management and the Board on strategic risks, including leading Group-wide strategic risk reviews.
- **Group Legal** – providing technical advice and support to management and the Board on legal risks including the provision of regulatory updates and the impact of those changes.
- **Corporate Risk and Assurance** – providing advice to management and the Board on significant risks, including leading Group-wide risk reviews. This includes supporting and implementing appropriate risk management processes and controls, assessing internal controls, and managing the group insurance program. We keep our Board updated on key risks by discussing the risk register at each meeting of the Risk Committee.
- **Operational Risk** – providing advice to management on all classes of operational risk, including the development and assurance of systems and processes for risks relating to environment, Work Health and Safety (WHS), business continuity, and public and physical asset safety.
- **Compliance** – overseeing the operation and suitability of the compliance framework and its review and continuous improvement. Our Compliance function actively supports the identification and management of risks and opportunities associated with social and environmental regulatory changes.

Third Line of Defence

Involves independent assurance and checking from:

- **Internal Audit** – which regularly and independently assesses the effectiveness and efficiency of our controls and provide periodic reporting.

Oversight

The Board and Board Committees (including the Risk Committee, Audit Committee, Sustainability Committee and Human Resources Committee) – which provide overall oversight on our risk management framework in respect of the matters set out in their respective charters.

External Audit provides regular and independent assessment on the effectiveness of financial controls and processes in connection with the preparation of the Group's financial statements, governance disclosures and environmental and social performance reporting. External Audit also 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 the risks to our meeting of 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 that we need to identify and manage carefully.

Our investment and divestment review procedure specifies that we obtain input from Group functions to highlight potential challenges that need to be considered and managed before making financial commitments and divestments.

Our Investment Committee reviews preliminary proposals for capital transactions very early in the acquisition lifecycle. The preliminary proposal is assessed against the Group strategy, individual business unit strategies, tactical flexibility, and the long-term forecast. The Investment Committee process is designed to ensure that we focus our scarce resources on the highest priority capital transactions.

The Investment Review Group (IRG), comprising representatives from our Group functions, reviews investment and divestment proposals later in the proposal's lifecycle. The IRG highlights issues for consideration which may not have been covered in the proposal as submitted, including environmental, legal, social and governance concerns as well as operational and financial considerations.

Roles and responsibilities

The Board has responsibility for establishing a framework of risk management across Stockland. The purpose of the Risk Committee is to assist the Board to discharge its responsibilities in relation to assessing the effectiveness of our overall risk management framework; and supporting a prudent and risk aware approach to business decisions across the company.

The Risk Committee works with the Audit Committee, Sustainability Committee and Human Resources Committee to assist the Board in fulfilling its responsibilities for ensuring sound management of risk and compliance across the company.

Our COO and General Counsel assume ultimate responsibility for risk and governance at a Group level and report directly to Stockland's Managing Director and CEO. The Group Risk Officer is responsible for leading our Group Risk team and oversees the effective implementation and management of our risk management framework, compliance framework and internal audit.

Specific roles and responsibilities pertaining to risk management are outlined above in the Three Lines of Defence model.

Review and evaluation process

Pursuant to ASX Corporate Governance Recommendation 4.2, prior to approval of the financial statements for a financial period, the Board is responsible for receiving a declaration from the CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. The Board is responsible for ensuring the Executive Committee has a sound system of internal controls in place for the management and internal control of material business risks. In addition, comprehensive reports detailing material risks and progress against action items are provided to our Executive Committee and Risk Committee on a quarterly basis. Internal Audit regularly and independently assesses the effectiveness and efficiency of internal controls and periodic reporting, and reports at least quarterly to the Audit Committee.

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.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Health and Safety

Why this is important to Stockland

At Stockland, the health, safety and wellbeing of our employees and our customers is an important focus. We are committed to providing a safe environment for everyone who works with us or attends our workplace. We are also committed to delivering communities and assets where our residents, visitors, tenants and shoppers feel safe at all times.

We foster a culture where health, safety and wellbeing are core values and continuous improvement of our safety performance is part of our normal business practice. 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 and ultimately affect the achievement of organisational goals and objectives.

Millions of people access our assets each year and rely on us to keep them safe. Each asset presents unique security and safety risks. They are easily accessible environments with a dense concentration of people, which makes them potentially vulnerable to local threats such as slippery surfaces and criminal activity, as well as global threats such as terrorist activity.

An overview of our approach to managing the health and safety of our employees and our customers is provided on page 6.

Our key achievements

- Reported a total of five lost time injuries, with an associated lost time injury frequency rate of 1.8, the lowest rate in six years.
- Set minimum security standards for our Retail, Retirement Living, Logistics & Business Parks and Residential assets.
- As part of our 'Sights on Safety' initiative, we commenced a series of joint discussions with our development contractors to embed safety behaviours, with a particular focus on plant rollovers and services strikes.
- Made procedural enhancements to our work, health and safety (WHS) contractor management framework, following an end-to-end review of all WHS contractor management processes, procedures, training material and incident data.
- Centralised our training records management process to assist with governance of training activity and reporting tasks.

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Enhance our end-to-end contractor management processes to improve efficiencies, drive incident reduction, strengthen safety culture and reduce legal risk exposure through further clarification of roles and responsibilities.	In Progress	We completed a face-to-face contractor management training program across all states involving around 200 participants completing approximately 400 hours of training. We developed content for an online training module to be built in FY18.
Implement our Incident and Injury Prevention and Management Strategy targeting employee incident rates across the business.	Achieved	We identified eight 'high risk' roles across the Retirement Living and Commercial Property business units and engaged an external rehabilitation provider to identify high-risk activities and potential control strategies for these roles. Suitable duties registers and Injury Packs have been developed to help reduce the time taken to return employees to work.
Continue to develop and enhance our operational risk training framework by implementing health and safety training, including workers compensation and injury management training, emergency management training, incident management training, and contractor management training.	Achieved	National training provided to key stakeholders in relation to workers compensation and injury management, emergency management, incident management and contractor management.
Enhance our training records management process to improve the way we capture, retain, and report on Work Health and Safety (WHS) training.	Achieved	We enhanced our training records management process by setting up a centralised location for storing records, including face-to-face and online training. This centralised location will assist with record keeping and reporting tasks.
Implement a vehicle impact mitigation guideline across all asset classes to minimise the likelihood and consequence of accidental or malicious incidents caused by a motor vehicle impact.	In Progress	Vehicle impact assessments undertaken across Stockland operational assets (Commercial Property and Retirement Living). A Vehicle Impact Mitigation Guideline was completed for Retirement Living and has been drafted for Commercial Property, to be integrated with design specifications for future developments.
Develop and implement emergency response and business continuity plans across all Residential projects.	Achieved	Emergency Response and Business Continuity Plan developed for our Residential business. Bi-monthly desktop emergency scenarios are conducted across Residential project teams.
Review safety in design processes and further embed risk management protocols into design standards.	In Progress	Discussions are underway with key stakeholders involved in the development and design journey to identify opportunities to enhance design risk management processes. Safety in Design will continue to be a strategic focus area throughout FY18.
Develop guidelines to support our minimum security standards across all business units.	In Progress	Minimum security standards have been set for Retail, Retirement Living, Logistics and Business Parks, and Residential assets. Guidelines have been drafted for key security elements (e.g. CCTV and vehicle impact mitigation) with further guidelines to be developed in FY18.

Future priorities

- Continue to implement our Contractor Management Strategy through consultation, training and awareness.
- Continue to embed the Incident and Injury Prevention and Management Strategy and action plan targeting employee incident rates across the business.
- Complete the transition to a new SAP learning management system.

FY17 performance and case studies

Employee health, safety and wellbeing

Lost time injuries

We reported a total of five lost time injuries (LTIs) with an associated Lost Time Injury Frequency Rate (LTIFR) of 1.8. This represents the lowest figure we have achieved in the last six years. This reduction has occurred despite an increase in lower-impact medically treated injuries (see People Data Pack) due to these injuries no longer losing time. This result can be attributed to various remedial activities implemented progressively throughout the year, including refresher training in workers' compensation, injury management, increased focus on reducing incident reporting times and the engagement of injury management specialists to assist in the management of work related injuries (including stress).

KEY HEALTH AND SAFETY METRICS

	FY17	FY16	FY15	FY14	FY13	FY12
Total average workforce [1]	1,578	1,507	1,438 [2]	1,695	1,736 [3]	1,384
Total hours worked (million)	2.83	2.75	2.53	2.97	3.03	2.42
Number of lost time injuries (LTI) [4,5]	5	11	12	18	17	18
Lost time injury frequency rate (LTIFR) [6]	1.8	4.0	4.7	6.1	5.6	7.4

Our health and safety metrics are provided in the People Data Pack.

Wellbeing

Our wellbeing score (as measured in the Our Voice survey) was 75 per cent. Whilst this represents a one per cent decline on FY16, our score remains six points above Willis Towers Watson's Australian National Norm (ANN). We also scored 12 points above the ANN for the question "I often feel anxious at work". These results parallel those for the Work Life Quality category of Our Voice, which also declined 1 point in FY17 to 75 per cent, but remains above the ANN by five points.

A key driver of these results has been identified as frustration with work systems and processes. We are addressing this through the Core Systems Program, which will be key to improving our systems. Please refer to the Employee Engagement, Development, Diversity and Inclusion Deep Dive for further information on the Core Systems Program.

Our ongoing approach to workplace flexibility through the One Simple Thing initiative seeks to improve work-life quality and wellbeing. Refer to the management approach later in this document for further information on this initiative.

Health and safety initiatives

Sights on Safety

'Sights on Safety' is an initiative where we collaborate with our construction project delivery partners to identify and implement measures to help reduce the number of serious incidents occurring at our development sites. In December 2016, our Group Risk and Group Project Management teams commenced a series of joint discussions with our development contractors in each state to drive safety behaviours and advance best practice in the construction industry, with a particular focus on plant rollovers and services strikes.

The focus on plant rollovers and service strikes followed a review of serious incidents across our development projects from FY15 to date, which identified these types of incidents as priority areas. The review found over 80 per cent of these incidents were primarily caused by operator error and required safety performance improvement by our delivery partners. Since starting the Sights on Safety initiative, we note a reduction of rollover incidents towards the second half of FY17. Group Risk and Group Project Management are working with our delivery partners through FY18 to communicate and implement agreed standards for mitigating the risk of these incidents.

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[1] Total average workforce uses monthly employee totals rather than the end of financial year figure used in Our People metrics.
[2] Total average workforce in FY15 reduced as a result of the sale of the Aged Care business in FY14.
[3] Total average workforce was updated in FY13 to include Aevum payroll employees.
[4] Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.
[5] An injury resulting in the loss of one or more shifts. Not including injuries requiring first aid treatment only.
[6] Number of LTIs / total hours worked from July 2016 to June 2017 x 1,000,000 hours.

Work health and safety management systems review

In line with our commitment to continually improve our processes, in FY17 an external consultant conducted a third-party review of our Work Health and Safety (WHS) management system. The audit included a desktop review of our WHS management systems and site verification assessments at three assets (Retirement Living, Retail and Residential). The review concluded our WHS management system is well developed and implemented and certifiable to AS4801, the Australian Standard upon which it was modelled. Identified improvement opportunities have been reviewed and have largely been incorporated into strategic plans for FY18.

Our Group Risk team completed an end-to-end review of all WHS contractor management processes, procedures, training material and incident data. This review resulted in procedural enhancements to our existing framework, and aligned with an external legal review that was undertaken. Enhancements due for implementation in FY18 include clarification of contractor roles and responsibilities, enhancing safety in design processes and applying the national training strategy.

Employee injury management review

As part of our ongoing review and management of employee injuries, we identified eight "high risk" roles across the Retirement Living and Commercial Property businesses and engaged our external rehabilitation provider to undertake a job task analysis to identify high-risk activities (and potential control strategies) for these roles. Suitable duties registers and Injury Packs have been developed to help reduce the time taken to return employees to work. The focus for FY18 will be to:

- assess suitable enhancements to the scope of our pre-employment checks for the relevant high risk roles,
- provide targeted training to relevant staff and responsible managers,
- continue to work closely with HR managers to facilitate the return to work process, and
- identify potential improvements to our safe work procedures.

Residential operational risk KPI review

We continued to monitor Operational Risk KPIs quarterly in line with reviews introduced in FY16. The review is designed to provide oversight and monitor compliance with ongoing operational risk activities and forms part of the Operational Risk audit program.

Health and safety training activities

We continued to develop and enhance our operational risk training framework, including health and safety training, throughout FY17. We completed a national training strategy and training needs analysis as well as conducted face-to-face and online training activities across the business. National training was provided to key stakeholders in relation to workers compensation and injury management, emergency management, incident management, and contractor management.

Training activities will continue through FY18, when we will also transition to a new SAP online learning platform.

Contractor management training

We completed a face-to-face contractor management training program that involved around 200 participants completing approximately 400 hours of training. We developed content for an online training module to be built in FY18. This training is part of our enhancement of contractor management processes to improve efficiencies, drive incident reduction, strengthen safety culture and reduce legal risk exposure through clarification of roles and responsibilities. We will continue to implement consultation, training, and awareness activities related to contractor management in FY18.

WHS obligations training

WHS obligations training was delivered nationally throughout FY17. The training was jointly delivered by Group Risk and Group Legal and focused largely on the WHS obligations of front line managers including legislative requirements, contractor management and incident management. The intent of the training was to clarify WHS requirements and provide staff with practical examples of how these obligations can be discharged.

Responsible Officers WHS legal briefings

We commenced a national Responsible Officers training program facilitated by an external law firm. The intent of the training is to provide Responsible Officers with clarity in relation to their legal obligations under WHS legislation and to ensure they are familiar with the systems and processes available to assist them in discharging these obligations. This training is being delivered to the Board, Executive Committee members, leadership teams, and state Responsible Officers from June 2017 to September 2017.

Logistics and Business Parks training

Risk training was provided nationally to the Logistics and Business Parks asset management teams in November 2016. This training was delivered by our national emergency management provider and focused on relevant emergency response plans and guidelines. The training also touched upon operational risk improvement areas identified in previous audits, including risk management at unmanned assets. This improvement area is being addressed nationally through the use of lock-boxes that provide site-specific risk information to contractors working on site.

Village Manager training

Retirement Living Village Manager workshops were held nationally in December 2016 focusing on WHS obligations and contractor management, traffic management, swimming pool management, workers compensation as well as key learnings from the Operational Risk audits undertaken in FY17.

CASE STUDY
Friendly competition for safety awareness

Inspired by the Sights on Safety contractor initiative, we used a photo competition to raise awareness of work health and safety for our employees. We used our internal social media platform Yammer to encourage employees to share photos that demonstrate how they put safety first in their work environments. The campaign attracted submissions from a broad range of corporate head office and asset-based employees. A total of 50 image submissions generated over 500 likes in addition to conversations. The top five photos were selected and will feature in a Stockland safety poster to be launched in FY18. The campaign and the forthcoming poster serve to reinforce the role that everyone plays in identifying safety issues before they become incidents.

One of the photos shared as part of our Sights on Safety employee initiative, captioned: "In Tenancy Design & Delivery, we live and breathe safety every day! Hi-vis PPE all the way! #sightsonsafety"

Customer safety and security

We progressed relevant standards and guidelines that apply to the safety and security of our assets and the people who visit and work in them. Minimum security standards have been set for various asset classes including Retail, Retirement Living, Logistics and Business Parks, and Residential. We drafted guidelines for key security elements, such as CCTV, with further guidelines to be developed in FY18.

We worked to minimise the health and safety risks posed by accidental or malicious incidents caused by a motor vehicle impact and undertook vehicle impact assessments across our operational assets (i.e. Commercial Property and Retirement Living). We completed a Vehicle Impact Mitigation Guideline for Retirement Living assets, which has been incorporated into design specifications for future developments. A similar guideline has been drafted for Commercial Property, and will be incorporated into specifications for future Commercial Property developments once finalised. Design risk review processes for all major developments continue to review traffic management and vehicle impact mitigation.

Emergency management

The establishment of robust emergency response and business continuity processes across our operating assets has been a key focus over recent years. This has included the development of a Stockland specific emergency response and business continuity plan for Commercial Property and Retirement Living, covering a broad range of scenarios comprising standard emergencies (e.g. fire evacuation, flood) as well as the global threats (e.g. active shooter, civil unrest and terrorism).

Emergency response and business continuity plans were successfully rolled out across Retail and Logistics and Business Parks in FY15 and Retirement Living 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.

Residential emergency response and business continuity plans were developed in FY17 including bi-monthly desktop emergency scenarios as a means of rehearsing emergency response guidelines. Further information on our Group-wide crisis management approach can be found in the Governance and Risk Deep Dive.

Residential camera pilot

A review of the use of cameras and visual display boards at our development projects has commenced at three pilot sites – **Newport** (Qld), **Sovereign Pocket** (Qld), and Completed Homes at **Highlands** (Vic). The pilot will last for three months and seeks to identify better practices that can help enhance safety performance through the reduction of theft, illegal dumping, workplace incidents and injuries. We will look at the use of cameras and digital signs to enhance positive behaviour and cultural change in relation to safety. The program was extended to incorporate cameras (with number plate recognition software) recently installed at **Cloverton** (Vic) and speed detection devices to be installed at **Aura** (Qld) in FY18. The pilot will be complete in early FY18 and will focus on learnings relating to statistical analysis of incidents occurring before and after the pilot program, behavioural change and incident reporting.

Management approach

Management approach overview

Employee health and wellbeing

We 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).

We maintained our focus on flexibility through an internal 'Flex in Feb' employee campaign to increase participation in 'One Simple Thing', an initiative that encourages employees to identify an activity that enhances their work life quality. The campaign attracted positive participation and an uplift of recorded informal flexible working arrangements. 70 per cent of employees recorded their One Simple Thing following the 'Flex in Feb' campaign or have a formal flexible work arrangement in place.

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.

Employees are updated 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; and
- 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 and help them resolve work or personal issues.

Workplace health and safety (WHS)

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.

Our health and safety management system is designed and structured based on AS/NZ4801. 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 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.

Contractor safety and performance

As our construction activities can be high risk and are conducted by our contractors, we require principal contractors on all of our major projects (e.g. shopping centre redevelopments) to have comprehensive WHS management systems. 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 of project delivery. Suppliers receive a copy of our guideline What Stockland Expects of our Suppliers, which outlines our expectations of suppliers (including health and safety requirements) to assist them operate in a manner consistent with our corporate, social and environmental values. Through these processes, we communicate WHS expectations clearly and work with our supply chain to monitor performance and manage health and safety risks.

A critical step in our contractor management process is our online prequalification system for all directly engaged contractors conducting physical work onsite. The system supports the organisation to validate contractor WHS and environment systems and processes prior to commencement of works onsite. This validation process includes a comprehensive review of contractor safety management systems as well as the verification of insurance and licencing requirements.

We collect contractor lost time injury (LTI) data for principal contractors and their contractors (subcontractors). Whilst Stockland has access to the total hours worked by our direct principal contractors, current constraints in data collection mean that we are not able to collect the sum of hours worked by non-principal contractors. Accordingly, we do not report a contractor Lost Time Injury Frequency Rate as we are not in a position to obtain accurate hours worked by the sum of all contractors.

Customer safety and security

The Operational Risk Integrated Management System (ORIMS) is a national system that defines our approach to managing operational risk and encompasses policies and procedures relating to safety and security. Customer safety and security is also managed at critical points in the design, development and construction stages of the project lifecycle and also throughout our Group-wide business activities.

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 of 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 varying from those for Residential, Retail, and Logistics and Business Parks. 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. We recognise that feelings of safety contribute to resident satisfaction, enhance our community value proposition and drive customer referrals. Residents' perceptions of safety are surveyed as part of our Liveability Index research.

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 that may present risks to residents and property damage.

We have a privacy policy and associated controls and procedures that aim 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 help us meet our legal obligations under the Privacy Act 1988. This allows us to build trust with customers while maximising the effectiveness of our marketing to prospects, leads and customers. Further information on our privacy policy can be found in the Human Rights Deep Dive.

Roles and responsibilities

Our Chief Operating Officer assumes responsibility for monitoring the effective implementation of our risk management systems relating to health, safety, customer safety and security at an executive level and oversees the work of both the Human Resources and Group Risk teams.

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

Review and evaluation process

Employee health, safety and wellbeing

Our employees complete our externally administered Our Voice employee engagement survey annually. The results of the Our Voice survey relating to health and safety and work-life quality and wellbeing are reviewed and analysed by HR with feedback provided to the business. Action plans are subsequently developed to implement improvement strategies.

With regard to workplace health and safety specifically, Stockland's national Operational Risk Assurance Program incorporates WHS and ascertains the level of compliance with operational risk procedures. Progress against audit action items is monitored and tracked regularly by the Operational Risk team.

To analyse employee wellbeing, HR draws on a number of data sources. These include usage rates of the Employee Assistance Program (generally less than five per cent), carers/personal leave rates, Our Voice survey results (particularly the Wellbeing Index), feedback from the related action planning sessions and anecdotal feedback from HR Managers and employees.

Customer safety and security

As part of an integrated compliance program, internal reviews and external insurance property and general liability audits are undertaken regularly to measure compliance with operational risk policies and procedures. This includes a review of public safety and emergency response planning at an asset level. Risks identified through the audit program are electronically recorded, monitored and tracked so that compliance and identified gaps are addressed in a risk-prioritised order.

In addition, self-assessments are undertaken by each asset to achieve compliance against the ORIMS. Our Operational Risk Managers and Specialists then undertake spot checks of the self-assessment checklists.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Human Rights

Why this is important to Stockland

In accordance with the UN Guiding Principles on Business and Human Rights, we are 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 Organisation.[1]

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 commitment to both respect and promote human rights underpins our business activities and stakeholder relationships, and this is appropriately reflected in our human rights policies and procedures. We do not tolerate behaviour that is in breach of the law or our corporate policies.

An overview of our management approach, including key focus areas for the business regarding human rights, is provided on page 8.

Our key achievements

- Opened two dedicated quiet rooms at Stockland **Shellharbour** (NSW), which are designed to create a safe and calm retreat for parents, carers and children with Autism Spectrum Disorder (ASD).
- Launched our second Reconciliation Action Plan (FY17 – FY19).
- Delivered amenities upgrade at Stockland **Wendouree** (Vic), which included the installation of an adult change facility based on 'Changing Places' design principles. The facility provides an accessible toilet with a hoist to assist visitors with mobility impairments and an adult sized changing table.
- Commenced the operationalisation of our Accessibility Strategy in our Retail business by creating a scope and going to tender for a strategic review of our shopping centres and two asset audits to implement accessibility outcomes in FY18.
- Launched Willowdale Community House, certified to Livable Housing Australia (LHA) Silver specifications.
- Benchmarked our approach to human rights against the Corporate Human Rights Benchmark.

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

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Commence our second Reconciliation Action Plan 2016-18 and complete activities referenced in this plan by FY18.	Achieved	We launched our Reconciliation Action Plan, for period FY17 to FY19, following an extensive review and collaboration process with Reconciliation Australia.
Further enhance our understanding of human rights by reviewing our approach against the emerging Corporate Human Rights Benchmark frameworks and identifying opportunities for an improved human rights response.	Achieved	We benchmarked our approach against the UN Global Compact and the Corporate Human Rights Benchmark to develop FY18 opportunities. A key opportunity is to undertake a human rights risk review.
Incorporate accessibility audit plans into operational procedures for our Commercial Property assets.	In Progress	We have commenced the incorporation of accessibility audits by developing a brief that includes a strategic review of our approach in Retail and two asset audits to be completed in FY18.
Complete the delivery of a quiet room pilot at our Stockland Shellharbour shopping centre.	Achieved	We opened two dedicated quiet rooms at Stockland **Shellharbour** (NSW).
Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including: 1. All sustainability hubs rated to meet Livable Housing Australia (LHA) Silver standard minimum Design and As Built certified and registered by FY19. 2. Two new display homes in all new communities to display LHA Silver standard by FY17. 3. All new residential communities to have LHA design options offered by at least two builders by FY17. 4. 20 per cent of medium density and completed homes to meet LHA Silver standard minimum Design and As Built certified and registered by FY19. 5. Achieving Gold standard LHA design, registration and certification on all new retirement living developments.	In Progress	1. Willowdale Community Place was officially launched in September 2016 and has achieved LHA Silver certification. We continue to deliver a Sustainable Hubs program that aims to showcase sustainability elements including accessibility and LHA. 2. We have completed two homes in the **Aura** (Qld) display village FY17, which are expected to receive certification in FY18. A further nine homes at **Aura** are anticipated to be certified silver LHA in FY18. We experienced some challenges with delivering LHA at **The Grove** (Vic) display village due to one of our builder partners closing operations. This meant that we were not able to deliver the two homes anticipated. 3. At least two builder partners are offering LHA design options across our residential communities. 4. No LHA Silver Medium Density or Completed Homes were delivered in FY17. We are improving on our delivery of Medium Density LHA Silver homes with an additional 40 planned to be delivered in FY18 at **Stamford Park** (Vic). We are continuing to work to deliver our LHA targets in this asset class. 5. LHA Gold was achieved previously on Stockland **Willowdale** Retirement Village (NSW) and we have committed to LHA Gold at the new **Elara** Retirement Village (NSW). We will continue to monitor the market demand and feasibility for LHA Gold Design certification.

Future priorities

- Undertake an organisational human rights risk review in FY18.
- Continue to Implement our Reconciliation Action Plan by FY19, and provide progress against key initiatives.
- Seek opportunities to incorporate adult change facilities, quiet rooms and inclusive play space design into existing and future asset planning.
- Work towards a minimum LHA Silver standard (Design certified) for 20 per cent of our Medium Density and Completed Homes by FY20, and 100 per cent of all new retirement living developments.
- Work with our builder partners to improve industry capacity with LHA design through increasing awareness, improving deliverability and identifying opportunities for cost reduction.
- Deliver a minimum of two new display homes in all new communities to LHA Silver standard by FY20.
- Offer LHA design options from at least two builders in all new residential communities by FY20.
- Ensure all sustainability hubs are rated to meet minimum LHA Silver standard (Design certified) by FY20.
- Continue to pilot projects with LHA Gold Design certification and measure the market demand and feasibility by targeting one new LHA Gold retirement living village.

- Work with our consultants to improve the certification of LHA Design across our residential and retirement living assets by completing LHA certifications on our standard designs. This will improve the way we embed LHA through our internal design and delivery process.
- Develop a scorecard and undertake audits to assess accessibility and amenity in our shopping centres in order to develop action plans for staged improvements.

FY17 performance and case studies

Indigenous rights

FY16 marked the completion of our first Reconciliation Action Plan 2014-16 and in FY17 we launched our second Reconciliation Action Plan 2017-19.

Some of our key achievements in FY17 included:

- Sponsoring four scholarships for Indigenous students in New South Wales, Western Australia, Victoria and Queensland through the ABCN Scholarship Foundation.
- Extending our work in indigenous employment through:
  - Completion of our Indigenous employment strategy, reviewed by our Employee Advocacy Group for Wellbeing and Cultural Inclusion.
  - Extension of our FY17 commitment to indigenous traineeships to schoolchildren in partnership with Busy At Work in Queensland. The program is an 18-month traineeship where trainees work one day per week with a host employer. In FY18 we will extend our commitment, taking a new trainee into this program.
  - Commencement of a targeted recruitment pilot for indigenous Australians as Christmas casuals for customer care and administration at Stockland **Townsville** (Qld), with two indigenous Australians hired in Townsville. One has continued to work with Stockland as an Administration Assistant. Contacts were created through the connections with our partner the Townsville Cowboys, with whom we completed an education partnership.
- Adding cultural awareness training to our Learning Management System.
- Procuring over $3,261,000 in products from 31 First Nation suppliers (cumulative FY13 through FY17).
- Continuing our sponsorship of Jamie's Ministry of Food Mobile Kitchen Program in Queensland, in partnership with the Good Foundation. The program deployed a mobile kitchen to deliver five-week cooking classes in Queensland communities. In early FY17, classes were held in Far North Queensland, where they were delivered to the local Indigenous community at Mossman Gorge. Extensive community-wide consultation, including direct consultation with Aboriginal Elders, has taken place to modify the cooking classes to respect local cultural traditions.
- Launching our updated Reconciliation Action Group with two first Australian members.

Accessibility

Our Accessibility Strategy was developed to respond to the needs of people living with disabilities within and across our communities and to further integrate standards (such as those published by Livable Housing Australia and Changing Places) across our portfolio of assets.

In FY17, we completed the following accessibility initiatives:

- Delivered two dedicated Quiet Rooms at Stockland **Shellharbour** (NSW) shopping centre in December 2016 ahead of International Day of People with Disability. The Quiet Rooms are designed to create a safe place for parents, carers and children with Autism Spectrum Disorder (ASD), providing a calm, low sensory environment, which can be used as a retreat away from the busy shopping centre.
- Developed inclusive play spaces at Stockland **Shellharbour** (NSW), Stockland **Point Cook** (Vic), Stockland **Wetherill Park** (NSW), **The Grove** (Vic) and **Cloverton** (Vic). For FY18, we are planning to develop play spaces at Stockland **Balgowlah** (NSW), Stockland **Green Hills** (NSW), Stockland **Bundaberg** (Qld), Stockland **Rockhampton** (Qld), Stockland **Merrylands** (NSW), and **Sienna Wood** (WA).
- Developed an adult-sized change facility at Stockland **Wendouree** (Vic) in line with the key principles of Changing Places. Stockland **Nowra** (NSW) was our first shopping centre to install a Changing Places accessible toilet with a hoist to assist visitors with mobility impairments, along with an adult-sized changing table.
- Partnered with Vision Australia and Monash University to research the experiences of people with vision impairments during their shopping experience. The findings from this research will be used to pilot a buddy shopping program for people with vision impairments in one of our shopping centres.
- Engaged consultants to complete a strategic review of our approach to accessibility in our Retail business with two asset audits to be completed in FY18. We will use the review as a reference to rate the accessibility and inclusion performance

of our shopping centres. This will help to establish an accessibility action plan for each asset and allow us to complete target setting in this area. We plan to test this approach on two pilot sites at Stockland **Bathurst** (NSW) and Stockland **Merrylands** (NSW) in FY18.

- Integrated the findings of a Post Occupancy Evaluation pilot at **Macarthur Gardens** Retirement Village (NSW) into our existing Design Guidelines and current development activity. This pilot aimed to explore how our residents performed daily tasks and functions within their homes, with the objective of influencing design, development and operational principles.
- Achieved the following Liveable Housing Australia (LHA) certifications:
  - LHA Silver standard design for Willowdale Community Place, our sustainability and community hub at the **Willowdale** (NSW) residential community,
  - LHA Silver standard at **Birtinya** Retirement Village (Qld), our first vertical village, and
  - LHA Silver design ratings for two homes completed in the **Aura** (Qld) display village expected in FY18.
- We maintained our approach to achieve a target of 20 per cent of medium density homes to be developed in accordance with LHA guidelines.
- We updated and relaunched our Retirement Living design guidelines to reflect LHA principles, and remain committed to LHA Silver Design in new greenfield retirement villages.

We are working to deliver LHA more efficiently with our builder partners. This year we faced some challenges that were not within our control, including builders going into administration. We will continue to improve processes to enable better delivery and better awareness within the market.

Willowdale Community Place opened in September 2016. Customers and residents visiting the home can take a self-guided tour to learn more about how to live sustainably with a focus on four key areas - energy, waste, water and wellbeing. Customers visiting the Community Place are provided with fact cards and web-links where customers can research ideas and products in more detail. The Hub is certified LHA silver level.

A quiet room at Stockland Shellharbour (NSW). The rooms are designed specifically to give children and parents a respite area from the sometimes-busy nature of the main shopping centre.

CASE STUDY
Quiet rooms at Stockland Shellharbour

Going to a shopping centre with young children in tow can be tough at the best of times. For people with autism spectrum disorder, the centre's sounds, sights and activities may heighten any challenges.

When Shellharbour mother Sharleen Truer spoke of the difficulties she had experienced while shopping with her sons, Stockland teamed up with Sharleen to create two quiet rooms at Stockland **Shellharbour** (NSW) shopping centre. The quiet rooms provide a calm, low sensory environment for people with autism spectrum disorder and their carers and parents.

With eight million customers visiting Stockland **Shellharbour** every year, these rooms are a small but significant initiative to make our shopping centre more inclusive for all our customers to enjoy.

Facilities such as these quiet rooms are important for the children, parents and the whole community. Many people with sensory disorders would enjoy shopping but can find it challenging because of the sensory overload a shopping centre will give. The quiet rooms enable both adults and children alike to simply relax, giving them relief that minimises any stresses that come with the shopping experience

The quiet rooms opened on 2 December 2016 in time for the busy Christmas period and coincided with International Day of People with a Disability. 30 people from key community groups and local disability organisations attended a launch morning tea and toured the quiet rooms and the inclusive playspace. The two rooms are themed as 'Cuddly Clouds' and 'Among the Trees'. The rooms feature sensitive play screens, tactile wall panels, sensory wall coverings, beanbags and dimmable lights.

United Nations Global Compact and Sustainable Development Goals

We are a signatory to the United Nations Global Compact (UNGC) and we support the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. We reviewed our operations against the UNGC's framework and identified an opportunity to extend our whistleblowing channel to external stakeholders (including contractors), which we formalised via an update of our Whistleblower Policy in FY17. There is now an avenue for external stakeholders to anonymously report concerns via our website.

We also completed a review of our human rights approach against the emerging Corporate Human Rights Benchmark frameworks in FY17. The review covered policies that extended to 100 per cent of our operations. The key initial opportunity that we have observed is to undertake a human rights review of our operations. We commenced a review in our supply chain, including considering opportunities to report on human rights impacts in our supply chain. We aim to complete this activity in FY18.

We contribute to a number of the 17 United Nations Sustainable Development Goals, with a particular focus on:

• Goal 3 – Good health and wellbeing,
• Goal 4 – Quality education,
• Goal 5 – Gender equality,

- Goal 11 – Sustainable cities and communities,
- Goal 13 – Climate action,
- Goal 15 – Life on land (biodiversity), and
- Goal 17 – Partnerships for the Goals.

We also contribute to a number of other goals less directly as we operate our business and develop assets, most notably:

- Goal 7 – Affordable and clean energy,
- Goal 8 – Decent work and economic growth,
- Goal 9 – Industry, innovation and infrastructure, and
- Goal 12 – Responsible consumption and production.

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 FY17, approximately 10 per cent of our employees were covered by collective bargaining agreements (CBAs).

Consultation requirements regarding notice periods for significant operational changes are set by modern Awards that apply to certain staff. With regard to CBAs, a minimum notice timeframe is not specified, however they do state that notice of change must be given as early as practicable. We apply a standard approach to consultation, regardless of whether employees are covered by a modern award or a CBA.

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.

Employee wellbeing

Our wellbeing strategy includes mental wellbeing and physical wellbeing as key pillars. Programs related to these pillars include Mates in Construction training (refer to case study below), e-Mindfulness training and the City Run program.

The Flexibility@Stockland initiative continues to provide all employees with access to informal arrangements that allow them improved work-life quality. Refer to the Employee Engagement, Development, Diversity and Inclusion Deep Dive for further information.

CASE STUDY
Mates in Construction accreditation for Green Hills

A key theme of our sustainability strategy is enriching our value chain, which means working with our employees and partners to manage risks and collaborate for positive impact. Construction is a crucial component of how we deliver shared value, and involves close partnerships with contractors and local communities. Construction activities present a number of risks requiring sound management, and mental health on construction sites has emerged as an important industry safety concern.

Construction workers are six times more likely to die by suicide than through a workplace accident. To support mental health at its worksites, we have been working with Mates in Construction, an independent charity working on suicide prevention in construction.

Over the past financial year, we celebrated **Green Hills** (NSW) becoming our first accredited Mates in Construction site.

The accreditation involved 192 employees participating in one hour suicide awareness training, and eleven employees participating in half- or two-day workshops aimed at developing higher levels of support skills. The training has confirmed the importance of "looking out for your mates" on site and has equipped workers with skills necessary to recognise concerns before it is too late.

*Mates in Construction accreditation at our **Green Hills** shopping centre redevelopment (photo provided by Mates in Construction)*

Corporate policies breaches and grievances

We monitor compliance with corporate policies and report any breaches, as outlined below:

- **Code of Conduct** – there were five substantiated breaches of our Code of Conduct in FY17 involving inappropriate behaviours in the workplace. Consequently, one formal warning was given and four terminations resulted.

- **Fraud and Corruption** – there were no substantiated breaches of our Fraud and Corruption Policy in FY17.

- **Discrimination** – there were no substantiated incidents of discrimination in FY17.[2]

- **Privacy** – there were no breaches of our Privacy Policy reportable to the regulator in FY17 and consequently no formal warnings or terminations. In FY17, our Group Compliance team commenced delivery of targeted training to specific departments to further strengthen and raise employee awareness over the importance of privacy.

- **Grievances** – there were no new formal grievances raised in FY17. A grievance raised through the Whistleblower channel in FY16, which was unresolved at the time of completion of FY16 reporting, was investigated and not substantiated during FY17.

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[2] This includes incidents involving the rights of indigenous people.

Management approach

Management approach overview

Stockland respects and seeks to promote human rights through its 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
- Anti-Discrimination and Harassment Policy
- Fraud and Corruption Policy
- Conflict of Interest Policy
- Whistleblowing Policy
- Diversity and Inclusion Policy

- Work Health and Safety Policy
- What Stockland Expects from its Suppliers guideline
- Procurement 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

We also look to promote human rights through our business activities and other initiatives, with examples set out in the table below.

HUMAN RIGHT	EXAMPLES OF ACTIONS
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 Deep Dive).
Right to family life	Providing flexible working conditions for our employees (see Employee Engagement, Development, Diversity and Inclusion Deep Dive).
Right to an adequate standard of living	Responding to customer and resident feedback across our residential communities, including a focus on housing and product quality and affordability (see Customer Engagement and Experience Deep Dive).
Right to education	Supporting and delivering lifelong learning opportunities (see Community Deep Dive).
Right to physical and mental health	Supporting and delivering programs to promote health and wellbeing (see Community Deep Dive and Health and Safety Deep Dive).
Right to participate in cultural life of the community	Supporting and delivering community programs that enhance a sense of belonging and vitality (see Community Deep Dive).

We have 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. This training includes modules on Equal Opportunity in Employment, Sexual Harassment in the Workplace and Workplace Bullying. During FY17 the total hours of employee training in this regard was 345.6 hours. Many of our senior leaders have also undertaken unconscious bias training.

The abovementioned policies also demonstrate our commitment to encouraging a strong ethical culture to prevent fraud and corruption. We perform internal audits, thematic reviews, monitoring of segregation of duties and other control mechanisms

that minimise the likelihood of fraud and corruption occurring. More information in internal audit activities is contained in the Governance and Risk Deep Dive.

Systems and procedures

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 undertake various due diligence processes at different stages of the project lifecycle and business activity. These incorporate human rights considerations 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, Development, Diversity and Inclusion Deep Dive) and our Liveability Index and Residents Voice survey with residents (see Customer Engagement and Experience Deep Dive).

- **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 and projects** – assessments of human rights related risks and opportunities (relating specifically to community development objectives and outcomes) are conducted annually at each asset and project 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 (see Health and Safety Deep Dive).

- **Supply Chain** – our key suppliers are assessed against predetermined human rights related criteria, which they must meet to be eligible for consideration in the procurement process. This includes health and safety, community development and corruption. Refer to the Supply Chain Deep Dive for further information on supply chain qualification criteria.

- **Investments** – our Investment Review Group considers stakeholder impact, including human rights, as part of our investment analysis and decision-making processes, as well as our ownership policies and practices (see Governance and Risk Deep Dive).

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 their employment, he or she has the option of raising that matter through our grievance procedure. If an employee is unable to resolve the concern informally or with their manager, they may raise a formal grievance with HR and the matter will be investigated, if appropriate.

- **Whistleblower 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 or external stakeholder 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 is informed so that processes can be improved and risks contained.

- **Customer complaints handling procedure** – 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, reduce risks and identify opportunities to improve the quality of our processes and services.

- **Privacy policy** – any member of the community may raise a concern through our Privacy Officer about the way their information has been handled.

Supply chain management

'What Stockland Expects of our Suppliers' is issued to all suppliers. The guideline outlines our expectation that suppliers operate in a manner consistent with our corporate, social and environmental values. The guideline outlines the additional corporate responsibility and sustainability practices we consider when making key procurement decisions.

We have also developed a supply chain framework outlining our material supply chain focus areas and supplier requirements with regards to governance and management, environmental impact, health and safety, social value, human rights and

capability and capacity. To the best of our knowledge and belief, we have not identified any operations or suppliers in our direct supply chain that have a significant risk of child labour or forced/compulsory labour. Refer to the Supply Chain Deep Dive for further information.

Accessibility - Livable Housing Australia

As the largest residential property developer in Australia, with an overarching commitment to liveability, we are focused on improving industry standards and making liveability a reality.

Livable Housing Australia (LHA) has introduced a voluntary three-tier 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 describes 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. LHA issues the Liveable Housing Design Quality Mark to accredited building projects that are assessed at the Design and As Built stages of development.

We are committed to all new greenfield retirement living villages achieving Silver design certification and our Retirement Living Design Guidelines have been developed to reflect the LHA principles. We are also committed to our sustainability hubs in our communities being constructed to minimum LHA Silver level and retaining a 20 per cent target for homes constructed to Silver level standards in medium density and completed homes projects. We are working with our builder partners to improve industry capacity through increasing awareness, improving deliverability and identifying opportunities for cost reduction. We also continue to advocate within industry through the Property Council of Australia and the Green Building Council of Australia on the importance of market transformation and acceptance of LHA as an industry standard.

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 Committee, including the Managing Director and CEO and the CEOs of each business unit, who assume responsibility for respecting and promoting human rights within their teams, business units and activities.

The General Manager, Sustainability is responsible for ensuring the effective implementation and evaluation of the community development initiatives that promote the human rights of our customers and communities, and reports directly to the COO. The General Manager, Sustainability is also responsible for developing and maintaining an effective framework for encouraging respect for human rights and responsible practices in our indirect supply chain.

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.

Our Compliance and HR teams also provide guidance to employees on the appropriate procedures available to support employees through the resolution of disputes or grievances. Respect for human rights is considered the responsibility of all employees and is driven by policies, procedures, practical toolkits and shared best practices.

Review and evaluation process

We have benchmarked our Human Rights Policy and approach against the UN Global Compact Principals and found our approach to be current and relevant. We will continue to benchmark our approach against emerging global practice. 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 indicators 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 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.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Stakeholder Engagement

Why this is important to Stockland

We develop and maintain strong relationships with a broad range of stakeholders in order to acknowledge and respond to their unique perceptions, needs and concerns. Across our diverse business, we engage with stakeholders on important life decisions, whether it is deciding where to shop, buying a first home or an investment property, or deciding where to live in retirement. We practice open, honest, two-way communication and recognise the mutual benefits for both our business and our stakeholders that result from genuine engagement.

Our approach to stakeholder engagement encourages regular dialogue with:

- securityholders and the investment community through our Investor Relations team,

- media through our Stakeholder Relations team,

- governments and agencies at all levels through both our Government Relations team and our project and asset teams,

- employees through various internal communication mechanisms, and

- customers and community partners through our Commercial Property, Residential, and Retirement Living businesses.

This document details our management approach and performance in engaging the investment community, the media, and government stakeholders. An overview of our approach to stakeholder engagement for these groups is provided on page 6.

Please note that achievements and approaches related to other stakeholder groups are provided in separate documents:

- Employee Engagement, Development, Diversity and Inclusion Deep Dive,

- Customer Engagement and Experience Deep Dive, and

- Community Deep Dive.

Our key achievements

- Awarded the Project Innovation Award at the 2017 Property Council of Australia Innovation and Excellence Awards, in recognition of the community engagement program implemented at our **Aura** (Qld) community.

- Partnered with Government to deliver well-received housing affordability initiatives all around Australia.

- Met with over 400 investors in Australia, Asia, North America, Europe and the UK, including 36 fund managers who were introduced to Stockland for the first time.

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Deliver stakeholder engagement workshops for employees in Victoria and Queensland with external government stakeholders.	Achieved	We delivered a stakeholder engagement workshop in Victoria in late 2016, and similar training will take place in Queensland in August 2017. This is an ongoing priority, with training workshops planned and run annually around Australia.
Finalise and deliver two tailored engagement education sessions for Stockland's operational and asset managers.	In Progress	We have developed a program for this training and we are in the process of finalising dates for its implementation. The program will be supported by practice notes, which are currently being developed
Update our stakeholder engagement framework through the development of a stakeholder engagement policy that is tailored for operational and asset managers.	Achieved	In FY17 we updated our Government and Stakeholder Engagement Policy to address additional requirements for asset and operational managers. This policy was further supported in FY17 by the introduction of a local government framework, designed to guide local managers on our expectations for engagement with local government
Continue to ensure all active development projects have stakeholder engagement plans in place.	In Progress	All active development projects have a stakeholder engagement plan either in development or in place.
Implement rigour testing and roll out the new stakeholder engagement template across the Commercial Property and Retirement Living business units.	Achieved	We completed a new stakeholder engagement template, which is now used on all active projects requiring stakeholder engagement. We identified that rigour testing would not be an effective tool for measurement and we put it aside in favour of qualitative evaluation of the plans.
Identify and engage with prospective securityholders to broaden our investor base and diversify our sources of capital, in addition to maintaining high levels of engagement with existing investors.	Achieved	We met with over 400 investors in Australia, Asia, North America, Europe and the UK, including 36 fund managers who were introduced to us for the first time.

Future priorities

- Deliver stakeholder engagement workshops for employees in NSW and Western Australia with external government stakeholders.
- Continue to review and update stakeholder engagement policy and guidance notes for alignment with best practice.
- Continue to maintain stakeholder engagement plans for all active development projects.
- Maintain regular engagement with investors through one-on-one meetings, conferences and market briefings.
- Continue to communicate our business objectives and vision through proactive media engagement.

FY17 performance and case studies

We completed a number of initiatives in FY17 to further boost the stakeholder engagement capacity of our teams across the business. These initiatives have helped build the capabilities of project teams to plan and deliver engagement activities that include stakeholders interested in our projects. These capabilities are particularly important for urban infill projects, where our teams face complex stakeholder engagement challenges. The initiatives included the following:

- Continued roll-out of our new stakeholder engagement plan template across the business, benchmarked at industry standards. This template enhances our teams' capabilities to prioritise stakeholders, proactively identify interests or concerns and engage accordingly. Rigour resting was removed as a monitoring and evaluation tool for these plans in favour of qualitative assessment measures.
- Reviewed and updated our Government Relations Policy, and prepared a new local government engagement framework. These initiatives are designed to provide better support to asset and development managers in their interactions with government stakeholders.

- Expansion of the stakeholder engagement component in internal development processes to ensure a standardised approach across the business.
- Preparation of state based stakeholder engagement plans, working across all asset classes in each state. These plans detail the variety of stakeholders that managers have regular interaction with, and ensure that our future engagement takes place in a consistent and coordinated way.

Our approach to stakeholder engagement was recognised at the 2017 Property Council of Australia Innovation and Excellence Awards, where we received the Project Innovation Award for the community engagement program implemented at our Aura masterplanned community

CASE STUDY
Aura Engagement Excellence Program

We conceived the Aura Engagement Excellence Program during the initial planning stages of **Aura** (Qld), Australia's largest masterplanned community under single ownership.

The program identifies and optimises opportunities for community management of natural areas within **Aura**. We developed a strategy following extensive consultation with local community organisations and the Sunshine Coast Council about the best way to involve the local community in the long-term delivery of **Aura**.

This feedback indicated that a community-led reference group should be created to work with us to guide the preservation and management of natural areas.

Program implementation commenced in 2014 with the founding of the Aura Community Stewardship Group, co-ordinated by independent organisation, Healthy Land and Water. It continues to evolve and now includes more than 18 community stakeholder groups working in close collaboration with us to manage natural areas within **Aura.**

Representatives meet quarterly to discuss prospective research, conservation and rehabilitation opportunities.

The program has built strong relationships between our business and the community and has been instrumental in delivering industry-leading sustainability, environmental, economic and social outcomes for the masterplanned project.

Program outcomes include:
- Community stewardship of **Aura's** natural beauty,
- Early rehabilitation of key natural areas, well in advance of the project's State and Federal obligations, and
- Enabled us to pilot new construction technologies including High Efficiency Sediment Basins to ensure maximum protection of downstream waterways.

This community engagement methodology and its implementation was awarded a 6 Star Green Star – Communities rating from the Green Building Council of Australia.

The program was also recognised at the 2017 Property Council of Australia Innovation and Excellence Awards, where the Aura Engagement Excellence Program took out the Project Innovation Award.

*School groups enjoy environmental engagement activities at **Aura***

Investor relations

In FY17, our investor engagement focused on maintaining clear and transparent reporting to our investors (through our regular financial reports and operational updates) and reporting of market sensitive and other information lodged with the Australian Securities Exchange (ASX). In addition, we engaged with investors throughout the year through conferences, roadshows and asset tours. We attended eight conferences and roadshows in Australia, Asia, Europe, and North America. We met with over

400 investment groups, enhancing our profile in the global market and providing securityholders with direct access to management. With a view to broadening our investor base and diversifying our sources of capital, our activity included meeting with 36 fund managers who were introduced to us for the first time.

Investors and analysts are also welcome to tour our assets and meet with senior management. Over the past year, we have showcased a wide range of our assets with 45 different investors, enabling them to deepen their understanding of our business.

In FY17 we continued to encourage our securityholders to receive their communications (reports, distribution notices and announcements) electronically. This enables securityholders to receive timely and secure communication and allows us to invest printing and mailout savings into more accessible digital communication. We also enhanced our communication of key announcements via social media using Twitter and LinkedIn, with our LinkedIn followers now exceeding 25,000, up 20 per cent from FY16.

Government and industry relations

We engage with government to better understand current and forthcoming policies regarding land use planning, housing affordability, and integration of land use planning with transport and key infrastructure investment. We believe that Australia's growing population requires a combination of brownfield and greenfield development, with appropriate infrastructure investment and land-use planning regulation by the public sector. We continue to communicate this message to government while establishing our reputation as a creator of communities and a provider of affordable, sustainable, and liveable places.

We engage with industry groups in order to contribute to a unified voice for the property industry and to share information and achievements in achieving leading outcomes.

Some key areas of engagement with government and industry in FY17 included:

- contributing to public policy, through dialogue with all levels of government, in relation to the planning and delivery of homes and infrastructure across the urban and regional environments in which we operate,
- participating in a range of industry forums and events and holding senior positions on the state and national executives of the Urban Development Institute of Australia and the Property Council of Australia (PCA), of which our CEO Mark Steinert was the National President for most of FY17,
- continuing to take a key role in the development of voluntary tools and standards for the industry, such as National Australian Built Environment Rating System (NABERS) Retail Energy and Water tools, Green Star, and Livable Housing Australia Design Guidelines (see our Asset Rating and Certification Deep Dive),
- working with sector peers through the PCA 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.

CASE STUDY

Putting first home buyers first: addressing housing affordability in partnership with key stakeholders across the country

Housing affordability is a key issue cities face as they grow, and home ownership has become increasingly challenging for many first home buyers in Australia, particularly those looking to buy in Sydney and Melbourne.

As the nation's largest residential developer, we recognised an opportunity to engage with key stakeholders to lead innovative solutions in response to this challenge. A suite of measures is required to unlock housing supply and address affordability, and we have committed to partnering with government and industry to drive sustainable solutions. We are engaging with customers, industry, government and the broader public via media outreach to encourage a coordinated, effective response to this critical issue.

Creating housing options for first home buyers is a focus for us when considering solutions for housing affordability concerns. In the past 12 months we have sold more than 6,600 lots across Australia, half of which have been to first home buyers.

A key example of furthering our response to this challenge and working together with key stakeholders was the launch in April of our '100 homes in 100 days' initiative in NSW. The initiative gave 100 first home buyers priority to purchase land and build a new family home at our Sydney masterplanned communities from $650,000, with a particular emphasis on the 100 days until the end of financial year.

NSW Minister for Planning and Minister for Housing, Anthony Roberts MP, together with first home owner, Jose Duarte, partnered with us to launch the initiative at **Willowdale** (NSW).

Over the course of the 100 days, we exceeded our commitment and sold 168 lots to first home buyers across our three masterplanned communities at **Willowdale**, **Elara** (NSW) and **Altrove** (NSW).

We have extended our engagement with stakeholders on housing affordability nationally, making similar commitments to first home buyers in Queensland ('50 homes in 50 days') and Victoria ('200 homes in 100 days'), in addition to affordability measures for retirees in South Australia, who are able to access 21 homes in our villages for under $210,000, and a boost for first home buyers in Western Australia, with our $5,000 commitment to offset government changes to the rebate for first home buyers. The infographic summarises these initiatives.

In addition, our townhouse developments are offering customers affordable and low maintenance homes. Townhouses will play an increasingly important role in housing affordability and the gentrification and densification of Australia's major cities.
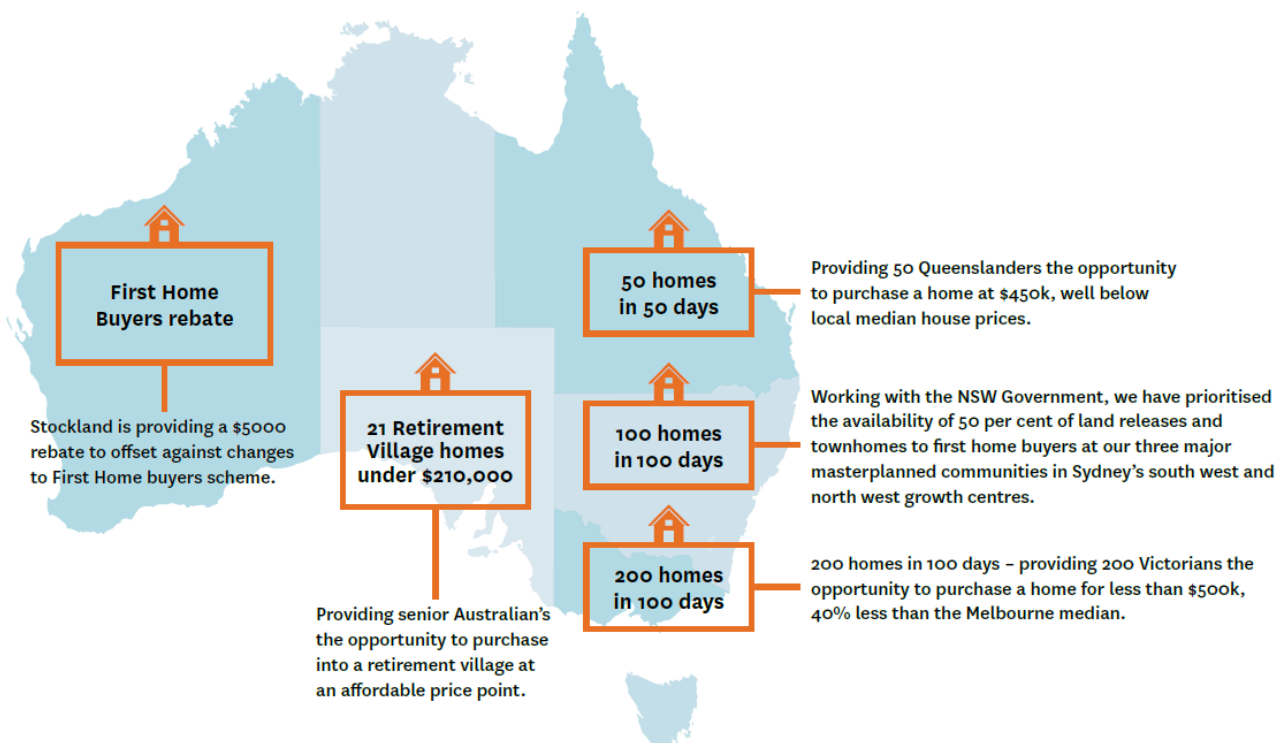

First Home Buyers rebate

Stockland is providing a $5000 rebate to offset against changes to First Home buyers scheme.

21 Retirement Village homes under $210,000

Providing senior Australian's the opportunity to purchase into a retirement village at an affordable price point.

50 homes in 50 days

Providing 50 Queenslanders the opportunity to purchase a home at $450k, well below local median house prices.

100 homes in 100 days

Working with the NSW Government, we have prioritised the availability of 50 per cent of land releases and townhomes to first home buyers at our three major masterplanned communities in Sydney's south west and north west growth centres.

200 homes in 100 days

200 homes in 100 days – providing 200 Victorians the opportunity to purchase a home for less than $500k, 40% less than the Melbourne median.

Illustration of our initiatives that bring home ownership into reach for aspiring homebuyers across Australia.

Media relations

In FY17, our key areas of media engagement focused on:

- positioning Stockland as an equal-opportunity employer that encourages diversity and inclusion at every level of our organisation,
- securing broad coverage of our state-based initiatives related to housing affordability, including the 100 homes in 100 days initiative in NSW,
- communicating our residential strategy and demonstrating our progress in broadening our business to incorporate medium density, completed homes and apartment projects,
- communicating our retail development pipeline with a strong focus on centre remixing and the introduction of key retailers such as H&M,
- communicating our leadership across the Retirement Living industry through opinion-led articles and trade publications,
- communicating our active Retirement Living pipeline through major milestone events including the opening of the **Cardinal Freeman** (NSW) and **Willowdale** (NSW) Retirement Living village clubhouses,
- strengthening our level and frequency of coverage across major metropolitan broadcast media and continuing to generate positive coverage with the key business and property media,
- successfully communicating the launch of a number of major national projects across all asset classes, and
- sharing our sustainability credentials, and achievements, such as our GBCA ratings as well as Tesla and renewable energy (solar) installations.

Throughout FY17, we have also maintained a strong focus on protecting and enhancing the Stockland brand and reputation through effective engagement with print, online and broadcast media. The Media Relations team has worked closely with all areas of the business to address any issues as they have arisen and managed consistent communications across all relevant social media platforms.

Management approach

Management approach overview

Stakeholder groups

We have identified seven key stakeholder groups which either have a significant impact on, or are significantly impacted by, our performance.

OUR KEY STAKEHOLDERS	HOW WE ENGAGE
Employees *We have 1,578 employees in Australia.*	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 annual employee roadshows provide an opportunity for our Executive Committee to interact with employees in each capital city where we operate and provide an update on our strategy and performance. Employees are able to ask questions anonymously or directly to our Executive Committee as part of these roadshows and throughout the year. Our Employee Town Hall meetings provide an opportunity for employees to be briefed on half- and full-year results. The Town Hall meetings are held at Stockland Head Office and are made available to employees across Australia via a live webcast. Employees are encouraged to submit questions to the Executive Committee to be addressed during the meetings. Our Managing Director and CEO also sends an email to all employees outlining the results. For more information on our engagement with employees refer to our Employee Engagement, Development, Diversity and Inclusion Deep Dive.
Government and regulators *Federal, state and local governments set the regulatory environment in which we operate.*	We engage regularly with all levels of government in New South Wales, Victoria, Queensland, Western Australia, South Australia and the Australian Capital Territory, both directly and through industry associations. We also engage with the federal government. For more information on our engagement with government and regulators see the Government and Industry Relations update above.

OUR KEY STAKEHOLDERS	HOW WE ENGAGE
Securityholders and the investment community *We have over 51,000 securityholders in Australia and overseas.*	We provide investor briefings on our strategy and financial results. At our Annual General Meeting, securityholders can engage with our Board of Directors and are updated on our strategy and performance. Our management also meet regularly with institutional investors. For more information on our engagement with securityholders and investors see the Investor Relations update below.
Customers *We have daily contact with a diverse range of customers, including commercial, retail and industrial tenants, 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 support regular, effective and responsive engagement with our customers. For more information on our engagement with our customers refer to our Customer Engagement and Experience Deep Dive.
Suppliers *We procure services and products from over 3,600 active suppliers with the top 100 suppliers representing approximately 75 per cent of our spend.*	Spend associated with the development of our assets accounts for approximately 80 per cent of our annual direct procurement spend, with operational and corporate procurement each representing approximately 10 per cent of annual procured spend. We actively monitor and engage with our suppliers. Our strategic suppliers (predominantly involved in the development and construction of our assets) are prequalified to ensure they have the capability and proven ability to meet general and project-specific sustainability and quality requirements. This involves an assessment of the occupational health and safety systems, financial viability, environmental, social and sustainability capabilities of suppliers. For more information on our engagement with suppliers see our Supply Chain Deep Dive.
Communities *The people who 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 Deep Dive.
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 provide information about our business that supports clearer and more accurate reporting. We aim to respond promptly to requests for information about our business activities. For more information on our engagement with media see the Media Relations update below.

Stakeholder engagement framework

We have a well-established stakeholder engagement framework that 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, 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 Board and Executive Committee receive regular reports with updates on our engagement approach and emerging stakeholder issues or concerns. The Board receives these reports as per their meeting schedule (currently nine per year), and the Executive Committee receives these reports monthly.

We have state-wide stakeholder engagement strategies and asset and project-specific stakeholder engagement plans focused on understanding and responding to local issues. We review environmental and social impacts of key development projects and develop sustainability initiatives to enhance project outcomes.

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 based on the updated stakeholder engagement template. This is guided by our five 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.

We have established responses to the typical issues faced at development sites and in the operation of our assets, including water management, waste, energy and efficiency, climate resilience, biodiversity, stakeholder engagement and health and safety. Further information on these issues and Stockland's response can be found in the respective Report. Our process for identifying and managing impacts on local communities is outlined in our Community Report.

Investor relations

We have over 51,000 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 publicly available on our website at www.stockland.com.au.

To support our retail securityholders having timely access to information we promote the use of electronic communication, providing alerts on major announcements for those with registered emails. We also participate in online interviews with brokers (e.g. CommSec) and our major announcements are published on our corporate 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 Meeting.

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 publicly available on our website.

We also communicate with the investment community via regular group and one-on-one management meetings, 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 relations

We pride ourselves 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 relations policy. The policy is updated annually and communicated 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 Business Council of Australia, GBCA, National Association of Women in Construction, PCA, Shopping Centre Council of Australia, and Urban Development Institute of Australia, 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 takes a proactive media engagement approach, and regularly engages with media outlets at a national, state, regional and local level 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 and the broader community surrounding our assets

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

Our Group Executive Strategy and Stakeholder Relations assumes ultimate responsibility for stakeholder engagement at a Group level and reports directly to the Managing Director and CEO.

Our General Manager Stakeholder Relations manages internal communications as well as the media and government relations functions within the organisation, and is responsible for managing strategic Group level engagement with our key stakeholders. This role reports directly to the Group Executive Strategy and Stakeholder Relations.

Investor relations and corporate communications are managed by our National Manager Investor Relations, who reports directly to our 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.

Review and evaluation process

We review and refresh our stakeholder engagement planning on a monthly basis through the maintenance of 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 practices 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. These are detailed in project stakeholder plans.

Media engagement is evaluated through monthly media analysis and reporting based on daily media monitoring. These services are provided by an external third party.

We commission an independent survey to measure and monitor institutional investor confidence in Stockland every six months. This study is conducted by an external third party.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Supply Chain

FY17

Why this is important to Stockland

Every year, we partner with hundreds of suppliers that range from construction contractors, operational consultants, and suppliers of office products. We work to build strong partnerships with our suppliers such that they are motivated to operate in a manner that is consistent with our values and standards.

We are committed to responsible procurement and sustainable supply chain management. We recognise that having a sustainable supply chain is fundamental to having a sustainable business. An overview of our supply chain management approach is provided on page 5.

Our key achievements

- Reused over 1.5 million cubic metres of spoil and saved over 305,000 kg CO2-e of greenhouse gas emissions on our **Newport** (Qld) development by working with our civil contractor to employ efficient spoil management strategies. Innovative spoil management strategies also resulted in saving over $3.5 million in haulage costs.

- As part of our 'Sights on Safety' initiative, we commenced a series of joint discussions with our development contractors to embed safety behaviours, with a particular focus on plant rollovers and services strikes.

- Celebrated Stockland **Green Hills** (NSW) becoming our first accredited Mates in Construction site. The accreditation involved 192 employees participating in one-hour suicide awareness training, and 11 employees participating in half- or two-day workshops aimed at developing a higher level of support skills.

- Created nearly 1,500 construction jobs within the local community and procured over one-third of construction services through local businesses (defined as within 50 kilometres from the project site) at our Stockland **Green Hills** (NSW) shopping centre redevelopment project

- Created 74 job placements in construction, retail, and administration through the **Green Hills** Connectivity Centre.

- Achieved Fair Trade Certification for our Sydney head office.

In this document you will find:

FY17 priorities and progress

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Launch our guideline 'Sustainability in our Development Supply Chain – What Stockland Expects' with strategic suppliers to communicate our sustainability expectations.	In Progress	We identified an opportunity to enhance the guideline by using it to develop a business-wide approach to supply chain risk management. Development of this approach is in progress, with launch of the document planned for FY18.
Undertake a materials supply chain mapping program to inform the materials sourcing and specification process for new developments.	Achieved	We initiated the materials supply chain mapping program, using the Stockland **Green Hills** (NSW) redevelopment project as a case study. The results of the mapping program informed the development of minimum materials quality and sustainability requirements.
Implement the minimum materials quality and sustainability requirements to be used in the development of our assets.	In Progress	We developed minimum materials quality and sustainability requirements. We continue to work across our business and with our suppliers to implement these requirements across the development of our assets.
Run a supplier roadshow with our strategic suppliers to outline our planned development pipeline and our sustainability, supply chain, and health and safety strategies and initiatives.	In Progress	In FY17, our supplier roadshow has focused on health and safety strategies and initiatives. Roadshow activities for FY18 and beyond will relate to raising awareness of broader sustainability issues in our supply chain and in the development of our assets.
Undertake annual compliance assurance of service contractors.	In Progress	We undertook compliance assurance of our critical service contractors in FY16. These results are still valid for FY17. Following this FY16 assurance, we are planning to repeat the assurance process in late 2018 for services contracts that are to be renewed in FY19.

Future priorities

- Finalise work associated with the 'Sustainability in our Development Supply Chain – What Stockland Expects' and arrange a public launch of the document.
- Work with our supply chain to encourage greater social procurement outcomes with a particular focus on local procurement and employment.
- Continue to enhance sustainable materials selection for use in our developments across our assets.
- Expand our supplier roadshow to include outcomes related to the supply chain guideline and best practice sustainability case studies.

FY17 performance and case studies

Supply chain framework and guidelines

Following the development of our supply chain framework in FY16 (see the management approach section of this document), we developed our 'Sustainability in our Development Supply Chain' guideline. This guideline spells out key considerations for our development suppliers (such as materials and resource use), organised by the core themes of the supply chain framework (such as environmental impact).

Publication of the guideline was originally intended to occur in FY17, however during the year we identified an opportunity to use the guideline to inform a business-wide supply chain risk management review. It is anticipated that this risk management work will be completed in FY18 and the guideline will be published at that point.

We continue to engage with our suppliers about the themes in our supply chain framework. In FY17, our Group Risk and Group Project Management teams initiated the supplier roadshow on the framework with a series of consultations focused on health and safety initiatives. These roadshow consultations will continue into FY18.

Managing environmental risks and impacts

Our supply chain framework continues to inform how we partner with our suppliers to deliver shared value at construction projects. At our **Newport** (Qld) development, we worked with our civil contractor to reduce our reliance on virgin materials and reduce spoil to landfill. These priorities relate to our supply chain framework theme of managing environmental risks and impacts. The project's refined spoil management strategy enabled the reuse of 1.5 million cubic metres of spoil on site. We also saved 114,000 litres of fuel by prioritising the use of efficient equipment. These fuel savings also mean we have avoided

emitting over 305,000 kilograms of greenhouse gases. More information on our approach to spoil management is provided in our Waste and Materials Deep Dive.

Delivering social value

At our Stockland **Green Hills** (NSW) shopping centre redevelopment, we have partnered with builders and community groups to provide local procurement and employment opportunities. These activities support our contractors to enhance the reach and achievements of our Green Hills Connectivity Centre, which we set up in 2016. The Connectivity Centre focuses on creating pathways and training for local people to find employment with participating local employers.

These initiatives show the social value component of our supply chain framework in action. They demonstrate the opportunities and broader social benefit that can eventuate when we partner with local communities as part of our development work. More information on FY17 achievements from the **Green Hills** redevelopment and the Connectivity Centre is provided in the case study below.

CASE STUDY
Delivering shared value at Green Hills

We expect our suppliers to actively engage with the communities in which we operate. Suppliers are encouraged to source labour, goods, and services from local communities, thus maximising the opportunities for our projects to benefit both Stockland and locals.

We partnered with the primary contractor of our $412 million shopping centre redevelopment of Stockland **Green Hills** (NSW) to focus on local employment opportunities provided by the project. Over the past year, the project created 1,495 construction jobs within the local community (defined as contractors residing within 50 kilometres from the site). Furthermore, the project has procured over one-third of its construction services from within the local area (measured by value).

Another feature of our **Green Hills** redevelopment is the Green Hills Connectivity Centre, which we set up in collaboration with the primary contractor on the project. The aim of the Connectivity Centre is to connect job seekers with employment opportunities, and to upskill individuals in preparation for the workplace. Over the past year, the Connectivity Centre placed 74 people into employment in construction, retail, and administration positions. The Centre also provided post-placement support to 18 employers to assist placement retention.

The Connectivity Centre also convened workshops such as the Customer Service Workshop, where young job seekers interested in working in industries such as retail and hospitality can gain a statement of attainment to increase their employability.

Other workshops hosted by the Connectivity Centre during the year include Driver Learner and Driver Awareness workshops, as well as Interview Technique workshops.

One of the highlights of the year for the Connectivity Centre was an art exhibition that the centre hosted in April 2017. The exhibition engaged job seekers in the local community who are artistic or undergoing art as therapy, and encouraged broader community engagement with the centre. The exhibition involved a collaboration with Maitland City Council and the Local Aboriginal Land Council, and was featured in the local paper the day after winners were announced.

*Aerial photograph of construction at Stockland **Green Hills**. The **Green Hills** Connectivity Centre has assisted locals to find employment in construction, retail, and administration positions within the centre.*

Safety and human rights

We continued to collaborate with our suppliers to achieve health, safety, and quality outcomes through our Sights on Safety initiative. Sights on Safety focuses on identifying and implementing measures to reduce the number of serious incidents and in particular plant rollovers and services strikes. The program is aimed at driving safety behaviours and advancing best practice on Stockland developments, construction sites, and where possible, the broader construction industry. More information on Sights on Safety achievements during FY17 is provided in our Health and Safety Deep Dive.

With regard to the human rights aspect of our supply chain framework, we have continued to work with Mates in Construction to improve mental health at our worksites. FY17 achievements related to Mates in Construction are provided in our Human Rights Deep Dive.

Supplier capability and capacity

Our supply chain framework includes a focus on partnering with innovative suppliers who can collaborate with us to deliver shared value. In FY17 our Stockland **Wetherill Park** (NSW) project received an award in recognition of the excellence in construction demonstrated by Stockland and our builder partner Multiplex and the innovative construction methods used to deliver the exceptional project outcomes. More information on projects is provided in the below case studies.

CASE STUDY
Master Builders Association recognises supplier excellence at Stockland Wetherill Park

We partner with contractors that share our strategic focus on operational excellence and delivering positive customer experiences. In November 2016, the Stockland **Wetherill Park** (NSW) shopping centre extension project won a Master Builders Association award for retail building extensions valued over $30 million. The award was received by our principal contractor on the project, Multiplex.

We recognise that construction at shopping centres can disrupt the experience of both shoppers and centre tenants, and so the project was designed so that construction of the new extension could take place while the existing centre remained fully operational.

One of the major challenges with regard to maintaining centre operations was to increase the floor-to-floor height under the Hoyts cinema in order to convert an existing car park into retail space. Multiplex was able to plan and complete these works without disturbing cinema operations.

The extension was completed ahead of schedule, and was the first of its kind to receive a 5 Star Green Star – Design rating. In delivering the award, the Master Builders Association said, "the high standard of workmanship and finishes achieved is a credit to the skill and experience of the builder's project design and construction team." We will continue to partner with contractors and suppliers that deliver excellent results for our customers.

MBA 2016 EXCELLENCE IN CONSTRUCTION AWARDS

STOCKLAND WETHERILL PARK SHOPPING CENTRE

Supply Chain Sustainability School

We continue to encourage our suppliers to participate in programs initiated by the Supply Chain Sustainability School, of which we are a founding member and financial contributor. The school now has 965 members and 15 supporting partners across public, private and not-for-profit sectors. We are currently partnering with the school to develop a supplier education video featuring Stockland case studies on sustainable development.

CASE STUDY
Partnerships for innovation that delivers results for our customers

Housing affordability continues to be an issue of concern for our stakeholders, particularly in the Sydney and Melbourne housing markets. We can deliver shared value for housing affordability by making it easier for first home buyers to enter the market by purchasing a Stockland product.

Over half of our land sales have been to first home buyers in FY17, supported by our initiatives such as 100 Homes in 100 Days. Our increased delivery of medium-density housing is also targeted at providing affordable product given that many apartments and townhouses are lower cost than detached homes.

We realise that opportunities to lower cost and thus improve affordability is more than just delivering different types of product. Rather, we are identifying how innovations in project design and delivery can drive efficiencies that improve affordability.

Innovations in project design and delivery include the use of advanced manufacturing techniques and applications such as Building Information Management (BIM). Advanced manufacturing techniques we are investigating include innovative methods of construction such as Design for Manufacture and Assembly (DfMA), which simplifies product structures to reduce manufacturing and assembly costs. Other concepts under investigation include the use of modular and prefabricated construction, which has the potential to deliver products more quickly, cheaper and higher quality.

BIM, on the other hand, provides industry professionals the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure. More advanced BIM technology delivers efficiencies through enhanced collation of data for key stakeholders such as insurers, and collaborative project scheduling and costing.

We recognise the potential for partnering to both enhance our capabilities and extend our impact. The value of partnerships is also recognised by the United Nations Sustainable Development Goal 17, which states that a successful sustainable development agenda requires partnerships between governments, the private sector, and civil society.

We have developed partnerships with industry, research institutions, and government agencies to explore the potential of the next phase of building technology. One such partnership is the Steel Research Hub, where we are working with the University of Wollongong and other industry participants to investigate innovative steel manufacturing for use in mid-rise apartments.

Corporate procurement

Our supply chain management activities extend to corporate procurement, where we seek to influence sustainability outcomes via the purchase of goods and services for our own workforce. Over the past year, we have focused on sustainability in corporate procurement through working with indigenous suppliers and achieving Fair Trade Certification for our Sydney head office. Our achievements related to indigenous procurement are detailed in our Human Rights Deep Dive.

Achieving Fair Trade Certification involved working with suppliers to switch to fairtrade options where available. As a result, we offer a variety of Fair Trade Certified coffee, tea, and drinking chocolate in all of our 10 tea points at our Sydney head office.

An important part of the certification is communicating the value of choosing fairtrade products to employees. We have launched a communication campaign with fairtrade information provided at tea points as well as conducting events focused on raising awareness about fairtrade. Each year for the past two years, we have participated in the World Fairtrade Challenge, which asks participants to report on consumption of fairtrade products. Our reported consumption this past year doubled when compared to the previous year's result.
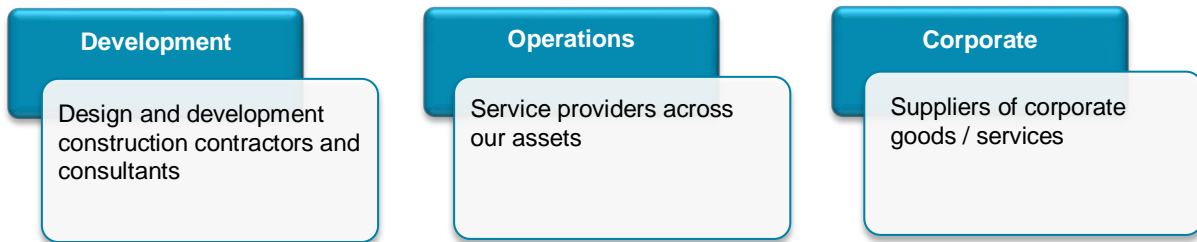
Achieving Fair Trade Certification demonstrates our commitment to working with suppliers who champion sustainability. The availability of fairtrade products and information within the office also encourages employees to integrate fairtrade purchasing into their lives more broadly. We are looking at expanding the certification to our other office locations across Australia.

Management approach

Management approach overview

We adopt a Group-wide strategic approach to managing our procurement and supply chain activities across our three key focus areas, which represent different aspects of our business, as outlined below. Direct procurement spend associated with the development of our assets accounts for approximately 80 per cent of our annual spend. Spend associated with operational assets and corporate expenditure represents approximately 10 per cent respectively of annual procured spend.

Development	Operations	Corporate
Design and development construction contractors and consultants	Service providers across our assets	Suppliers of corporate goods / services

This approach enables us to leverage best practice and effective risk management. It also enhances the certainty and quality of project delivery as well as the sustainability of our supply chain, and in turn, our business.

Supply chain framework

We work with a wide and varied range of suppliers and endeavour to build partnerships with suppliers that operate in a manner that is consistent with our values and standards. Our expectation is that our suppliers comply with Australian state and federal laws and regulations, including, but not limited to, applicable competition, consumer protection, environmental, employment, health, safety and welfare laws.

Our supply chain framework outlines six key focus areas for our supply chain to help us deliver sustainable outcomes. This is supported by our guideline 'What Stockland Expects from its Suppliers', which is provided to our suppliers as part of our annual supplier update and available via our website.

STOCKLAND SUPPLY CHAIN FRAMEWORK

GOVERNANCE & MANAGEMENT	ENVIRONMENTAL IMPACT	HEALTH, SAFETY & QUALITY
Stockland seeks to ensure we work with suppliers who are transparent and accountable in how they do business. This includes complying with all legislation and standards as well as acting ethically in all their dealings with us and in the marketplace.	Stockland believes every organisation has a responsibility to understand and manage their environmental impacts. As such, we seek to work with suppliers who have sustainable materials and procurement practices.	Stockland provides a safe and healthy work environment. We implement high standards in health, safety and quality across our operations and expect the same standards from our suppliers.
SOCIAL VALUE	HUMAN RIGHTS	INNOVATION, CAPABILITY & CAPACITY
Stockland believes business can play a positive role in society. We encourage our suppliers to identify ways to positively contribute to the communities in which we operate.	Stockland respects and promotes safe, fair, diverse and inclusive workplaces. We seek to work with suppliers who have appropriate labour practices and consistent values.	Stockland works collaboratively with suppliers to achieve innovative and sustainable outcomes. We seek to work with suppliers who have proven capability and capacity to work collaboratively to achieve better outcomes.

We use the supply chain framework to hold suppliers accountable for demonstrating our values. We respond to any environmental, social, and labour practice risks or impacts identified and have not identified any significant impacts in the reporting period. We have not terminated any supplier agreements due to significant actual and potential negative environmental, social, or labour practice-related impacts. Further information on our approach to upholding supplier performance can be found in the 'Contractor safety and performance' section of the Health and Safety Deep Dive.

Supply chain procurement

In FY17, we procured goods and services of almost $2 billion from our direct supply chain, which consists of over 3,600 active suppliers, with the top 100 suppliers representing approximately 75 per cent of our spend. We procure goods and services from a diverse range of suppliers with the main categories shown in the diagram below. In addition, we recognise that those directly engaged suppliers often depend on products and services supplied by others, who in turn may depend on another level of suppliers, and so on. This means we engage a number of producers and service providers in addition to our immediate suppliers.

HOW WE CATEGORISE SUPPLIERS

Our main supplier expenditure falls within the following categories.

BUILDING CONTRACTORS (CIVIL AND BUILTFORM CONTRACTORS)	MARKETING AND ADVERTISING	TRAVEL AND ACCOMMODATION
BUILDING CONSULTANTS (ARCHITECT, ENGINEERS)	UTILITY PROVIDERS	LEGAL
GENERAL CONSULTANTS	INSURANCE	REAL ESTATE
SERVICE PROVIDERS (CLEANING, SECURITY, WASTE)	INFORMATION TECHNOLOGY	HUMAN RESOURCES

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

SUPPLIER TIERING BY SPEND

TIER	TIER DEFINITION	NUMBER OF SUPPLIERS	SPEND	% OF SPEND
Tier 1	Spend with supplier is greater than $5 million p.a	78	$1.39 billion	71%
Tier 2	Spend with supplier is between $1 million and $5 million p.a	141	$304 million	15%
Tier 3	Spend with supplier is less than $1 million p.a	3477	$266 million	14%
Total		**3,696**	**$1.96 billion**	**100%**

Our development spend is predominantly procured with Australian suppliers. Given the geographic spread of our projects across a range of Australian locations, we engage with our suppliers to facilitate procurement from local communities. At some of our larger projects, such as our Stockland **Green Hills** (NSW) shopping centre redevelopment, we have worked with the principal contractor to collect data on local procurement. While we do not have systems to report procurement spend across all of our projects, we are committed to sourcing labour, goods, and services from local communities in which we operate.

Supplier management systems

We seek to work with suppliers who have demonstrated sustainability capability and have certified management systems, ensuring optimal sustainability outcomes in the delivery of our assets. All new critical suppliers are screened using labour practices criteria such as employment practices, health and safety practices, and history of incidents. See the Health and Safety Deep Dive for more information on contractor health and safety priorities and achievements.
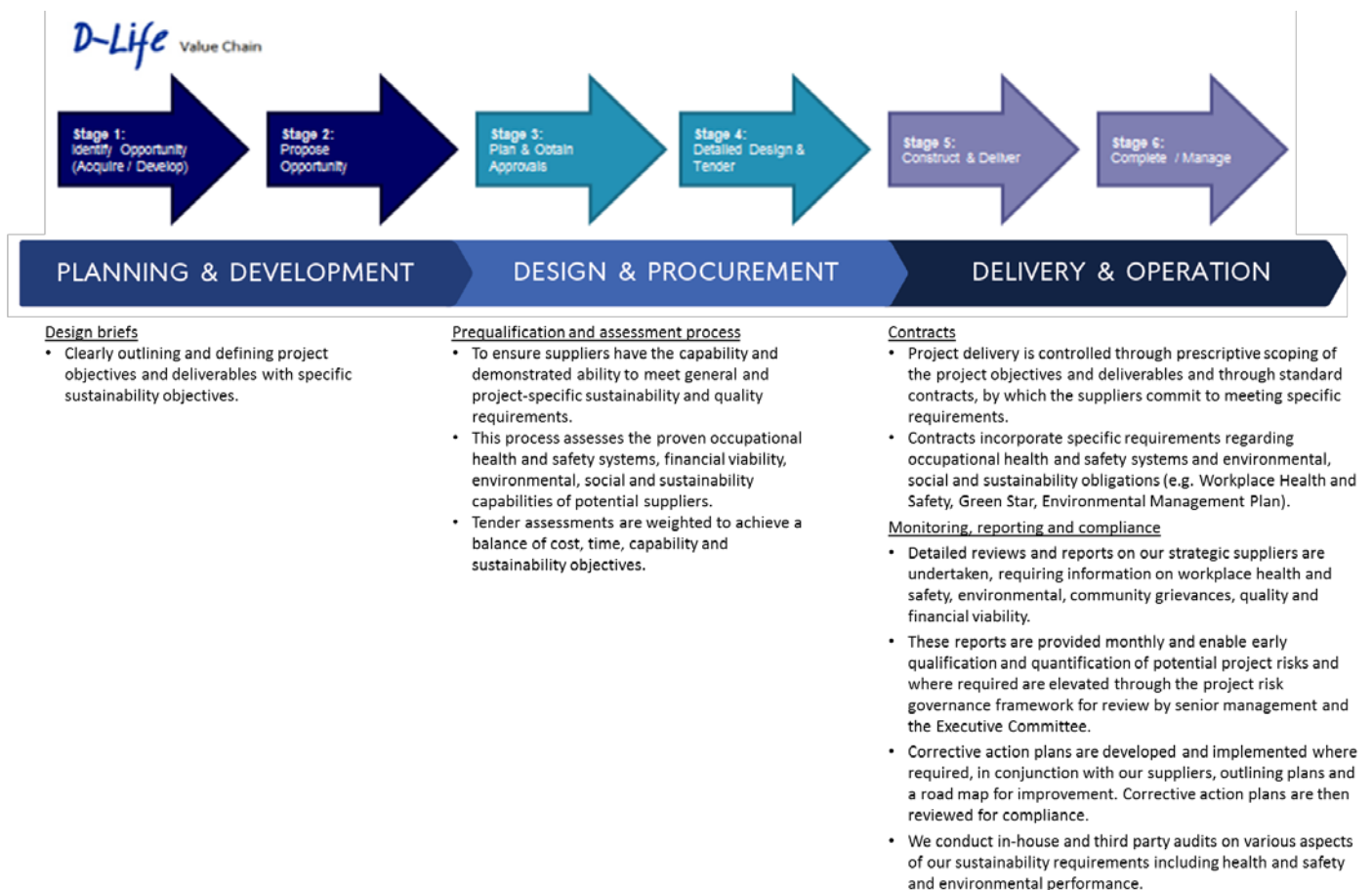
All of our contractors on projects seeking a Green Star rating with contracts over $5 million (for Green Star – Communities) or $10 million (for Green Star – Design & As Built) are required to have a valid ISO14001 Environmental Management System accreditation prior to and throughout the duration of the project contract.

Development projects D-Life process

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

As outlined in Figure 2, 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, we set minimum sustainability, environmental and social requirements of our suppliers during the tender and project delivery processes, as outlined in the figure below.

CRITICAL CONTROL POINTS WITHIN THE PROJECT LIFECYCLE

D-Life Value Chain

| Stage 1: Identify Opportunity (Acquire / Develop) | Stage 2: Propose Opportunity | Stage 3: Plan & Obtain Approvals | Stage 4: Detailed Design & Tender | Stage 5: Construct & Deliver | Stage 6: Complete / Manage |

PLANNING & DEVELOPMENT — **DESIGN & PROCUREMENT** — **DELIVERY & OPERATION**

Design briefs
- Clearly outlining and defining project objectives and deliverables with specific sustainability objectives.

Prequalification and assessment process
- To ensure suppliers have the capability and demonstrated 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.

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.
- Contracts incorporate specific requirements regarding occupational health and safety systems and environmental, social and sustainability obligations (e.g. Workplace Health and Safety, Green Star, Environmental Management Plan).

Monitoring, reporting and compliance
- Detailed reviews and reports on our strategic suppliers are undertaken, requiring information on workplace health and safety, environmental, community grievances, quality and financial viability.
- These reports are provided monthly and enable early qualification and quantification of potential project risks and where required are elevated through the project risk governance framework for review by senior management and the Executive Committee.
- Corrective action plans are developed and implemented where required, in conjunction with our suppliers, outlining plans and a road map for improvement. Corrective action plans are then reviewed for compliance.
- We conduct in-house and third party audits on various aspects of our sustainability requirements including health and safety and environmental performance.

Roles and responsibilities

Procurement and supply chain responsibility at a Group level is shared by the Executive Committee, including the Managing Director and CEO and the respective business unit CEOs, who assume responsibility for procurement and supply chain management practices within their teams, business units and activities. Further, responsible supply chain management is considered the responsibility of all employees and is driven by policies, procedures and shared best practices.

The General Manager Project Management and Direct Procurement reports directly to the Chief Investment Officer and indirectly to the CEOs of the three business units, and is responsible for the execution of procurement processes and procedures on our development projects.

Within Operations, oversight sits with the respective General Managers of Property Management (Retail and Office), Logistics and Business Parks, and Operations (Retirement Living) who report directly to the CEO of their respective business unit.

The General Manager Sustainability reports directly to our Chief Operating Officer and is responsible for procurement activities in our indirect supply chain and procurement administration across the business.

Review and evaluation process

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

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

Further, 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 inform our procurement strategy and enable the setting of tactical and strategic initiatives for the new financial year.

Additional mechanisms for evaluating the effectiveness of our approach include our internal strategic review and the internal audit process within our broader risk management approach (see Governance and Risk Deep Dive).

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Waste and materials

Why this is important to Stockland

We understand we have a role to play in protecting and enhancing the natural, built and human environment. We acknowledge that the development and operation of buildings account for large quantities of waste and material usage, which we can manage to minimise negative impacts.

Waste treatment and disposal can have a major impact on the surrounding environment. Examples include nutrient pollution of groundwater and waterways, air quality issues from incineration, and greenhouse gas emissions from landfills. We take these impacts very seriously and are committed to managing our waste efficiently. We seek to reduce, reuse and recycle our waste whenever feasible, minimising our contribution to landfill.

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

An overview of our management approach is provided on page 9.

Our key achievements

- Implemented a refined spoil management strategy for the construction of our new residential community at **Newport** (Qld). The strategy enabled the reuse of 1.5 million cubic metres of material, saving over $3.5 million in haulage costs as well as avoiding fuel use and greenhouse gas emissions.
- Achieved a 97 per cent diversion from landfill rate in our Residential business, which exceeds the target rate of 60 per cent.
- Achieved an 84 per cent diversion from landfill rate across four retail development projects between FY15 and FY17.
- Completed a Life Cycle Assessment on our Stockland **Green Hills** (NSW) redevelopment as part of our Green Star rating commitments. The assessment enables enhanced design decision by detailing the full environmental impacts of a shopping centre in design and in operation.
- Implemented a battery recycling program at four of our corporate office locations, at Stockland **Merrylands** (NSW) shopping centre, and at **Macarthur Gardens** Retirement Village (NSW).

In this document you will find:

FY17 priorities and progress

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
80 per cent construction waste diverted from landfill by the end of FY17.	Achieved	Across our Retail development projects from FY15 to FY17, we have achieved a waste to landfill diversion rate of 84 per cent on four projects where we have achieved Green Star ratings.
36 per cent of retail centre waste diverted from landfill by the end of FY17.	Achieved	We diverted 45 per cent of retail centre waste from landfill in FY17. While we have achieved our target we will continue to monitor and implement new technologies and processes to improve on this in FY18.
45 per cent of Office and Business Parks waste diverted from landfill by the end of FY17.	Achieved	We achieved a waste diversion rate of 46 per cent in our Office and Business Parks assets in FY17, which is a four per cent improvement against FY16. We achieved our 45 per cent diversion target and are remain committed to improving on this in FY18 by working closely with our consultants, contractors and tenants to drive recycling.
Conduct a minimum of one Life Cycle Assessment (LCA) on a Retail development project in FY17 as a design tool to support Green Star.	Achieved	We completed a LCA for the Stockland **Green Hills** (NSW) redevelopment, as part of our Green Star rating commitments.
Provide education to both tenants and cleaners that will help improve diversion rates by the end of FY17.	In Progress	In FY17 we provided tenant education to 139 retailers across four centres and we will continue with this program in FY18.

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Achieve a minimum 60 per cent waste diversion from landfill for all new residential construction contracts by FY17.	Achieved	We achieved a rate of 97 per cent diversion from landfill in FY17 (96 per cent diversion over the FY15 – FY17 target period).
Develop and embed sustainable timber and concrete specifications into new civil/landscape contracts.	In Progress	We have developed a draft Civil Contractor Sustainability Schedule. The schedule will include mandatory requirements as well as identify opportunities on a project-by-project basis. The schedule will specify sustainability requirements for aspects such as materials, waste, and environmental management.
Pilot the Residential sustainability schedule (specifying sustainability requirements in contracts) with at least two contractors in FY17. Focus areas for the schedule include sustainable material requirements such as timber, concrete, steel and PVC.	Not Achieved	We did not pilot the schedule with contractors in FY17 because the schedule has yet to be finalised. We plan on finalising the schedule and piloting it with contractors in FY18.
Adopt earthworks and spoil management strategies on our developments in relation to spoil generation and cut and fill balancing and quantify the volume of savings to be achieved through earthworks and spoil management strategies.	Complete	Over the past two years we have adopted a number of initiatives in our bulk earthworks strategies including cut and fill balancing across sites and spoil recycling and reuse at **Newport** (Qld) and **Whiteman Edge** (WA).

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Identify opportunities for waste initiatives to divert further waste from landfill in operational and development sites.	In Progress	We are currently working on a proposal to gather and analyse current waste and recycling data at a select number of villages and to develop initiatives to improve waste reporting and management. We intend to commence this work early FY18.
Conduct a minimum of one LCA on a retirement living development project in FY17.	In Progress	A Life Cycle Assessment on the **Newport** (Qld) development has been scheduled for FY18.
Complete two pilot sites for alternative waste management practices including village compost bins and worm farms to feed into village community gardens.	Not Achieved	This priority has been put on hold whilst we develop a portfolio-wide waste and recycling strategy.
Establish a resident 'Green Ambassador' initiative to promote sustainable living at three selected villages, including awareness sessions on waste and recycling tips, cost-saving opportunities and the value of sustainability rating tools.	In Progress	Informal Resident Sustainability Awareness Q&As have been held at a number of villages including **Pine Lake** (Qld), **Gillin Park** (Vic), **Affinity** (WA) and **Tarneit Skies** (Vic).

Future priorities

Commercial Property

- Achieve a minimum 45 per cent waste diversion from landfill for Retail, Office and Business Parks operations (FY18 – FY20 target).
- Achieve a minimum 85 per cent waste diversion from landfill for Retail, Office and Business Parks developments (FY18 – FY20 target).
- Review commitments to waste and materials as part of migration to the new Green Star Design and As Built rating tool on new developments and adopt new criteria as a core requirement.
- Implement Better Business Partnership (BBP) Operational Waste Reporting Guidelines across Retail, Office and Business Parks.

Residential

- Achieve a minimum 60 per cent waste diversion from landfill for all new residential construction contracts by FY20.
- Pilot the Civil Contractor Sustainability Schedule on new projects during FY18.
- Improve the uptake of spoil and timber reuse on masterplanned developments.

Retirement Living

- Conduct a minimum of one LCA on a retirement living development project in FY17.
- Undertake a gap analysis to gather and analyse current waste and recycling data at a select number of villages and to develop initiatives to improve waste reporting and management.
- Continue to hold Resident Sustainability Awareness Q&As at selected villages to promote sustainable living, including awareness sessions to promote waste reduction and recycling tips, cost-saving opportunities and the value of sustainability rating tools.

FY17 performance and case studies

Development

In FY17 we introduced a materials schedule to provide guidance to projects in selecting materials in accordance with our sustainability policy. The schedule is intended as an overview of the key requirements for projects to encourage environmentally responsible actions, and will assist projects to select materials that:

- avoid pollution,
- are safe, and contribute to healthy environments for humans and ecosystems,
- are responsibly sourced or have a sustainable supply chain,
- are produced sustainably and transparently,
- are recycled or reused,
- have low embodied energy, and
- avoid resource depletion.

We have identified high-impact and common materials and issues for inclusion in this materials schedule, however encourage project teams to also identify further sustainability initiatives during the materials selection process. The materials schedule provides a consistent approach to materials selection and use across the business.

There has been considerable attention on the role of non-conforming and non-compliant building materials in the context of supply chain verification and management. In addition to working with our suppliers in relation to development and construction work, Stockland undertakes comprehensive due diligence for all new real estate acquisitions, including in relation to construction materials and where relevant also reviews materials used on completed assets.

Commercial Property

We set a minimum construction landfill diversion target of 80 per cent for all retail development projects seeking Green Star certification and 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.

For the FY15 – FY17 target cycle, our combined landfill diversion rate on four major retail construction projects was 84 per cent, against our target of 80 per cent. During this period, we generated 11,077 tonnes of construction waste and diverted 9,302 tonnes of recyclable waste from landfill. The table below summarises the total construction waste generated from these four retail projects and the extent of recycling, waste to landfill and waste diverted from landfill during the target cycle.

RETAIL DEVELOPMENT WASTE PROFILE (TONNES)

TONNES	FY17	FY16	FY15	FY14	FY13
Total waste	1,396	3,253	6,428	4,453	7,284
Waste recycled	678	2,684	5,940	3,778	6,583
Waste to landfill	718	569	487	924	704
Diversion from landfill (%)	49	83	92	85	90
Percentage of Retail developments included (% by project value)	96	100	100	100	100

Our FY17 retail development waste data relates only to our Stockland **Green Hills** (NSW) redevelopment project, which is one of two active development projects in the reporting year. At Stockland **Green Hills**, the total amount of waste generated reduced compared with FY16 because the development progressed to a less waste-intensive stage. We achieved a landfill diversion rate of 49 per cent for FY17, which is below the overall project target of 80 per cent. This project is targeting a 4 Star Green Star rating and construction waste management is a key focus. Recycling rates can vary from project to project depending on the types of materials recovered during demolition or used during construction. We remain focused on achieving our diversion target for the Stockland **Green Hills** development and will work with our builder partner to support the achievement of this target.

Our second retail development project in FY17 was Stockland **Kensington** (Qld) in Bundaberg. Due to the small scale of this project we did not pursue a Green Star rating, however we established a Green Plan that adopted a number of sustainability design initiatives and targets for the project based on Green Star criteria, including construction waste management plans. We

had set a construction waste landfill diversion target of 80 per cent, however we were not able to achieve this target because of the lack of local construction waste recycling facilities in the Bundaberg region. As a result, no waste management plan was established and no waste data collected. Consequently, we are only able to provide FY17 development waste data for Green Hills.

In FY18 with new targets set and our first Retail developments seeking a rating using the new Green Star Design & As Built rating tool, we have choice as to how we can achieve a construction waste target. We can demonstrate waste diversion compared to a reference building or as a minimum of 90 per cent of total waste generated. Given recycling rates can vary from project to project depending on the types of materials recovered during demolition or used during construction, we will set a target on a project-by-project basis depending on the predicted mass of waste being generated.

Green Hills redevelopment LCA

We undertook a Life Cycle Assessment (LCA) on our Stockland **Green Hills** (NSW) redevelopment as part of our Green Star rating commitments. In benchmarking the building's environmental performances for LCA analysis, a standard practice reference building model is established that represents a National Construction Code (NCC) compliant building. The form and function of the standard practice reference building is identical to the Stockland **Green Hills** building design with improvements to building fabric, mechanical systems, renewable energy, structural elements, lighting and water systems. The LCA is undertaken on the proposed design prior to construction to allow design decisions to be made to improve performance where appropriate.

Results from the analysis showed a cumulative 142 per cent reduction in environmental impact was achievable by the proposed building design for Stockland **Green Hills** compared to the reference building. Operational energy throughout the 60 year building life-span and the materials used during construction are the most dominant contributors to the building whole life cycle environmental impact. The environmental impacts of several initiatives implemented in the proposed design such as the inclusion of water efficient sanitary fittings, a rainwater harvesting system and an energy-efficient lighting system were further studied and it was shown that the overall net impacts of these initiatives are positive when compared to the reference building.

Residential and Retirement Living

Our FY17 diversion from landfill rate for Residential and Retirement Living development was 97 per cent, which exceeds the target rate of 60 per cent. The total waste generated has continued to be significantly reduced (compared with FY15 and prior) due to a number of large residential projects not needing to export large amounts of debris from site.

The table below summarises the waste streams from our greenfield residential and retirement living developments.[1] We report combined waste data for residential and retirement living as several of our projects involve the development of both residential and retirement housing and waste contractors provide us with one set of waste data across both asset types. Note that due to the nature of greenfield developments, the waste figures generated on a per-year basis do not necessarily reflect the level of activity for that year as waste can be stored for a period of time onsite until reused, or exported offsite to landfill when the space becomes unavailable.

RESIDENTIAL AND RETIREMENT LIVING DEVELOPMENT WASTE PROFILE (TONNES)

TONNES	FY17	FY16	FY15	FY14	FY13
Total waste	41,237	35,424	82,033	80,135	82,503
Waste diverted from landfill	39,923	33,881	78,514	78,149	80,148
Waste sent to landfill	1,314	1,542	3,617	1,986	2,355
Diversion from landfill (%)	97	96	96	98	97

Initiatives implemented in FY17 to reduce the impacts of materials include:

- Development of timber and concrete specifications and contract clauses, about which we will continue consulting with contractors early in FY18 before embedding the schedule in all new contracts; and
- Beginning Group-wide review of service agreements against key sustainability KPIs, with our priority in FY17 centred on architectural consultancy services.

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[1] Data on construction waste generated by contractors at sites where we do not have operational control (e.g. brownfield or sites with a single principal contractor) is not collected or reported.

CASE STUDY
Reducing waste and saving money at Newport

Our forthcoming community at **Newport** (Qld) on the Redcliffe Peninsula will feature a range of waterside and waterfront homes, a retail and dining precinct, a retirement village, foreshore parks, and a proposed 23-hectare lake with access to Moreton Bay.

The earthworks required to develop a site like **Newport** can be emissions intensive and often require sending large amounts of dirt off site to landfill. As with all of our developments, we have worked with our contractors to deliver sustainable outcomes on construction sites, such as minimising the environmental impacts from earthworks.

At **Newport**, we worked with our principal contractor to develop a refined spoil management strategy that enabled the project to reuse 1.5 million cubic metres of spoil on site. That's over 600 Olympic swimming pools worth of material that may have otherwise ended up in landfill. The project also saved over $3.5 million by not having to pay to export material off site and import new material.

Earthworks at **Newport** also prioritised the use of scoops over dump trucks to transport dirt, given the relative fuel efficiency of scoops. Prioritising scoops saved the project over 114,000 litres of fuel.

This equates to a saving of over $135,000 (using 2016 average Queensland diesel fuel price of $1.192 per litre) and over 305,000 kg CO_2-e of greenhouse gas emissions avoided.

These sustainable earthworks initiatives at **Newport** protect our natural environment, save money, and improve the competitiveness of our business and our suppliers. Our leadership in sustainable construction was a key factor in receiving approval to proceed with **Newport**, further underscoring the value of sustainable practices for efficient property development that delivers value for us, our suppliers, and the communities in which we operate.

*Artist's impression of our new community at **Newport** (Qld).*

Operations

In FY17, we continued to engage with our tenants, retailers and customers to further improve the levels of recycling at our retail sites. Retail operations waste diverted from landfill in FY17 was 45 per cent, exceeding our waste diversion target of 36 per cent. In our Office and Business Parks portfolio, our FY17 operational waste diversion from landfill was 46 per cent, which exceeds our 45 per cent diversion target.

The quality of our waste data is dependent on the quality of data provided to us by our waste contractors. We have been working closely with our waste contractors over the last year to incorporate the new Better Buildings Partnership (BBP) Operational Waste Reporting Guidelines, as developed by the City of Sydney into our future waste contracts. This ensures consistency in the quality and standard of the data being reported across our portfolio. We will continue to engage a specialised waste consultant in FY18 to help monitor, reconcile and interrogate the waste data and further improve the accuracy and quality of the information that is provided by our contractors. We will also focus on educating both tenants and cleaners to help improve waste diversion rates by the end of FY20.

OPERATIONAL WASTE (TONNES)

	RETAIL					OFFICE AND BUSINESS PARKS				
	FY17	**FY16**	**FY15**	**FY14**	**FY13**	**FY17**	**FY16**	**FY15**	**FY14**	**FY13**
Total waste	17,099	17,895	16,717	16,809	14,890	1098	1,182	1,298	1,607	1,810
Total waste to landfill	9,391	10,858	11,537	11,549	10,443	593	680	806	763	538
Total waste recycled	7,707	7,038	5,181	5,260	4,446	505	502	491	944	1,272
Diversion from landfill (%)	45	39	31	31	30	46	42	38	53	70.3
Portfolio reporting (%)	95	95	95	95	95	85	100	80	100	100

In FY17 our Stockland **Cleveland** (Qld) team piloted an organic waste management system called the Pulpmaster (see case study on next page), that has resulted in significant cost reductions and improved diversions. In FY18 we will pilot this technology at a few larger centres to analyse if the same benefits can be realised before a portfolio roll out of the system.

Battery Recycling Initiative

In response to an expressed desire from our CEO, Mark Steinert, for an easier way to keep used batteries out of landfill, we trialled battery recycling facilities in a number of our offices and assets. We placed battery collection receptacles in our Sydney, Melbourne, Brisbane and Perth offices as well as Stockland **Merrylands** (NSW) shopping centre and Stockland **Macarthur Gardens** Retirement Village (NSW). In the second half of FY17, we estimated that over 200 litres of batteries were collected, with the most batteries collected at Stockland **Merrylands**. A full review of the success of the pilot will be conducted in FY18.

The battery recycling receptacles accommodate the recycling of household batteries (e.g. AAA, AA, C, D, 9V), button, laptop and phone batteries, and batteries for cordless power tools.

CASE STUDY
Supporting a circular economy at Stockland Cleveland

We regularly engage with our tenants, retailers, and customers on innovations that would further improve waste management at our retail sites. One particular challenge is the management of organic waste. Organic waste can be a substantial component of operational waste loads, and it is generally sent to landfill if there is not separate organic waste stream process. Recognising the opportunity to improve diversion rates of organic waste from landfill, over the past year we trialled the Pulpmaster system at Stockland **Cleveland** (Qld).

The Pulpmaster system is a standalone machine that is located in the loading dock at Stockland **Cleveland**. The Pulpmaster accepts a variety of solid and liquid food waste products, and processes them into a sludge that is reused off site. The sludge is either reused to generate green electricity (waste-to-energy anaerobic digestion) or processed into fertiliser pellets. The Pulpmaster thus enables us not only to divert organic waste from landfill, but also to contribute to the development of a circular economy where our outputs can be used as inputs elsewhere. The team from Pulpmaster Australia supports tenancies to use the system by providing organic waste bins and through automatic alerts to empty the system when it is full.

In 10 months of operation at Stockland **Cleveland**, the Pulpmaster has helped us reduce one general waste bin lift per day amounting to a saving of just over $14,000.

Over the next year we will investigate further applications for the Pulpmaster at other assets in order to maximise the benefits it can bring for our operational waste efficiency.

*The Pulpmaster 5000 (pictured) has helped the operations team at Stockland **Cleveland** to divert organic waste from landfill and save on waste management costs.*

Management approach

Management approach overview

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.

We have a national approach to waste management for each asset class under which waste is appropriately segregated, stored and disposed of in accordance with regulatory requirements. 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 are 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 for tenants, contractors and our 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 sustainability guidelines for each business unit outline 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.

Development

Materials selection

Our sustainability guidelines and related standards guide materials selection in our development projects. We also use the Green Star – Design & As Built rating tool which covers materials selection such as timber, steel, concrete and PVC.

Materials-related credits within Green Star aim to 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.[2] The Green Star Materials category consists of credits that facilitate and recognise the efficient use and management of building and fitout materials. Materials credits reward overall reductions to the amount of materials used, the reuse of building materials, the amount of waste materials sent to landfill and the specification of recycled and recyclable materials wherever possible.

All commercial property developments are required to achieve a minimum 4 Star Green Star – Design & As Built rating. As part of our commitment to deliver projects with sustainable materials practices, our development contracts incorporate our Green Star materials selection requirements. We produce sustainability plans for development projects across all business units to set the design parameters for our engaged contractors. The Sustainability 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 design to GBCA for a design rating assessment. We also engage directly with contractors regarding their adherence to Sustainability Plans throughout development. The contract specifications also include the Sustainability Plans and standards set in the business-specific sustainability guidelines. Upon project completion, the contractor is required to submit the project for a Green Star Design & As Built rating.

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

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[2] Green Star – Design & As Built v1.2 Submission Guidelines

- At least 95 per cent (by cost) of all architectural timber used in buildings is from a reused source or certified by a forest certification scheme that meets the GBCA's 'Essential' criteria (or a combination of both). This requires a Chain of Custody certification, which provides assurance that the materials used are the materials we specified by assuring each person or group that has had possession of the material throughout its supply chain from composition, to delivery, to installation,
- 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,
- Where appropriate, fly ash supplement is utilised in concrete to reduce the embodied energy (the energy used to produce cement) of the building development, and
- Incorporation of locally sourced and manufactured materials.

Materials selection and use across the business is governed by our Material Schedule, which formed part of our FY17 work program and is described in greater detail in the FY17 performance and case studies section of this document.

We encourage contractors to use and recycle materials wherever practical, however as we are not responsible for sourcing materials we do not capture data related to the weight, value, volume, or recycled content level of materials used.

Waste management

Our development projects set minimum construction and demolition management requirements in line with Green Star requirements to encourage practices that reduce the environmental impact of waste.

We set minimum standards for construction waste recycling, which are outlined in our development contracts and aligned to core Green Star commitments. In FY18 with new targets set and our first Retail developments seeking a rating using the new Green Star Design & As Built rating tool, we have choice as to how we can achieve a construction waste target. We can demonstrate waste diversion compared to a reference building or as a minimum of 90 per cent of total waste generated. Given recycling rates can vary from project to project depending on the types of materials recovered during demolition or used during construction, we will set a target on a project by project basis depending on the predicted mass of waste being generated.

For our smaller retail centre developments where we typically do not pursue a Green Star rating, we will continue to establish a Green Plan for the project that adopts a number of sustainability design initiatives and targets for the project based on Green Star criteria. We will set a minimum construction waste landfill diversion target of 80 per cent for these small projects,

In Residential, we have a target to achieve a minimum 60 per cent waste diversion from landfill for all new construction contracts by FY20. We collect waste data from our commercial, residential and retirement living development contractors to help us better understand volumes of waste from our sites that are sent to landfill and/or recycled. Movements of hazardous wastes or international shipments of waste are not material matters for our organisation, and ultimate waste disposal is controlled by contractors. Therefore, we do not have the capacity to report on these indicators.

We require that contractors comply with all relevant environmental protection legislation including contamination and waste dumping. Contractors are required to provide a strategy during the tender process to outline how they will meet the minimum requirements and during the construction period, documentation is submitted to Stockland to validate their adherence to these standards. Our construction contracts in each of our business units require that an Environmental Management Plan (EMP) be developed by the relevant building contractor to ensure construction activities reflect the vision and design requirements and respond to policy and regulation appropriately. In addition all of our contractors on projects seeking a Green Star rating with contracts over $5 million (for Green Star – Communities) or $10 million (for Green Star – Design & As Built) are required to have a valid ISO 14001 Environmental Management System accreditation prior to and throughout the duration of the project contract.

For our commercial developments, we require the provision for suitable areas for tenant recycling facilities and encourage and support retailers undertaking a tenancy fitout in shopping centres to recycle as much of their construction waste as possible, as outlined in Stockland Tenancy and Delivery Guidelines. In our retirement living developments, we introduced recycling practices into the standard design guidelines for clubhouses and homes in all new developments.

Operations

Materials

The most significant opportunity we have to influence the materials used in the operation of our business is in our Commercial Property business, 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 influencing materials use and specification are much rarer in operations than in development, we constantly seek innovative approaches to promote to our retail centres.

For office and retail tenancy fitouts, we have specific guidelines for materials selection, set out in our Green Office Fitout Guide and the Retail Design and Fitout Guide. Our office, industrial and retail leases all now contain clauses that encourage tenants to implement fitouts in line with these guides.

Waste management

We set minimum waste recycling targets for the operation of our Commercial Property business where we have a high degree of influence to help reduce waste and manage the use of materials. We will incorporate new waste reporting criteria into our waste contracts and adopt the BBP Operational Waste Guidelines, which will be a significant step towards providing more accurate data on waste recovery and disposal. This improved accuracy will allow us to better understand how waste is being managed and therefore develop appropriate strategies to increase diversions.

New targets have been set for FY18 – FY20 in Operations for Retail, Office and Business Parks at 45 per cent waste diverted from landfill. We work towards these targets by setting specific diversion targets for each commercial property asset to ensure that our overall waste and recycling goals are being achieved each year. We also require colour-coded signage on all mall waste bins within a retail centre, as well as in loading dock areas.

We continue to explore opportunities for more effective disposal of organic waste across our Retail portfolio. For example, at Stockland **Cairns** (Qld), 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.

At our retirement living villages, residents' homes are generally serviced by local council waste services. We therefore have limited visibility or control of waste generation and recycling streams and are continuing to explore options with waste contractors that service our clubhouses.

Roles and responsibilities

Our strategic approach to waste, recycling and materials selection, including targets and performance tracking, is overseen by our Board Sustainability Committee. Accountability for waste, recycling and materials sits with various Executive Committee members, including the CEOs of the Commercial Property, Residential and Retirement Living business units.

Our Chief Operating Officer (COO) assumes ultimate responsibility at Group level for environmental performance, including waste, recycling and materials and reports directly to the Managing Director and CEO. This responsibility is shared by the Executive Committee, including the CEOs of each business unit, who assume responsibility for ensuring responsible and sustainable materials sourcing and waste management by their teams, business units and within their activities and projects.

Members of our Executive Committee, including the Managing Director and CEO, COO and business unit CEOs as well as Project and Asset Managers and functional staff, have KPIs relating to strategic waste and recycling reduction targets. The General Manager of Sustainability is responsible for strategy in this area.

The National Sustainability Managers for each business unit are responsible for identifying risks and opportunities with regard to material use and for the strategic identification and evaluation of waste and recycling initiatives. These Sustainability Managers work with business units to ensure specifications are set for material use.

The General Manager Project Management and Direct Procurement is responsible for ensuring that minimum waste and 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.

Our Development Managers, Project Managers and Asset Managers are responsible for ensuring that waste and recycling is effectively managed at a project and asset level and that materials used in development meet the specifications and standards set by our policies and external certification requirements.

Review and evaluation process

We continue to monitor industry standards regarding waste management and material specification and to identify best practice processes and procedures across our asset classes.

We keep abreast of material and waste innovations 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 the sustainability plans, their use of specified sustainable materials and to identify improvements to their construction waste management approach. Contractors' compliance with our sustainability and materials requirements are monitored via our quality assurance processes.

During the tender phase, contractors provide a strategy outlining how the specified minimum waste management requirements will be met. During the construction period, documentation is submitted to us to validate the adherence to these standards. Upon project completion of Green Star projects, the contractor is required to submit the project for a Green Star – Design & As Built rating and materials attributes are also considered within Green Star – Communities.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Water Management and Quality

FY17

Why this is important to Stockland

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 climate is characterised by variability, featuring long-term drought, water scarcity (often resulting in water restrictions) and severe flooding. As a responsible property developer, we constantly consider where water is sourced, how efficiently it is used and how quantity and quality is managed. We maintain a strong focus on water management and quality in the development and operation of our assets, including improving the quality of rainwater runoff leaving our project sites, access to alternate water infrastructure and practical innovation to support more efficient water use.

Maintaining effective water management systems to minimise consumption and managing water quality is a key priority. Effective systems deliver significant benefits to the environment and promote performance and cost efficiencies across our projects and operations.

An overview of our management approach is provided on page 8.

Our key achievements

- Achieved a 45 per cent reduction in potable water usage based on the design of newly developed retirement homes (compared to regional averages) using CCAP Precinct (target was 20 per cent).
- Achieved a 30 per cent reduction in predicted potable water use per home across 12 projects between FY15 and FY17. Individual projects are modelled using the CCAP Precinct tool and compared against regional averages. Whilst this result is positive for Stockland it falls slightly short of our target of a 40 per cent reduction.
- All new residential communities achieved our target of 45 per cent or better reductions in nitrogen discharge, five out of six projects achieved our target of 65 per cent or better reductions in phosphorus discharge, and three out of six projects achieved our target of 85 per cent or greater reduction in suspended solids discharge (for suspended solids, all projects exceeded 80 per cent reduction).
- Exceeded a NABERS Water portfolio average target of 3.0 stars for our Retail portfolio.
- Connected 12 of our sales offices across the country to rain tanks or recycled water to supply activities suitable for non-potable water use.

In this document you will find:

FY17 priorities and progress

Commercial Property

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Five per cent improvement in Retail FY14 water intensity by FY17.	Not Achieved	In FY17 our Retail portfolio reduced its FY14 water intensity by one per cent. This target has proved challenging due to increases in food tenancies (which are water intensive) and longer hours of operations. We will continue to monitor and implement water savings initiatives in FY18.
Retail NABERS Water portfolio average target of 3.0 stars by the end of FY17.	Achieved	Our NABERS Water portfolio average for Retail is 3.20 stars (up from 2.85 stars in FY16).
Maintain FY14 water intensity levels for Office and Business Parks by FY17.	Achieved	We reduced our Office and Business Parks portfolio water intensity by 1.6 per cent against FY14. The main drivers for the decrease were improved management of irrigation and rectification of various water leaks from taps and toilets.
Achieve 4.0 star NABERS Water portfolio average for Office and Business Parks by the end of FY17.	Not Achieved	Our Office and Business Parks portfolio average for NABERS Water is 3.69 stars, which is a small increase on FY16 (3.66 stars).
Install and commission approximately 200 additional water submetering points across 60 per cent of our Retail portfolio in FY17. This will assist our asset management team in managing their water usage by providing greater clarity and visibility into where water is being consumed.	Achieved	We have installed and commissioned over 200 additional water metering points across 25 out of 41 centres (61 per cent of the portfolio). This has provided greater visibility into where water has been utilised in our centres and allow the quicker rectification of leaks.
Conduct NABERS water ratings on all eligible retail assets by FY17.	Not Achieved	We have undertaken new ratings on our existing centres and included new ratings for centres that have recently come out of development. In FY17 we were not able to complete water ratings for Stockland **Merrylands** (NSW), Stockland **Wetherill Park** (NSW), Stockland **Cairns** (Qld) and Stockland **Gladstone** (Qld). The reasons for some assets being unable to achieve a rating include metering issues and incomplete utility data. We aim to resolve these complications in time for the next rating cycle in FY18.
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	In Progress	We rectified issues that had been identified at the start of FY17. Over the year we have identified a number of new issues that we will continue to resolve as part of ongoing management in time for the next rating cycle in FY18.

Residential

FY17 PRIORITIES	STATUS	FY17 PROGRESS
All new residential masterplanned projects to achieve a 40 per cent modelled reduction in total potable water use on a per lot basis using CCAP Precinct (new projects are defined as those with over 500 dwellings and new precincts over 750 dwellings) by FY17.	Not Achieved	12 projects were modelled over the FY15-17 period with a weighted average score of 30% reduction in predicted potable water use. Zero out of six projects achieved a 40% reduction in potable water use. Factors limiting our capacity to meet this target include the removal of regulatory requirements for rainwater tanks by the responsible authority and a lack of water recycling schemes operated by local utilities where our developments are located.
All new residential masterplanned 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	Partially Achieved	We modelled the following projects **Pallara** (Qld), **Foreshore** (Qld), **Newport** (Qld), **Bokarina Beach** (Qld), **The Address** (Vic) and **Stamford Park** (Qld). All projects achieved or exceeded nitrogen reduction targets. Five out of six projects achieved phosphorus reduction targets. Three out of six projects achieved or exceeded suspended solids target.

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Complete a feasibility study for at least one recycled water partnership to be delivered into a master planned community in FY17.	In Progress	We are conducting feasibility of delivering recycled water to our **Sienna Wood** (WA) project. We are continuing to work with local authorities and local land owners to maximise the opportunity of bringing recycled water to the project and surrounds.

Retirement Living

FY17 PRIORITIES	STATUS	FY17 PROGRESS
Measure baseline performance for water consumption and set water efficiency targets across the Retirement Living portfolio.	Achieved	We have measured and benchmarked baseline performance on the projects involved in the sub-metering pilot to inform this target. Water efficiency targets have been set for FY18 to FY20 targeting five per cent water efficiency improvement across villages and clubhouses with sub-metering.
All new Stockland developed retirement villages to achieve a modelled (using CCAP Precinct) 20 per cent reduction in potable water use on a per unit basis.	Achieved	We achieved an average reduction per residence in potable water of 45%. Individual project results were: **Affinity** (WA) 62%, **Calleya** (WA) 63%, **Newport** (Qld) 29%, **Mernda** (Vic) 27%, **Birtinya** (Qld) 29%, **Selandra Rise** (Vic) 38%, **Willowdale** (NSW) 61%.
Complete a water sub-metering and monitoring pilot at two retirement living villages in FY17 for potential rollout across other villages.	Achieved	We completed a water sub-metering and monitoring pilot at **Tarneit Skies** (Vic) and **The Willows** (NSW). This pilot will continue into FY18 with key recommendations derived from the first 18 months of baseline data to be implemented across portfolio in the second half of FY18.
Establish a resident 'Green Ambassador' initiative in FY17 to promote sustainable living throughout three selected villages, including awareness sessions that communicate water efficiency tips, cost saving opportunities and the value of sustainability rating tools.	In Progress	Informal Resident Sustainability Awareness sessions have been held at a number of villages including **Pine Lake** (Vic), **Affinity** (WA), **Gillin Park** (Vic) and **Tarneit Skies** (Vic).

Future priorities

Commercial Property

- Reduce water consumption by five per cent by FY20 in our Retail operations, against the FY17 benchmark.
- Achieve a NABERS Water portfolio average of 3.5 stars for our Retail portfolio by FY20.
- Reduce water consumption by five per cent by FY20 in our Office and Business Parks operations, against the FY17 benchmark.
- Achieve a NABERS Energy portfolio average of 4 stars for our Office and Business Parks portfolio by FY20.
- Focus on leak identification and consumption management with continued commitment to water efficient design in developments and major amenities upgrades.

Residential

- Exceed relevant minimum water consumption compliance standards by five per cent by FY20 in our residential communities.
- All new residential masterplanned communities and built form projects over 500 dwellings to deliver the following modelled water quality targets when discharging water from our site into natural water systems:
    - 45 per cent reduction in nitrogen,
    - 65 per cent reduction in phosphorus, and
    - 85 per cent reduction in suspended solids.
- Continue to progress the feasibility study for **Sienna Wood** (WA) recycled water project.

Retirement Living

- Establish a water efficiency program that embeds the recommendations derived from the sub-metering and monitoring program and seeks to achieve a five per cent water efficiency target for villages with sub-metering by FY20.
- Target enhancements in water outcomes through new developments using Green Star (achieve minimum 3 out of 6 credits for Water Credit 1 – WAT1).
- Continue to hold Resident Sustainability Awareness sessions at selected villages to promote sustainable living, including awareness sessions promoting water conservation and efficiency tips, cost saving opportunities and the value of sustainability rating tools.

FY17 performance and case studies

Commercial Property

NABERS Water

Considering our Retail portfolio, we completed 18 NABERS Water ratings in FY17. These ratings cover our existing centres and new ratings for centres that have recently come out of development. We were not able to complete NABERS Water ratings for Stockland **Merrylands** (NSW), Stockland **Wetherill Park** (NSW), Stockland **Cairns** (Qld) and Stockland **Gladstone** (Qld).

The reasons for some assets being unable to achieve a rating include metering issues and incomplete utility data. In some cases we were unable to complete a rating in time for annual reporting and these ratings will be completed later in 2017. In other cases, it is expected that we will rectify metering and data issues in time for the next rating cycle in FY18.

Based on the ratings that have been undertaken, the Retail portfolio average for NABERS Water is 3.20 stars (up from 2.85 stars in FY16). This means we have exceeded our NABERS Water portfolio average target of 3.0 stars for our Retail portfolio for FY17.

NABERS Water ratings have been undertaken for the Office and Business Parks portfolio, however in FY17 we did not complete a NABERS Water rating for **2 Victoria Avenue** (WA), which was exempt under the BEED Act due to vacancy, and for two buildings in the **Mulgrave** (Vic) complex due to data collection issues. No NABERS Water rating was possible for **Durack Centre** (WA) due to billing data estimates. It is expected that we will rectify metering and data issues in time for the next rating cycle in FY18. This year we are required to obtain a NABERS energy rating for **40 Cameron Avenue** (ACT) due to the expiry of an exemption under the BEED Act, however we have been unable to achieve the rating in FY17.

The NABERS Water average for our Office portfolio has improved to 3.98 stars (from 3.71 stars in FY16) mainly due to improved performance at **77 Pacific Highway** (NSW). The NABERS Water average for our Business Parks portfolio has reduced to 3.48 stars (from 3.60 stars in FY16). The reduction is due to the ratings that have not been achieved for the **Mulgrave** complex and the combined rating this year for the three **Triniti** (NSW) buildings. Our combined Office and Business Parks portfolio average is 3.69 stars (up from 3.66 stars in FY16), and thus we did not achieve our target of 4.0 stars for the combined portfolio average by the end of FY17.

Initiatives and performance metrics

In FY17, we expanded our water sub-metering across our retail portfolio and implemented various recommendations from the water audits that were completed in FY16.

The additional water meters have provided the following benefits to our asset teams:

- The ability to effectively and efficiently locate and eliminate water leaks,
- Clarity in water use activities and areas, and
- Educating our tenants on their water usage

Following the installation of submetering numerous leaks have been detected and rectified which has improved our process of managing water usage.

Water consumption decreased in our Office and Business Parks portfolio in FY17 due to the reduction of irrigation at our Business Parks assets and increased vacancy rates at our Perth office assets. While water consumption has decreased in Retail, this is predominantly due to the rectification of leaks. Ongoing water reduction continues to be a challenge in our Retail portfolio because of the continued shift in our retail tenant mix toward more water-intensive uses such as food retailers, gymnasiums and car washes. Extensions to trading hours at some assets also put upward pressure on water use.

The table below outlines our commercial property portfolio water consumption over the last five years.

COMMERCIAL PROPERTY WATER CONSUMPTION (kL)

	FY17	FY16	FY15	FY14	FY13
Office, Business Parks and Logistics	223,328	220,704	232,249	271,905	299,122
Retail	1,112,672	1,153,565	1,096,808	1,077,563	928,198
Total Commercial Property	**1,336,000**	1,374,269	1,329,057	1,349,468	1,227,320

Water consumption intensity (kL/m^2)

We track our water consumption on a per square metre intensity basis as a means of taking divestments and investments into account when considering our water consumption. The table below outlines our year-on-year water intensity in commercial property over the last five years.

	FY17	FY16	FY15	FY14	FY13
Office and Business Parks	0.62	0.65	0.58	0.63	0.63
Retail	1.09	1.11	1.10	1.10	1.03
Total Commercial Property[1]	**0.98**	1.00	0.96	0.98	0.91

Water consumption intensity reductions

In FY15, our Retail business committed to a five per cent retail water intensity reduction by FY17. While we decreased Retail portfolio water consumption intensity in FY17 by 1.8 per cent against FY16, we did not meet our three-year FY15 – FY17 target.

Our Office and Business Parks portfolio committed to maintain the same water intensity figures as FY14 through FY17, which is a target we met by achieving a two per cent decrease (FY14 – FY17). FY17 water consumption intensity decreased by 4.6 per cent against FY16, which is related to changing water requirements of business park property landscaping (less water is required compared to when it was first planted in FY16).

The table below outlines our year-on-year water intensity reductions over the last five years. We will report each year on our progress against our targets.

ANNUAL WATER INTENSITY CHANGE FROM PRIOR YEAR

	CHANGE FROM BASELINE YEAR	ANNUAL INTENSITY CHANGE				
	FY17 FROM FY14	FY17	FY16	FY15	FY14	FY13
Office and business parks	-2%	-5%	12%[2]	-8%	0%	0%
Retail centres	-1%	-2%	0%	0%	7%	10%
Total Commercial Property[3]	**0%**	**-2%**	**4%**	**-2%**	**7%**	**10%**

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[1] Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.
[2] Water usage increase in FY16 was due to various water leaks and an increase in irrigation due to new landscapes.
[3] Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

CASE STUDY
Water sub-metering drives savings

We regularly scan for opportunities to improve the systems we use to track resource use and identify efficiency opportunities across our portfolio. Over the past year, we expanded the installation of water submetering across almost all of our retail centres. Installation of water submetering means that instead of only being able to track water use of an entire site, we are able to track the water use of individual tenancies, common areas, amenities, and equipment such as cooling towers.

We initiated the submetering rollout so that we could better understand water use in our centres and quickly identify how we can partner with our tenants to achieve water efficiencies.

Efficiencies achieved at Stockland **Baulkham Hills** (NSW) showcase the benefits that submetering will provide across our portfolio into the future. Our centre at **Baulkham Hills reduced its water use by one million litres and saved $3,000**. The submetering enabled us to identify particular tenancies with whom we could partner to take advantage of efficiency opportunities unearthed by the submetering data.

For example, we worked with a centre restaurant to shift it to air cooling technology (instead of water cooling), to install 10-second timers on taps, and to reduce its overnight water usage from 20 per cent of evenings to only one evening per month. These initiatives alone have saved approximately 5kL of water per day and have a return on investment period of less than twelve months.

Other benefits of the submetering include prompt leak detection and correction, as well as daily alarms that escalate issues on site to the engineering team.
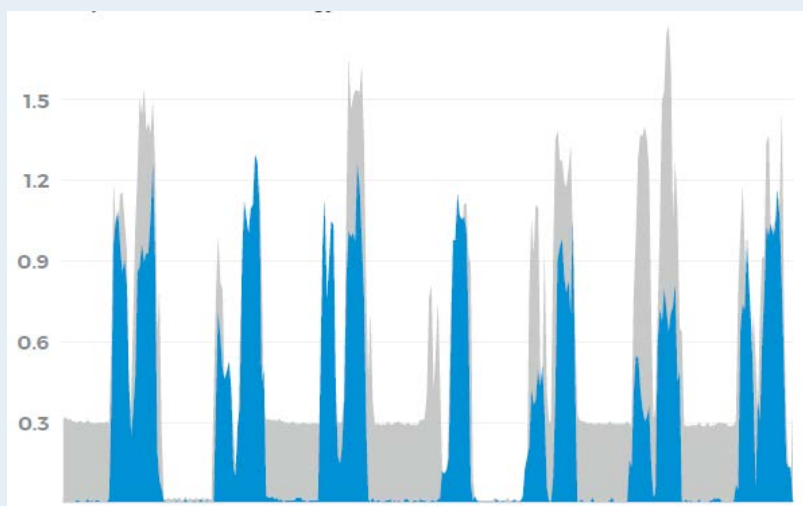
Water consumption of a tenancy at Baulkham Hills Shopping Centre over a seven-day period before (grey) and a seven-day period after (blue) the installation of sub-metering and subsequent implementation of water efficiency initiatives.

Residential

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 and we do not review each contractor's data collection processes. From FY16, we upgraded our contractor templates to enhance reporting processes and to notify contractors if water usage falls outside an expected range.

Water conservation

We have been working to a Residential business target of a 40 per cent reduction in water use compared to local metropolitan averages (FY15 – FY17 target). Over the twelve projects analysed using water performance modelling, we have achieved a weighted average reduction of 30 per cent (FY15 – FY17 performance). We generally achieve higher rates of reduction where the local utilities either provide centralised recycled water or establish strong compliance requirements.

Water reductions for projects modelled in FY17 are indicated in the table below.

RESIDENTIAL DEVELOPMENT WATER USE MODELLED PERFORMANCE

	WATER USE REDUCTION (%)
Pallara (Qld)	3
Foreshore (Qld)	4
Newport (Qld)	3
Bokarina Beach (Qld)	4
Edgebrook (Vic)	2
Stamford Park (Vic)	27

Water quality

All residential communities assessed using water quality modelling in FY17 reported achieving 45 per cent or better reductions in nitrogen discharge levels. Five out of six projects achieved 65 per cent or better phosphorus reduction, with the remaining project, **Bokarina Beach** (Qld), achieving a 60 per cent reduction. Three out of six projects achieved 85 per cent or greater reduction in suspended solids, with all projects exceeding 80 per cent reduction in accordance with local development approval requirements.

RESIDENTIAL DEVELOPMENT WATER QUALITY MODELLED PERFORMANCE

	NITROGEN REDUCTION (%)	PHOSPHORUS REDUCTION (%)	SUSPENDED SOLIDS REDUCTION (%)
Pallara (Qld)	45	65	86
Foreshore (Qld)	45	71	80
Newport (Qld)	71	80	91
Bokarina Beach (Qld)	53	60	81
The Address (Vic)	46	72	84
Stamford Park (Vic)	77	84	93

Retirement Living

Our water sub-metering and monitoring pilot at **Tarneit Skies** (Vic) and **The Willows** (NSW) has identified a number of opportunities to improve the operational performance of the villages:

- improved detection and repair of water leaks,
- seasonal recommendations to adjust HVAC settings to efficiently operate throughout the year, and
- reviewing pool operations and gas heating.

Our Retirement Living sustainability team will continue to work closely with the National Operations and Village Management Teams to implement the recommendations and identify quick wins that can then be scaled across the portfolio.

We used the data from this pilot as a benchmark to set a target five per cent water efficiency improvement for the FY18 – FY20 target period. We will measure performance against these targets in FY18.

We undertook a sustainability review of the clubhouse at **Affinity** (WA) to identify opportunities for improvements to the operational efficiency and overall cost of the building. Some key findings were as follows:

1. The clubhouse performs in line with what is expected from the 4 Star Green Star design for electricity and water;

2. The single largest driver for efficiency and utility cost is the swimming pool operation and opportunities to trial a liquid pool blanket are being explored in FY18;

3. Improvements to the functionality and user interface of the building management system will provide the village management team greater control over the day-to-day operational performance of the clubhouse and allow the team to be more responsive to the energy and water demands of the building; and

4. The residents consulted in the review were very engaged with the process and keen to be involved in future discussions.

The retirement living design guidelines encourage reductions in water use and improved water efficiency. Our standard design requires water efficient appliances and fittings, rainwater harvesting where possible, and drought tolerant landscaping and efficient irrigation. At several villages including **Affinity** (WA), **Gowanbrae** (Vic), **Tarneit Skies** (Vic) and **Oak Grange** (Vic), resident-led 'monitoring' groups devote their own time to ensure that the village clubhouse and other common areas are operating as efficiently as possible. This includes identifying running or leaking taps and fixtures that are not in use.

Contamination and remediation

There we no significant spills to report in FY17.[4]

Some of our undeveloped residential sites contain land that was contaminated before we acquired them. Contamination sources include asbestos, methane, acid sulphate soils, copper chromium arsenate and general agricultural waste. Seven sites have been confirmed contaminated, two have been remediated and five are partially remediated. Total area of contaminated land that has completed remediation is 21.6 hectares with approximately 2 hectares still to be remediated.

Management approach

Management approach overview

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

As part of our sustainability requirements, projects consider and plan environment initiatives, including water management and quality. This can be through the development of an environment plan, while undertaking Green Star ratings or for operating assets through the asset or capital expenditure planning process.

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 commercial property 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.	We use the NABERS rating scheme to benchmark water consumption and performance across our office, business parks and retail assets. Given the current climatic conditions coupled with the cost of water, our office and retail programs in operations have been focused primarily on leak identification and consumption management. We integrate water-efficient design in our developments and major amenities upgrades using specified products and minimum standards aligned to achieve Green Star ratings

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[4] Significant spills are spills that result in liabilities for our organisation (as defined in the GRI G4 Sustainability Reporting Guidelines: Implementation Manual).

Residential	To construct and deliver projects that minimise water use and contribute positively to the catchments in which we operate. The management of stormwater run-off and the ability to maintain the quality of water supply to our residents, as well as the quality of water that is then released to the environment. Provision of lower cost recycled/alternative water supply options.	Effectively managing these aspects and integrating them into the design and development of our communities facilitates approvals processes and ensures the protection and preservation of ecosystems and climate resilience in and around communities.	We monitor water use during both construction and delivery of our projects. The CCAP Precinct tool[5] is used to model the water use at all new master planned projects (over 600 dwellings) and new precincts (over 750 dwellings). The modelling is used to test options for reducing consumption in the completed community. We seek to mitigate the impact of our developments on natural ecosystems and water supplies through water sensitive urban design (WSUD). Stockland requires a WSUD on all new residential developments.
Retirement Living	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. Managing water consumption and ensuring operational efficiencies across our retirement living assets.	To reduce the footprint of potable water supply and reduce costs to residents. We also aim to have alternatives in place for when supply may be affected.	WSUD is a requirement on all new retirement living developments. Promoting and facilitating efficient water use practices. We monitor water use during both construction and delivery of our projects. At all new retirement living village developments, we use the CCAP[1] Precinct tool to predict water use and test options for reducing consumption in the completed project. In operations, piloted water sub-metering and monitoring at two villages with the view to apply the strategies to the wider Retirement Living portfolio.

Design and development

We use the Green Building Council of Australia (GBCA) Green Star rating tools to support the design and delivery of water initiatives and to set a platform for optimal performance. All new 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. Our Residential business for example, ran the CCAP Precinct tool on new bids to buy land. The Retirement Living business uses the CCAP Precinct tool on new retirement village developments or redevelopments, which enables the business to identify water reduction opportunities compared to regional averages.

All of our residential projects in NSW are BASIX compliant, and water tanks are typically provided at all homes to supply a combination of irrigation, toilets and laundry. At our **Bells Reach** project in 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**, **The Grove**, **Highlands** and **Selandra Rise**) are supplied with reticulated recycled water to supply irrigation requirements at a minimum. In WA, most of our water used on site is supplied via a bore and managed through a water extraction license.

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

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

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 Australia require WSUD targets to be met when designing projects. We have a mandatory requirement to meet minimum standards for WSUD across all of our projects regardless of local requirements. Residential projects are required to demonstrate what targets will be achieved and actions will be taken as part of their specific environmental plan. At our **Birtinya** (Qld) project we have installed signage wherever water treatment areas and biopods have been installed. The purpose of the signage is to explain the role and community benefit of the water treatment infrastructure. On most of our projects where we have waterways traversing our site, we undertake riparian land restoration works and vegetation rehabilitation. On our **Willowdale** (NSW) project, such activities undertaken through the year have helped to stabilise creeks, provide habitat for native species and improve water quality.

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. Whilst our contractors preferentially use recycled water, this is often 'topped up' with other water and metrics on these levels are not available. Therefore, we do not report the amount of water recycled within residential and retirement living. This is an opportunity for our operating properties and we are investigating metering to capture this in future.

Operations

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

For many years, we have invested in water submetering systems to monitor water consumption in our office and retail assets. Data is monitored and analysed to provide useful insights on where we need to target excessive water consumption. Water submetering is a key tool for us to manage consumption and is critical to our ability to achieve our targets. This has provided improved clarity on where water is being consumed and assisted our asset management teams to rectify wastage more efficiently.

In our Residential business, water efficient landscaping is a feature of most of our communities 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** (Qld) project in Townsville, we use rain sensors that can be controlled remotely to operate a drip irrigation system and have specified drought resistant Zoysia grass for all roadsides and parks. We also require drought resistant species in residents' sales covenants. The use of this drought-tolerant species saves around 40 per cent of the water required to irrigate Buffalo or Couch grasses.

The benefit of the system is that landscaped areas are only provided with the required amount of water and therefore reduce water wastage. At **Willowdale** (NSW) we have been designing no-irrigation landscaping, and **McKeachies Run** (NSW) included a 100-kilolitre tank to service irrigation needs.

We generally transfer 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 at our other residential projects. We sometimes collect water for reuse in watering and maintaining parks and public spaces, however we do not record the total volume captured before handing over control to Council.

In our Retirement Living business, upgrades to operational village clubhouses and common areas include water saving measures such as water-efficient tap fittings and toilets and utilising rainwater tanks for water collection and irrigation where possible. When renovating independent living units for resale, they are refitted with water efficient appliances and fittings to improve their saleability and reduce water demand for the new resident.

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 the Commercial Property, Residential and Retirement Living business units. 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 and CEO.

Our General Manager Sustainability, 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 Committee, including the Managing Director and CEO, COO and business unit CEOs, General Managers, project and asset managers and functional staff, have sustainability KPIs incorporating water management and quality.

Review and evaluation process

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 ensure that a benchmark is set that can be tracked over time. With the assistance of submetering and monitoring, data capture and management systems, we can readily check our progress against targets and identify areas of divergence that may require attention.

We engage with industry bodies such as GBCA, Property Council of 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 that are reviewed annually.

To access the complete list of documents in Stockland's Sustainability Deep Dive Series, click here.

Community Data Pack

Background notes

We report our community data holistically, given that our approach to investing in our community is consistent across all our business 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 FY17 sustainability reporting more broadly, has been third-party assured.

Overview

Our community data presents the total value of our strategic community investment activities delivered via:

- **community development** – our strategic approach to delivering infrastructure and social programs in partnership with not-for-profit organisations in the areas of health and wellbeing, community connection and education in and around our assets.
- **community investment** – our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through employee engagement programs.
- The **Stockland CARE Foundation** – a charitable trust established for the purposes of improving the health, wellbeing and education of Australian communities.

In FY17, we invested over $6 million through our community development, community investment programs and the Stockland CARE Foundation.

Total community contribution

The table below outlines Stockland's total community contribution from community development, community investment and the Stockland CARE Foundation.

COMMUNITY DEVELOPMENT	DEFINITION	INVESTMENT			
		FY17	FY16	FY15	FY14
National partnerships	Financial contributions made to not-for-profit organisations that are national community development partners of Stockland.	$457,985	$290,638	$206,750	$297,835
Stockland community grants	Financial contributions made to not-for-profit organisations that were successful in receiving a Stockland community grant.	$303,714	$325,750	$218,500	$95,880
Asset based contributions	Financial support provided to local community organisations from a Stockland residential, commercial property or retirement living asset or project.	$2,551,436	$3,435,802	$2,136,776	$1,317,342
Total community development		**$3,313,135**	**$4,052,189**	**$2,562,026**	**$1,711,057**

In this document you will find:

COMMUNITY INVESTMENT	DEFINITION	INVESTMENT			
		FY17	FY16	FY15	FY14
Workplace giving	Total matched donations made by Stockland through Stockland's workplace giving program.	$251,197[1]	$87,584	$84,988	$64,378
In-kind donations	Total donations of non-financial goods to not-for-profit organisations including land, property and casual mall leasing space.	$617,414	$708,926	$1,043,493	Not reported
Corporate donations	Ad-hoc community donations made on behalf of Stockland Development and/or Stockland Trust.	$280,947	$289,277	$124,762	$82,683
National community investment partnerships	Financial support given to not-for-profit organisations that support the delivery of volunteering opportunities for Stockland employees.	$130,000	$104,500	$71,500	*Reported in National Community Development Partnership for FY14
Volunteering	The value of the number of hours logged from personal volunteering, team volunteering and student mentoring.	$213,720	$238,285	$122,725	$263,210
Stockland CARE Foundation	The transfer of funds by Stockland to the Stockland CARE Foundation Trust made on 1 July 2016 and grants distributed to Stockland CARE Foundation beneficiaries, Redkite and Touched by Olivia.	$200,000[2]	$4,200,000	$4,000,000	NA
	Total donations made to Stockland CARE Foundation partners Redkite and Touched by Olivia as a result of corporate contributions (except partnership contributions), sponsorships, partner and asset fundraising and employee and corporate matching as part of our workplace giving program.	$176,034[3]	$80,095	NA	NA
Total community investment		**$1,869,313**	**$5,708,666**	**$5,447,468**	**$474,649**
Management costs[4]	Includes costs associated with the management and delivery of Stockland's community programs including average salaries, costs associated with the development, design and assistance of Stockland sustainability report and training for community resources.	$856,205	$659,973	$421,614	$188,677
Total community contribution		**$6,038,651**[5]	**$10,420,828**	**$8,009,494**	**$2,185,706**

[1] For FY17, we have included employee donations in this workplace giving total, which account for $52,845.
[2] This is a decrease on FY15 and FY16 because these two years included a $4 million investment in the Stockland CARE Foundation corpus each year. An ongoing investment of $200,000 was made in FY17 and this contribution will be made annually.
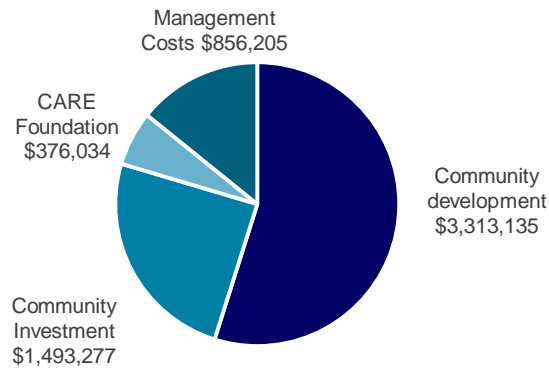[3] In addition to $176,034, another $104,763 was raised for Stockland CARE Foundation partners through workplace giving (employee giving and Stockland-matched donations). This amount is included in the workplace giving total.
[4] Prior to FY16, we reported community development and community investment contributions separately and did not include management costs. Management costs have therefore not been included in the total community contribution for FY15 and FY14. Management costs are included in the FY16 total community contribution and will be included going forward.
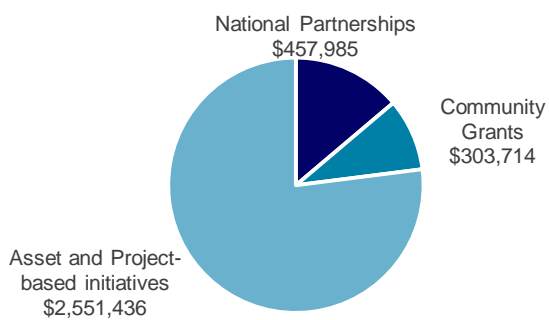[5] The total community contribution was verified by LBG AU/NZ in FY17, with $5,182,154 verified as community contribution and another $865,541 noted as community outputs (in-kind donations and employee donations). The slight variation with our overall community contribution total is due to rounding limitations in the LBG system.
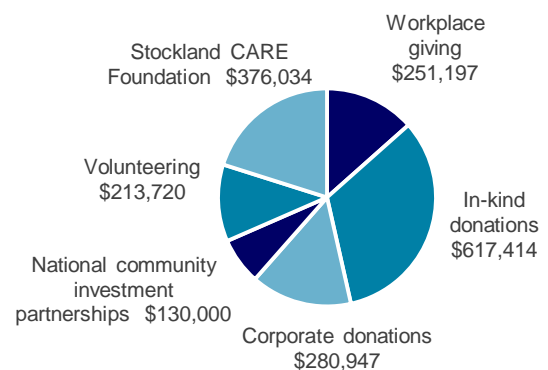
BREAKDOWN OF TOTAL COMMUNITY CONTRIBUTION AT STOCKLAND (TOTAL = $6,038,651)

Management Costs $856,205

CARE Foundation $376,034

Community development $3,313,135

Community Investment $1,493,277

TOTAL COMMUNITY DEVELOPMENT SPEND (TOTAL = $3,313,135)

National Partnerships $457,985

Community Grants $303,714

Asset and Project-based initiatives $2,551,436

TOTAL COMMUNITY INVESTMENT SPEND (TOTAL = $1,869,313)

Workplace giving $251,197

Stockland CARE Foundation $376,034

In-kind donations $617,414

Volunteering $213,720

National community investment partnerships $130,000

Corporate donations $280,947

Stockland continues to use Corporate Citizenship[6] to measure and benchmark our community activities. Corporate Citizenship 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.

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[6] Previously known as LBG (https://corporate-citizenship.com/)

Our community partnerships, programs and resources

FOCUS AREA	PARTNER OR PROGRAM NAME	DESCRIPTION
Health and Wellbeing	Bowls Australia	Active lifestyle, learning opportunities and community connection through coaching clinics, competitions and health and wellness sessions.
	Jamie's Ministry of Food	Provides onsite cooking school at Stockland Wetherill Park and healthy eating education through mobile kitchen programs, localised cooking demonstrations and Learn Your Fruit and Veg school holiday programs.
	Live Life Get Active	Weekly, community fitness classes provided free of charge to local Stockland residential communities.
	Heart Foundation	Walking groups held in and around Stockland retail, residential and retirement living assets.
	parkrun	Events for runners and walkers of all fitness levels at Stockland residential communities.
	Redkite	Provides essential support to children and young people with cancer (up to the age of 24), and their families from the hospital bedside to the family home.
Education	Australian Business and Community Network	Provides Stockland employees with opportunities to provide facilitated mentoring in high needs' schools around Australia.
	Australian Retailers Association	Training program for local community members to deliver retail ready accreditation.
	National Theatre for Children	Student education program focused on sustainability.
	Retail Ready	Retail training program run by the Australian Retailers Association (ARA).
	STEAMpop	Student education program focused on STEAM (Science, Technology, Engineering, Arts, Mathematics).
	Stockland Inspirations	Structured work experience program for local school students run and supported by local Stockland asset teams.
	The Song Room	Student education program focused on engagement through the arts.
	Yourtown and Brookfield Multiplex	Training and employment program for local jobseekers.
Community Connection	The Big Issue	Provides a diverse range of supported volunteering experiences for Stockland employees to take part in across Australia.
	Conservation Volunteers Australia	Supported volunteering for Stockland employees to take part in conservation programs across Australia.
	Reconciliation Action Plan	Our RAP outlines a set of organisation-wide commitments and actions to strengthen our relationships with and understanding of Aboriginal and Torres Strait Islander Peoples, cultures and communities.
	Stockland Community Grants Program	Provision of one-off financial grants to local community organisations that deliver programs and initiatives in and around Stockland assets in the areas of health, wellbeing and education.
	Stockland Employee Grants Program	Provides one-off small financial grants to local community organisations that staff have completed personal volunteering for in the financial year.
	Touched by Olivia Foundation	Provides design and consultation to deliver inclusive playspaces, and establish social enterprise cafes in and around Stockland assets. Also provides Stockland with volunteering opportunities at inclusive play-spaces.

FOCUS AREA	PARTNER OR PROGRAM NAME	DESCRIPTION
	Link & Learn	Provides opportunity for residents in our residential communities to connect with one another through events and activities and learn new skills. Programs are planned to respond to the diversity of each community.

Community development

Asset and project based initiatives

The following results have been recorded as part of each project's community development or sustainability plan. The results provide a comprehensive review of all the community development initiatives successfully implemented at project and asset level throughout FY17. Results are recorded by business unit (Commercial Property, Residential, and Retirement Living) and against our three key community focus areas.

Selected assets and projects across our Retail, Residential and Retirement Living businesses complete a community development plan (incorporated into the sustainability plan for residential and village plan for retirement living) to plan community activities and initiatives for the upcoming financial year.

For Retirement Living, we have captured those community development initiatives that have been implemented at a national level only. The datasets reported in this community data pack originate from our national partnership programs including Jamie's Ministry of Food, Bowls Australia, CARE Foundation activations and community grants. We will seek to extend our data capture and report on local community development activity across the portfolio in FY18.

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.
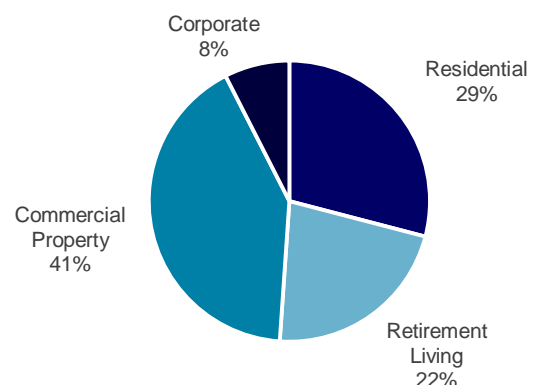
All city, regional, sub-regional and neighbourhood Stockland retail centres with a Gross Leasable Area (GLA) of under 10,000 m², non-branded Stockland retail assets and joint ventures are generally not required to complete a community development plan. Our Community Development team and our retail centre teams may determine that a community development plan is needed for a particular Stockland retail asset with a GLA of less than 10,000m² due to one or more of the following factors:

- The community need of surrounding area,
- The availability of financial resources that would enable community development activities, and
- The availability of our resources to administer the community development plan and associated activities.

INITIATIVES BY FOCUS AREA (TOTAL = 640)

Health and Wellbeing 32%
Education 10%
Community Connection 58%
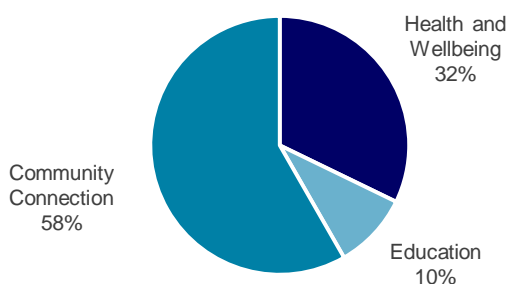
TOTAL INITIATIVES BY BUSINESS UNIT (TOTAL = 640)

Corporate 8%
Residential 29%
Retirement Living 22%
Commercial Property 41%

NUMBER OF COMMUNITY DEVELOPMENT PLANS

	FY17	FY16	FY15	FY14
Residential	37	37	30	29
Retirement Living	57	14	53	53
Commercial Property	38	40	34	32

Asset and project based initiatives implemented in FY17

Asset and project based initiatives included within a Stockland commercial property, residential or retirement living community development plan are programs, events or other initiatives that are run in-centre in partnership with local organisations and causes or financial or in-kind contributions made to an organisation on behalf of Stockland.

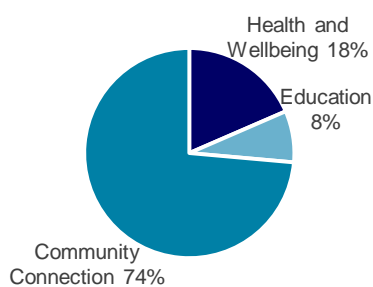|	FY17	FY16	FY15	FY14
Residential	185	160	118	215
Retirement Living	141	67	812	812
Commercial Property	265	334	294	336
Corporate	49	Not reported	Not reported	Not reported

Asset and project based initiatives by focus area

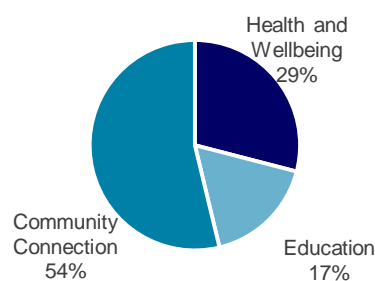The table below outlines the asset and project based initiatives by community development focus area.

	FY17	FY16	FY15	FY14
Health and Wellbeing	206	145	399	453
Education	61	61	107	178
Community Connection	373	355	718	732

Asset and project based initiatives by focus area and business unit

COMMERCIAL PROPERTY INITIATIVES BY FOCUS AREA (TOTAL = 265)

Health and Wellbeing 18%
Education 8%
Community Connection 74%

RESIDENTIAL INITIATIVES BY FOCUS AREA (TOTAL = 185)

Health and Wellbeing 29%
Education 17%
Community Connection 54%

RETIREMENT LIVING INITIATIVES BY FOCUS AREA (TOTAL = 141)

Community Connection 38%
Education 0%
Health and Wellbeing 62%
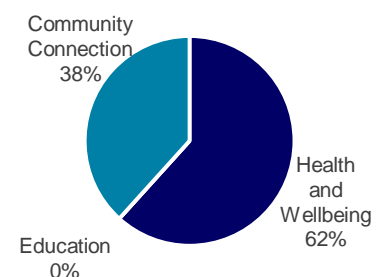
EXAMPLES OF PROGRAMS AND INITIATIVES DELIVERED AT PROJECT AND ASSET LEVEL

HEALTH AND WELLBEING	EDUCATION	COMMUNITY CONNECTION
COMMERCIAL PROPERTY		
• 5-star parents/family room • Adult change facilities in line with the principles of Changing Places • Quiet rooms • Accessible & inclusive playground • Mates in Construction training • Centre hosted community programs • Community health and wellbeing services • Community room • Education training for retailers and customers • End of trip facilities • Fresh food program • Safety and accessibility plan • Local community group support (infrastructure) • Universally accessible community facilities	• Career inspiration training for school students • 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 • Retail education program • School/tertiary partnerships • Small business access • Social enterprises • Supply Nation procurement program • Sustainability education programs	• Reconciliation program • Community events/festivals • Community Emergency Assistance Planning • 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 engagement programs
RESIDENTIAL		
• Adult fitness programs • Children's fitness programs • Cooking classes • Dog training • Community spaces designed for varying ages and levels of ability • Park launch events encouraging use • Integrated pedestrian and cycle network delivery and way-finding	• Resident energy, water, waste saving and wellbeing education • Schools based engagement • Sustainability hubs activation • Community garden education programs • Cycling education programs	• Community engagement and visioning • Community engagement for design • Welcome program and events • Social and seasonal events' calendars • Social enterprise cafes • Inclusive and accessible playspaces • Community safety events • Link & Learn activities and events
RETIREMENT LIVING		
• Active and public transport options • Active Living Programs • Community safety programs • Health checks and health issue awareness • Inclusive and accessible spaces • Resident Preventative Health Information • Mental Wellbeing Program • Nutritional information/cooking classes • Pedestrian friendly road design • Provide safe, open spaces • Universally accessible community facilities	• Community hub (library, community centre) • Community learning facilities • Co-share, learning facilities/infrastructure • Cultural heritage • E-book sharing (Kindle, tablet) • Education infrastructure • Environmental awareness/education • Local learning/education program • Local schools partnership/mentoring • Skills development/retraining programs • Support local community groups	• Celebrate and support local community events • Community groups and associations • Community infrastructure • Cultural diversity – RAP • Provide vibrant spaces • Public art • Resident welcome program • Safety program • Social engagement activities • Stockland Exchange • Supply Nation • Support local community groups • Village/community directory

National partnerships

We contributed our time and financial investment of close to $500,000 to our national community partnerships throughout FY17. An overview of our key national partnerships is provided below:

parkrun

FY17 was the fifth year of our partnership with parkrun.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Annual partnership fee of $27,562.50 • 2,724 volunteers provided time for co-ordination of events over 8,787 volunteer occasions • 936 hours of volunteering time for co-ordination of events **Focus Area** • Health and Wellbeing • Community engagement	COMMUNITY	• Weekly runs at 13 of our residential communities, four shopping centres and one retirement living village • 844 runs held across our sites in FY17 • 9,676 registered runners with an average of 119 per week	• Residents and customers stay healthy and build new social connections each week • Physical activity reduces the risk of type 2 diabetes and favourably influences body weight and blood pressure	• Support new opportunities to set up parkrun in our residential communities outside a national agreement
	BUSINESS	• Marketing • Local media • Industry recognition of alignment to partner	• Positive brand recognition as associated partner of Parkrun • Enhances satisfaction of residents and customers	

Heart Foundation

FY17 was the seventh year of our partnership with the Heart Foundation nationally.

		INPUT	OUTPUT	IMPACT	FUTURE
	COMMUNITY	**Contribution** • Administration of walking groups at each site. • Some Stockland marketing and customer care employees administer and facilitate walking groups, while others participate. • $10,000 annual donation. **Focus Area** • Health and Wellbeing • Community Connection	• Total of 48,452 walks completed as of 30 June 2017 • 24 active weekly walking groups, through 21 retail centres and three retirement communities • A total of 56 walking opportunities available through retail centres each week and 11 walking opportunities available to retirement communities each week • 1,057 walkers from our local communities • 227 new participants and 3 new walking groups registered in FY17 • Participants completed an average of 157.1 walks each with an average walk duration in the range of 45-60 minutes • Group specialties include: general community walks, parents with prams, workplace and retirement villages	• Residents and customers stay healthy and build 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 research) • Walking has mental health benefits with an Australian study showing daily walking can result in a 38% lower risk of dementia in men[7]	• Expansion of partnership to include more residential and retirement village walking groups • Further expansion on the growing network of retail centre groups • Leverage national Heart Week as a key opportunity to promote and grow existing Heart Foundation Walking groups, engage staff, and new Stockland properties as potential host organisations for the program
	BUSINESS		• 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. • One new retail centre and one new retirement village engaged, resulting in increased community involvement in more centres	• Increased foot traffic in our centres, generating more business for our retailers. • Increased brand recognition • Increased customer and community engagement.	

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[7] Simons et al. (2006) 'Lifestyle factors and risk of dementia: Dubbo Study of the elderly' *The Medical Journal of Australia* 184(2): 68-70. Available at <https://www.mja.com.au/journal/2006/184/2/lifestyle-factors-and-risk-dementia-dubbo-study-elderly>

Bowls Australia

FY17 was the second year of our partnership with Bowls Australia (BA).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $65,000 contribution (this includes $6,000 towards prize money for nominated bowls events) • Approximately 300 hours contribution from BA staff, RDNS Homecare (Australia's oldest home nursing and aged care provider) and Australian Jackaroos players **Focus Area** • Health and Wellbeing • Community Connection	COMMUNITY	• Six Stockland bowls events held across Qld, NSW, Vic and SA • Five Stockland Village coaching clinics held in NSW and Vic • Eight additional coaching clinics, appearances and displays held across Vic, WA and SA • 24 RDNS Homecare (Australia's oldest home nursing and aged care provider) sessions were held across the year associated with bowls clubs and villages. A further six sessions are planned after 1 July	Impact responses below were gathered from 156 surveys captured at nominated bowls events and coaching clinics throughout the year. • 95% of bowls event and coaching clinic attendees noted 'I enjoyed attending the event today' • 97% reported 'I would recommend future Stockland and Bowls Australia events to my friends and neighbours' • 91% reported 'I would like to attend future Stockland and Bowls Australia events' • 31% of participants were new to the sport • 77% of participants are existing bowlers and compete regularly • 82% of participants are existing bowlers and play socially with friends • 61% of participants learnt new skills and techniques • 90% pf participants felt more connected to their friends and community	• BA to hold a minimum of six coaching clinics at nominated Stockland villages hosted by Australian Jackaroos • BA to seek opportunities to promote and leverage brand and collateral
	BUSINESS	• Over 1,000 participants attended planned bowls events, coaching clinics, RDNS sessions and aligned Stockland events including official green openings, health expos and Try Bowls events • $34,684 of media value was achieved at the 2016 Australian Open • The Bowls Show media exposure average audience of 438,000 across eight episodes dedicated to the 2016 Australian Open event	• Approx. 97 leads were generated from planned Stockland Bowls events and the Stockland trade display at the 2016 Australian Open event during the 1st year of partnership • One conversion was created at **Latrobe** Village (Vic)	

Live Life Get Active

FY17 was the third year of our partnership with Live Life Get Active (LLGA).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Free outdoor activity camps to promote fitter, healthier and happier communities • $384,000 in financial contributions **Focus Area** • Health and Wellbeing • Community Connection	**COMMUNITY**	• 1,650 hours of outdoor activity • 5,415 residents from the direct and surrounding suburbs engaged • 20 LLGA fitness camps in Stockland communities across NSW, Queensland and WA	Participants' health and wellbeing improvements include: • 2,695 kilograms lost, • 5,215 centimetres lost from around the waists of members, and • Average mood reported of 7/10.	• LLGA is now reaching out to medical practices and hospitals in the local areas to promote the positive effects of outdoor exercise and Stockland's LLGA offering • New camps being investigated for implementation at **Aura** (Qld) • Targeting retirement and shopping centres where co located in our residential communities to encourage membership
	BUSINESS	• Media coverage • Low-cost, scalable projects run by program professionals nationally • Co-branding and promotion of Stockland on a weekly basis at 12 Stockland communities • Industry recognition for partnership with LLGA	• Engaged residents • Members enjoy a different activity mix to provide cardio, toning, mental clarity, flexibility, balance and personal focus	

Stockland Inspirations

FY17 was the fourth year of delivering the Stockland Inspirations program, adapted after the National Partnership Broker Network was defunded by the Federal Government at the end of 2014.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Contribution of funds and time towards facilitation and administration of sessions at Albion Park High School **Focus Area** • Education	COMMUNITY	• Presented to approximately 150 students at Albion Park High School • Provided hands on, practical experience for 27 Year 10 Albion Park High School students, showcasing careers available at Stockland and an insights tour of our retail and tenant businesses	• 100% of students said they were inspired by the range of career options in this industry • 96% of students agreed or strongly agreed that they learnt about different ways careers can develop • 92% of students agreed or strongly agreed that the program has increased their awareness of different options for future work • 52% of students agreed or strongly agreed that taking part in Stockland Inspirations has increased their motivation to do well at school	• Host further student sessions • Identify opportunities to run the program in new locations
	BUSINESS	• Engagement with local school • Workshop at Stockland Shellharbour shopping centre	• Increased profile of Stockland and the retail, development and construction industries and career opportunities within them	

Green Hills Connectivity Centre, Brookfield Multiplex/yourtown

FY17 was the second year of operation of the **Green Hills** Connectivity Centre, scheduled to be active for the duration of our Stockland **Green Hills** (NSW) redevelopment project.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Connectivity Centre is staffed by yourtown five days per week 9am – 5 pm • Contribution of approximately $10,500 in rent free allowance **Focus Area** • Education	COMMUNITY	• Facilitate connections between local job seekers and our sub-contractors and existing and new retailers • 1,182 jobseekers registered and looking for work • Offers activities or workshops with a focus on 'soft skills' to support jobseekers as they transition to employment, which includes a customer service workshop and driver leaner program	• Promoting and facilitating local employment and training in our communities • Enhancing employment pool for retail, development and construction industry • 75[8] job seekers placed into employment through brokerage services • 19 employers assisted with post-placement support to ensure placement retention	• Continue to expand partnership and employment programs • Increase the number of skilled job placements within industry and communities
	BUSINESS	• Stockland brand recognition through media coverage at launch event and local promotions • 1783 visits from individuals or organisational representatives • 133 vacancies raised • Stakeholder relationship development across retailers, builder partners, schools, TAFE, registered training organisations	• Engagement and employment support for retailers and builder partners • Increased training and skill levels in talent pool for our stakeholders	

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[8] Include Expected to Start in the system as at 30 June 2017, which means offers of employment have been accepted.

Jamie's Ministry of Food

FY17 was the fourth year of our partnership with Jamie's Ministry of Food (JMOF).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $394,044 in annual operational support and rental abatement • Time in hours to facilitate partnership and development of kitchen sites • Advocacy of cause and partner **Focus Area** • Health and Wellbeing • Education • Community Connection	**COMMUNITY**	• Community based five- and seven-week cooking programs that teach individuals the basics of how to prepare simple, healthy, fresh and affordable meals at Stockland Wetherill Park • JMOF Mobile Kitchen in Queensland hosted at Stockland Cairns, Cleveland and Newport • JMOF Mobile Kitchen in Western Australia hosted at Stockland Baldivis • Cooking demonstrations and Learn Your Fruit and Veg classes for grandparents and grandchildren held across retirement living villages • Council and local community groups have been actively engaged to ensure the program reaches the people most at risk, with 45% of participants attending Wetherill Park being concession card holders	• JMOF Mobile Kitchens and activations have provided a broad cross section of people from both the local and greater catchment areas with the opportunity to develop healthy habits • Increased social connectedness, particularly for socially isolated participants and participants with disabilities • Total of 3,611 participants, 191 volunteers and 225 hours/per week donated through JMOF Kitchen at Stockland Wetherill Park and JMOF Mobile Kitchens	• Continue to expand partnership with JMOF nationally, with a focus on opportunities across all three business units to support three focus areas
	BUSINESS	• Media coverage • Community and customer events • Enhanced brand awareness • Engagement with local council, government ministers and health champions	• Increased brand recognition in FY17 – PR value estimated at $3,855,987[9] • Increased community satisfaction in centres • Increased foot traffic in centres with some JMOF participants travelling up to 50kms to attend the course • Increased stakeholder engagement across the community, businesses, customers and retailers • Increased staff engagement through team building events with JMOF	

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[9] As estimated by Jamie's Ministry of Food

Touched by Olivia Foundation

FY17 was the second year of the Stockland CARE Foundation's partnership with the Touched by Olivia Foundation (TBO).

INPUT		OUTPUT	IMPACT	FUTURE
.Contribution • $100,000 annual donation from the Stockland CARE Foundation Trust • $20,000 for the Butterfly Ball Sponsorship • $129,392 in workplace giving donations, customer and employee fundraising • $2,000 training program completing a Retail Masterclass on universal design • More than 390 volunteer hours from Stockland team members • In-kind donations in social enterprise café lease costs • SPARK Strategy provided pro bono workshop to TBO through Stockland relationship **Focus Area** • Health and Wellbeing • Community Connection	**COMMUNITY**	• Funding supported TBO resourcing requirements • Three new inclusive playspaces delivered at **Wetherill Park** (NSW), **Cloverton** (Vic) and **Shellharbour** (NSW) • Continued to contribute to Stockland residential assets through the process of design and project development in **Elara** (NSW), **Willowdale** (NSW), **Sienna Wood** (WA), **Amberton** (WA), **The Grove** (Vic) • Contributed to the delivery of the Quiet Room in **Shellharbour** - a sensory retreat zone for people with disabilities • 20 employees participated in the first masterclass on universal design	• Improved accessibility and inclusion within our assets • Increased social engagement on TBO social channels • Enhanced community connectivity and sense of belonging • Increased local employment and training opportunities at our assets • Support allows TBO to have point of difference for community projects - 100% of funds raised go to projects in regional and at risk communities • Local government recognises value of partnership with Stockland (eg Armadale, Hume, Campbelltown)	• All residential playspaces to be designed to the principles of Universal Design, with one playspace in each development to be a Livvi's Place (proposed) • All playspaces delivered in retail to be compliant with the principles of inclusive play • Increase accessible and inclusive industry standards • Maintain funding support for TBO in 2017 to allow national focus to continue
	BUSINESS	• Stockland team are engaged and understand Universal Design principles following masterclass, and Universal Design is being embedded in the retail and residential design process • Media coverage increased with 35 online news mentions of our partnership, 56 social mentions and potential reach of 22.6 million • Skilled volunteering opportunities for Stockland employees	• Increased accessibility and appeal of our assets to individuals and/or families with disabilities • Increased dwell time in centres, increasing spend with retailers • Increased customer satisfaction	

Redkite

FY17 was the second year of the Stockland CARE Foundation's partnership with Redkite.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $100,000 annual donation from the Stockland CARE Foundation Trust • $159,247 in workplace giving donations, customer and employee fundraising • $16,900 in corporate sponsorship for the annual Redkite Corporate Quiz • More than 178 volunteer hours from Stockland team members **Focus Area** • Health and Wellbeing • Community Connection	**COMMUNITY**	• As a result of Stockland's funding, Redkite was able to provide practical and/or emotional support services to 94 families at different stages of their child's cancer journey • Of the 94 families that Stockland supported, almost three quarters of them (or 68 families) received financial assistance grants, which help with the 'hidden' costs of cancer, such as fuel, transport, food and accommodation • Qualified social workers provided just over a third of these families (or 32 families) with information, support and/or counselling services • Almost a quarter of the families that Stockland supports (or 22 families) received education and/or career support from a professional Education and Career Support Consultant and/or through an education grant • Redkite resources (such as diagnosis packs, books and/or other practical resources) were provided to 53 families to help them better manage their cancer experience	Among individuals and families who received practical and/or emotional support services: • The majority (82%) felt more equipped to support their family, and • 71% felt more in control of their / their child's care. Among those who received emotional assistance grants: • 72% reported feeling more equipped to manage their situation, and • About two thirds (67%) experienced reduced pressure on family relationships. The impact among individuals and families who received information, support and/or counselling was substantial, with: • Over two thirds (67%) reporting that they were able to stay connected with people close to them, and • The majority (74%) reporting that they experienced reduced pressure on family relationships. Among those who received education and/or career support: • about two thirds (67%) reported feeling better able to manage the impact cancer had on their education and/or career. For individuals and families who received resources from Redkite: • about two thirds (66%) felt these resources identified strategies to help manage their situation.	• Support more children and young people facing cancer with essential services • Expand partnership activities to collaborate across retail, residential and retirement village activities • Expand awareness program across Stockland retirement villages nationally • Develop skilled volunteering program for Stockland teams
	BUSINESS	• Redkite facilitated awareness and thank you events at six Retirement Living Villages nationally • Redkite supported CARE day at five Retail Centres • Redkite supported Grandparents day at two Retirement Villages	• Increased employee engagement • Increased customer satisfaction	

Conservation Volunteers Australia

FY17 was the second year of our partnership with Conservation Volunteers Australia.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Annual partnership fee of $30,000 • 96 participants from seven Stockland teams • 768 hours of volunteering time • In-kind digital marketing training (online) **Focus Area** • Health and Wellbeing • Community Connection	**COMMUNITY**	• 365 square metres area of exotic weeds removed from native habitat to improve biodiversity values • 560 native stems (trees, shrubs, grasses) planted to restore habitat for native species • 400 square metres area of stems (trees, shrubs, grasses) planted to restore habitat for native species • 15 kilograms of rubbish removed to reduce the impact it has on habitat and detrimental effects on wildlife • Six corporate team members completed an online digital marketing course	• Improvement of habitat values of one of Sydney's iconic parklands, Centennial Parklands • Critical improvements to the habitat of the Red-crowned toadlet at Bradleys Head within the Sydney Harbour National Park • Critical habitat restoration at Hermitage Foreshore, Sydney Harbour National Park • Tree planting to improve koala habitat and connectivity at Daisy Hill Koala Conservation Reserve, Brisbane • Up-skilled corporate team in digital marketing, providing opportunities to further extend CVA's ability to 'tell our story' and promote our work	• Conservation Volunteers are working to facilitate conservation days across Stockland locations nationally through a challenge framework • Opportunities to collaborate on residential programs
	BUSINESS	• Team-building activities for our employees • Media coverage • Community/customer events • Website brand recognition • Engagement with local council, government ministers and health champions	• Increased brand recognition • Increased community satisfaction in centres	

Australian Business and Community Network

FY17 was the 11th year that we have been a member of the Australian Business and Community Network (ABCN)

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $65,000 (excl. GST) membership fee • $44,000 donation to Scholarship Foundation (funds 4 X ABCN Scholars to be awarded in November 2017) • 140 employee mentors • 957 volunteer hours **Focus Area** • Education	COMMUNITY	• 451 students benefitted from mentoring provided by Stockland volunteers • In Victoria, Dandenong High School participated in ABCN mentoring programs with Stockland mentors for the first time. The school sent 20 students who had recently arrived in Australia, primarily from Afghanistan	• 94% of students in the primary school reading program SPARK demonstrated an improvement in their reading skills • 87% of students in the one-on-one program GOALS now realise the importance of setting goals for their future • 94% of students in the Year 11 Aspirations program have a better understanding of employer requirements and key employability skills • 68% of girls in the Focus female leadership program, rated themselves highly as a leader after participation versus only 4% before participation	• Focus on skilled volunteering opportunities with ABCN as part of Stockland's learning and development programs • Investigate expanding skilled volunteering opportunity to manage work experience program with ABCN students • Increase the number of ABCN facilitators • Increase participation from Stockland employees in retail and residential facilities in regional centres
	BUSINESS	• 182 employees took part in the program in FY17 • Tim Bloom from Stockland Brisbane has participated in ABCN programs as a mentor or facilitator every year since 2008, and continues as a GOALS facilitator in 2017 • Increased employee engagement • Increased confidence in mentoring, coaching and facilitation for Stockland employees	• Brand recognition amongst schools, students and other ABCN member companies • Increased understanding of the property industry amongst students who participate in the program	

Stockland

The Song Room

The Song Room (TSR) was piloted at Yuille Park Community College (in the trade area of Stockland **Wendouree** shopping centre) for the first time in FY17.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $18,000 donation to support The Song Room workshop program at Yuille Park Primary School, Ballarat • Use of Stockland Wendouree shopping centre for The Song Room performance **Focus Area** • Education	COMMUNITY	• Song Room teaching artist in-school workshop – one day per week for 20 weeks with 4 classes • Engaged with 80 students from years 3 to 5 • 6 teachers participated in the capacity building program, including one performing arts teacher • School performances at the school, Ballarat Art Gallery and Stockland **Wendouree** (Vic)	Increased student engagement with their learning through participation in the project: • 100% of teachers reported that as a result of TSR program, some, most, or all students demonstrated improved literacy, and • 98% of teachers reported that as a result of TSR program, some, most, or all students demonstrated improved enthusiasm for learning. Increased student learning outcomes through participation in the project: • 100% of teachers reported that attendance was increased on workshop days, and • 100% of teachers reported that as a result of TSR program, some, most, or all students demonstrated improved confidence in performing and presenting. Increased students' social and emotional wellbeing through participation in the project: • 100% of teachers reported that as a result of TSR program, some most or all students demonstrated increased teamwork, increased levels of self-expression, improved self-esteem and willingness to help others.	• Yuille Park Community College would benefit from a longer term program • Explore possibility of running at other locations
	BUSINESS	• Local media • Engagement with local school • TSR events at Stockland Wendouree shopping centre	• Increases foot traffic in our Wendouree shopping centre on day of local performance • Potential to enhanced Stockland brand/ reputation with families involved in program	

STEAMpop

STEAMpop was piloted at St Johns Park High School (in the trade area of Stockland **Wetherill Park** shopping centre) for the first time in FY17.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • $10,000 contribution to running of the program • Provision of Stockland **Wetherill Park** (NSW), resources and catering for the launch event • Time of centre management team in planning and managing the event **Focus Area** • Education	COMMUNITY	• 120 children involved in the STEAM program • Student skill development in making with maths, coding, collaboration and problem solving challenges • Professional development for nine teachers and skill development for 14 student volunteers from UTS and one student volunteer from UNSW, with a focus on Design Thinking, STEAM content creation, enhanced Project Based Learning	• Increased parent communication with school and uplift in parent involvement and student engagement with the community • Increased professional expertise for teachers in terms of skills in new and emerging technologies and collaborative techniques • Increase in engagement with STEAM concepts for teachers and students, including acquisition of technical skills, awareness of connected curriculum, innovative methods of delivering information	• Explore further opportunities to expand the schools supported with STEAM programs
	BUSINESS	• Launch event at Wetherill Park shopping centre, attended by students, families, friends, School Principal, teachers, local Councillors	• Increase in foot traffic in our centre on the launch evening • Increased engagement with local school and local council	

The National Theatre for Children

FY17 was the first year of the partnership with The National Theatre for Children (NTC).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution • Free conservation education performances and resources provided across Stockland's targeted service areas (including schools within our communities and local catchments) • Stockland Residential financial contribution of $2,800 per primary school and $3,000 per secondary school with a total financial year contribution of $140,665.00 **Focus Area** • Education • Community Connection	**COMMUNITY**	• 19,854 primary school students and 3,366 secondary school students educated • 987 primary school teachers and 125 secondary school teachers engaged • 28 primary schools and 7 secondary schools visited across all programs • 78 primary school performances • 13 secondary school performances	• Engagement of school students with conservation content through storytelling, improvisational comedy and audience interaction, exploring its significance both in and out of the classroom • Opportunity for students to pass on key messages to their families • Teachers rated the overall educational value of the program 6.25 (on a scale of 1-7) and 100% of schools would like to see the program continue • Teachers also rated the programs as 6.42 for ability to stimulate classroom discussion, as 6.06 that students will retain message, and as 6.48 for ability of live theatre to increase students retaining message • 98% of teachers reported they used the print materials	• Evolve our partnership in FY18 by providing a STEAM (Science, Technology, Engineering, Arts, Mathematics) LEGO aligned program in at least 15 primary schools in our residential communities • In addition, NTC will provide educational print materials to those communities that are not aligned with a physical school visit • Commercial Property are investigating opportunities for NTC to run a shopping centre activation program using educational outreach via the schools
	BUSINESS	• 10 separate media news items • Web portal with six new online digital resources aligned to the programs • Two online pre-program introduction videos • Four online post-program promotional videos • Eight press ready PR photos	• 23,220 students and 1,112 teachers actively engaged and educated by the Stockland programs • 1,042 page views of the Stockland web portal • 1,035 total opens of the Stockland program online educational games	

National community development projects

Stockland Community Grants Program

Our Community Grants 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, brand exposure and media coverage.

Commercial Property

- 463 applications received from local community organisations across 32 shopping centres,
- 110 grants awarded, and
- $95,000 invested into our local communities.

Residential

- 250 applications were received across 28 communities,
- 134 grants were awarded to local community organisations, and
- $133,714 invested into our local communities.

Retirement Living

- 114 applications received across 65 villages,
- 76 grants awarded to local community organisations, and
- $75,000 invested into our local communities.

BREAKDOWN OF GRANT WINNERS BY STOCKLAND FOCUS AREA IN THE FY17 COMMUNITY GRANTS ROUND
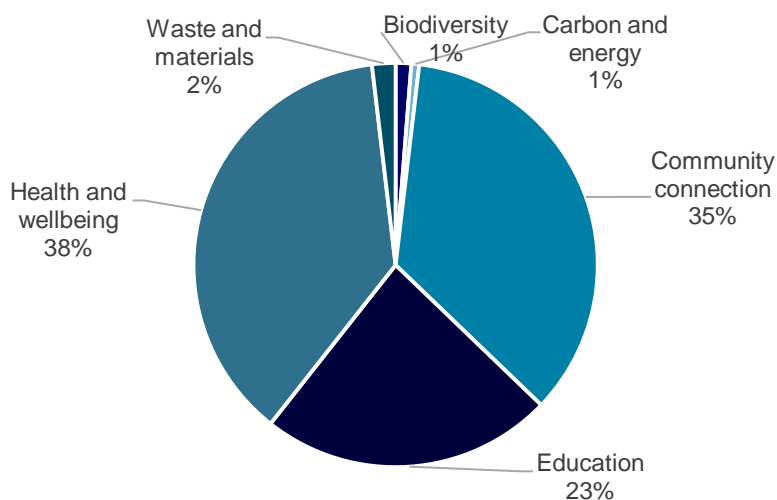
Community engagement

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 6,000 residents.

The table below outlines the satisfaction of our retirement living residents with the community elements of the village and their personal wellbeing for FY17. The FY17 results remained stable compared to FY16, except for key elements that relate to personal relationships/social life of the village.

FOCUS AREA	ELEMENT	RESPONSE (% SATISFACTION SCORE)			
		FY17	FY16	FY15	FY14
Health and Wellbeing	Physical health	76%	76%	78%	69%
	Emotional wellbeing (health)	82%	82%	84[10]%	84%
	Personal relationships/social life of the village	90%	92%	92%	85%
	Feeling safe	92%	92%	93%	93%
	Number of social activities to participate in	83%	83%	84%	80%
	Satisfaction with accessibility features	88%	87%	88%	87%
Education	Satisfaction with the opportunity to try new things and learn	74%	75%	77%	73%
Community Connection	Satisfied with sense of community	85%	86%	87%	86%
	Satisfied with opportunity to connect with others	87%	88%	88%	85%

Residential – Liveability Index survey

The table below outlines the satisfaction of residents with the liveability of their communities, with a relatively stable National Liveability Index score for FY17 against FY15 and FY16.

ELEMENT	FY17	FY16	FY15
National Liveability Index Score	83%	84%	84%
Community Design Elements	78%	82%	88%
Community Perceptions	81%	79%	78%
Personal Wellbeing	79%	80%	80%

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[10] The FY15 emotional wellbeing score was incorrectly reported as 91% in the FY15 sustainability reporting.

Community investment

WORKPLACE GIVING

	FY17		FY16		FY15	
	AMOUNT DONATED	CHARITIES SUPPORTED	AMOUNT DONATED	CHARITIES SUPPORTED	AMOUNT DONATED	CHARITIES SUPPORTED
Employee Donations[11]	$127,231	107	$89,572	102	$84,988	103
Corporate Dollar Matching[12]	$123,966		$87,584		$84,988	
TOTAL	**$251,197**	**107**	**$177,156**	**102**	**$169,976**	**103**

VOLUNTEERING

	FY17			FY16			FY15		
	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE[13]	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE
Team Volunteering[14]	322	1,566	$84,710	677	3,897	$181,367	242	1,890	$87,961
Student Mentoring[15]	140	957	$52,137	130	882	$41,060	69	625	$29,087
Personal Volunteering[16]	32	532	$27,668	36	302	$14,074	11	122	$5,678
CARE Committees[17]	32	923	$49,205	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	**459**	**4,009**	**$213,720**	**749**	**5,081**	**$238,285**	**322**	**2,673**	**$122,726**

EMPLOYEE PARTICIPATION

	FY17	FY16	FY15
Workplace Giving Program[18]	29%	26.0%	19.6%
Volunteering Program[19]	31%	48.0%	21.0%

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[11] Total employee donations made by full-time, part-time and permanent contract Stockland employees through Stockland's Workplace Giving Program.

[12] Total amount of matched funds donated by Stockland to various charities in FY17 through Stockland's Workplace Giving Program.

[13] Calculated using LBG (now known as Corporate Citizenship) standard values.

[14] 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 FY17 are determined by the number of hours multiplied by the average hourly remuneration rate as included in Corporate Citizenship's guidance manual for FY16 ($53.31).

[15] Facilitated student mentoring programs run in partnership with the Australian Business and Community Network (ABCN) and offered to Stockland employees in FY17 in NSW, WA, Queensland and Victoria.

[16] Number of individual employees who took up personal volunteering leave in FY17 by taking up to 2 days of 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.

[17] Number of individual employees who sat on state based employee Committees to facilitate activation of community and Foundation activities in their local areas.

[18] Total number of individual employees who participated in Stockland's Workplace Giving Program in FY17 as an ongoing or one-off donor as a percentage of total average workforce for FY17.

[19] Total number of individual employees who have participated in Stockland's team volunteering program, student mentoring or personal volunteering programs as a percentage of Stockland's total average workforce for FY17.

Stockland

Environmental Data Pack

FY17

Background notes

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	Internal corporate operations.	Unless there are significant changes to the tenancies that we operate from, minor fluctuations generally reflect external factors beyond our control. Scope 1: Vehicle fleet fuel. Scope 2: Purchased electricity. Scope 3: Hire car, airline and rental car travel.	The water, waste and other natural resources are typically managed by the base building that we are tenanting. Where we are a tenant within our own building, these resources are reported under the base building.
Commercial Property	Operating our retail, office, business parks and logistics assets.	Unless there are significant changes to our portfolio, or key infrastructure upgrades/installations, changes generally reflect energy efficiency programs and initiatives. Scope 1: Gas consumption, refrigerants. Scope 2: Purchased electricity. Scope 3: Transmission losses, operational waste.	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. Water: Potable water consumption. Waste: Operational waste, development construction waste.
Residential	Development of our projects and communities, predominantly undertaken by our residential contractors.	Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher. Scope 1: Emissions from gas and fuel consumption reported by our contractors, and our direct gas consumption. Scope 2: Emissions from electricity consumption reported by our contractors, and our purchased electricity. Scope 3: Transmission losses.	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. Water: Potable and non-potable water consumption reported by our contractors, and our direct water consumption. Waste: Waste generation reported by our contractors. Biodiversity metrics vary and reflect the specific characteristics of our project development sites.

In this document you will find:

	ACTIVITY PROFILE	ENERGY AND EMISSIONS	NATURAL RESOURCES
Retirement Living	Development of our retirement villages, undertaken by our retirement living contractors.	Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher. Scope 1: Emissions from gas and fuel consumption and explosives reported by our contractors, and our direct gas consumption. Scope 2: Emissions from electricity consumption reported by our contractors. Scope 3: Transmission losses.	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. Increased finishing works (landscaping and village upgrades) also contribute to increased water consumption, and retirement living contractors generally undertake these works. Water: Potable and non-potable water consumption reported by our contractors, and our direct water consumption. Waste: Waste generation reported by our contractors
	Operating our retirement villages.	Unless there are significant changes to our 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, climatic 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 our 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.

Environmental impacts from transport are not considered material for our organisation. While we report on Scope 3 emissions as it relates to air and ground transport during business hours, we have excluded employee transport to work due to data reporting challenges. Similarly we have excluded our supply chain's movement of goods and materials on our behalf.

Energy and emissions

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 (NGER Act). We voluntarily report select scope 3 emissions in accordance with the GHG Protocol Corporate Standard. All of our operations are based in Australia.

SCOPE	BOUNDARY
Scope 1	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. Direct emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their gas and fuel consumption data as part of monthly reporting. Emissions from gas consumption across the office, retail, industrial, residential and retirement living assets for which we have operational control. For those assets that have missing invoices estimates are provided. Tenant gas usage is not included except where we are the tenant.
Scope 2	Indirect emissions from the consumption of electricity only. Indirect emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their electricity consumption data as part of monthly reporting. Emissions from base building electricity across the office 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. Tenant electricity usage is not included except where we are the tenant.

SCOPE	BOUNDARY
Scope 3	Other indirect emissions, including hire cars, rental vehicles and airline travel, transmission and production losses from purchased electricity, gas and fleet fuel and operational waste from our Commercial Property portfolio.

Notes:

- Development contractor resource and energy data is provided to us by third party contractors in accordance with NGER Act reporting requirements.
- Logistics data is predominantly related to vacant spaces or minimal external and internal common area lighting. Due to the high volatility of this energy and water consumption, setting meaningful targets becomes difficult. Additionally there are currently no industry standards and therefore we have decided not to set targets for our Logistics portfolio.
- Stockland has embedded networks within our assets, and the usage of our residents and tenants is removed where the usage is outside of our Operational Control under NGER Act. 24 shopping centres and 21 retirement living assets have embedded networks.

Emissions

TOTAL GREENHOUSE GAS EMISSIONS (TCO$_2$-E)

	FY17	FY16	FY15	FY14	FY13
Stockland group total scope 1	26,884	35,036	26,368	22,102	18,509
Stockland group total scope 2	87,860	89,881	97,763	99,927	104,393
Stockland group total scope 1+2 emissions	114,743	124,917	124,131	122,029	122,902

TOTAL SCOPE 1 EMISSIONS (TCO$_2$-E)

	FY17	FY16	FY15	FY14	FY13
Office and business parks base building gas	1,010	1,080	999	832	1,149
Logistics centres gas	-	–	–	1	7
Retail centres gas	1,451	398[1]	185	97	98
Vehicle fleet fuel	84	86	84	87	56
Refrigerants leaked	3,224	3,091	2,783	2,380	2,477
Residential sites fuel & gas[2]	52	10	15	19	17
Residential contractors fuel and gas	20,278[3]	29,525[4]	21,626	18,142	14,088
Retirement living villages gas	745	487	591	377	169
Retirement living contractors fuel, gas	39[3]	360	86	165	449
Total scope 1 emissions	26,884	35,036	26,368	22,102	18,509

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[1] Gas increase due to the removal of electric duct heaters to efficient central boiler heating system.
[2] FY17 includes fuel (for residential site office usage), whereas previous years only consumed gas.
[3] Construction activities across master planned residential communities transition from civil works in FY16 to residential lots in FY17.
[4] Figures reflect our activity profile: continuing increased development activity on existing and new sites.
[3] Figures reflect change in development profile as new retirement living assets are completed under a Principal Contractor.

Scope 1 emissions by business unit

Residential constitutes the largest proportion of our scope 1 emissions due to contractor construction activity across our developments.

SCOPE 1 EMISSIONS BY BUSINESS UNIT

Corporate 0%
Retirement Living 3%
Commerical Property 21%
Residential 76%
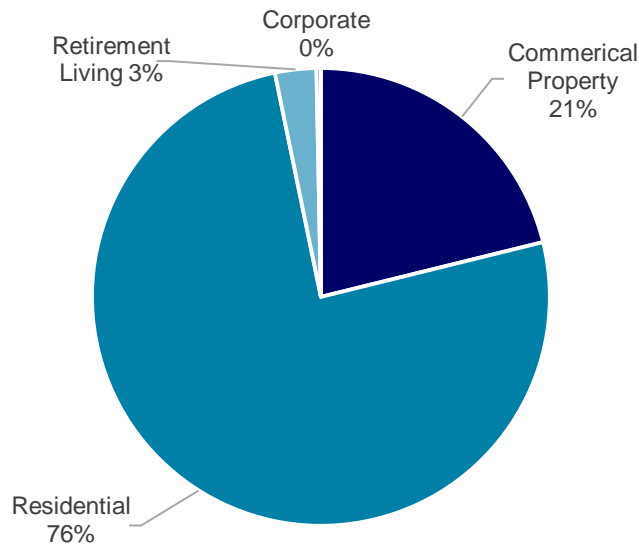
TOTAL SCOPE 2 EMISSIONS (TCO$_2$-E)

	FY17	FY16	FY15	FY14	FY13
Corporate tenancies electricity	1,418	1,353	1,372	1,406	1,484
Office and business parks base building electricity	18,350	19,657[5]	22,981[6]	23,161	28,341
Logistics centres electricity	4,321	1,291	2,048	2,998	3,443
Retail centres electricity	54,327	58,839	63,134[7]	57,957[8]	58,636
Residential sites electricity	1,413	1,515	1,573	1,852	2,507
Residential contractors electricity	147	299	315	632	212
Retirement living villages electricity	7,874	6,918	6,323[9]	11,870	9,755
Retirement living contractors electricity	8	8	16	51	15
Total scope 2 emissions	**87,860**	**89,881**	**97,763**	**99,927**	**104,393**

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[5] Decrease due to divestment of Office assets.
[6] Decrease due to divestment of Office assets and additional operational efficiency programs.
[7] Retail has increased through both new acquisitions and centre expansions.
[8] Increased energy efficiency across retail assets.
[9] Improvements in utility data collection methods in FY15 enabled us to separate resident consumption (where we have no operational control) from Stockland managed consumption where we do have operational control. This yielded a more accurate representation of our scope 2 emissions, which is shown in the large decrease from FY14.

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 our Carbon and Energy Deep Dive for further information on initiatives that contributed to our FY17 performance.

SCOPE 2 EMISSIONS BY BUSINESS UNIT

Retirement Living 9% Corporate 2%
Residential 2%
Commerical Property 88%
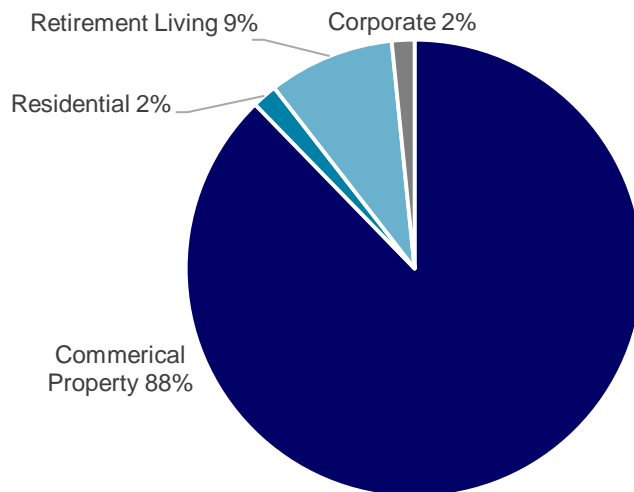
TOTAL SCOPE 3 (TCO$_2$-E)

	FY17	FY16	FY15	FY14	FY13
Total transmission and production losses (from purchased electricity, gas and fleet fuel)	14,675	14,782	17,255	19,861	19,572
Waste disposal[10]	11,990	20,571	NA	NA	NA
Vehicle hire and hire car travel	35	42	51	52	74
Airline travel	4,415	4,233	3,695	3,644	3,803
Total scope 3 emissions	**31,115**	**39,628**	**21,002**	**23,556**	**23,449**

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[10] From FY16 we expanded our boundary to include scope 3 emissions from waste generated at our commercial property assets.
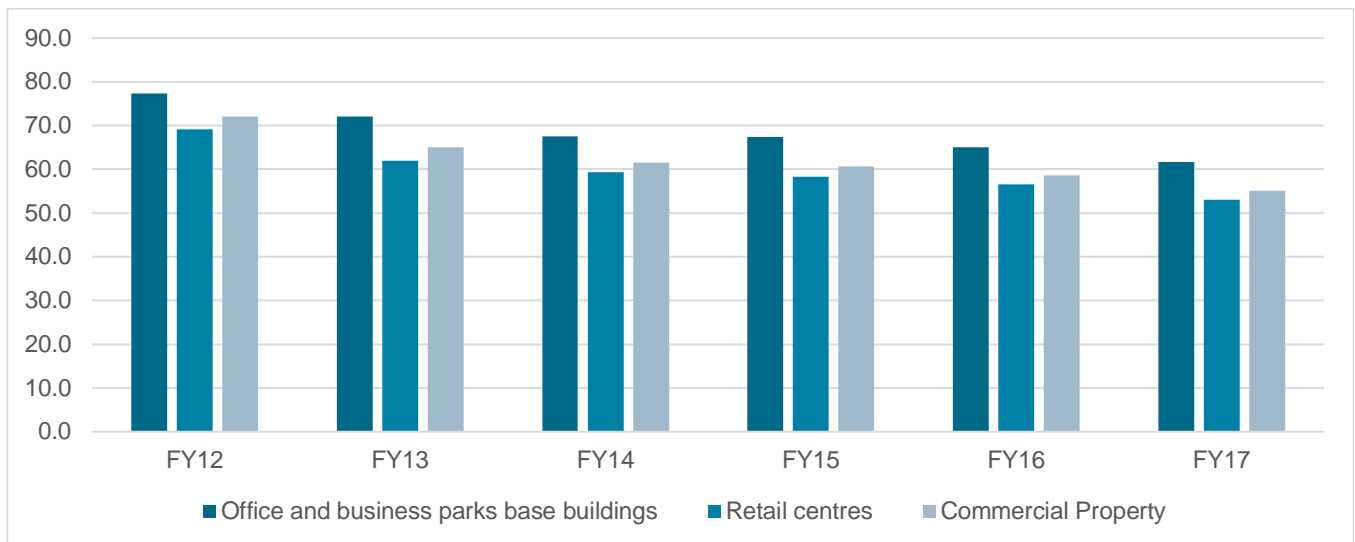
Emissions intensity

We track our emissions on an intensity basis as this helps represent the greenhouse gas emissions from our Commercial Property portfolio in a way that 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/M^2)[11]

	FY17	FY16	FY15	FY14	FY13
Office and business parks base buildings	61.70	64.98 [12]	67.32	67.55	72.1
Floor area (NLA) of buildings in intensity metric (m^2)	313,830	320,943 [13]	356,060	355,073	409,134
% portfolio in intensity metric	100%	100%	100%	100%	100%
Retail centres	52.92	56.58	58.32	59.34	62.0
Floor area (GLA) of buildings in intensity metric (m^2) [14]	1,054,234	1,047,054	1,014,045	978,257	947,435
% portfolio in intensity metric	100%	100%	100%	100%	100%
Commercial Property[15]	54.93	58.55	60.66	61.52	65
Floor area of buildings in intensity metric (m^2)	1,368,011	1,366,279	1,370,119	1,333,330	1,356,569
% portfolio in intensity metric	100%	100%	100%	100%	100%

GREENHOUSE GAS EMISSIONS INTENSITY (KGCO2-E/M^2)

[11] Based on scope 1 and 2 emissions, excluding all refrigerants.
[12] Reduction due to various energy efficiency projects.
[13] Area-weighted intensity combination of Office and Business Parks assets.
[14] Townsville Kmart excluded – common area usage not available.
[15] Combined Office, Business Parks and Retail.

EMISSIONS INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY17 FROM FY14	**FY17**	**FY16**	**FY15**	**FY14**	**FY13**
Office and business parks	-9%	-5%	-4%	0%	-6%	-7%
Retail centres	-11%	-6%	-3%	-2%	-4%	-10%
Commercial Property[16]	-11%	-6%	-4%	-1%	-5%	-10%

Other emissions

Stockland's emissions of ozone-depleting substances are minimal and not considered material for reporting.

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 other energy generation.

Energy consumption

This section details 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)

	FY17	**FY16**	**FY15**	**FY14**	**FY13**
Corporate tenancies	1,648,037	1,556,157	1,538,236	1,564,314	1,599,709
Office and business parks base buildings	22,255,609	24,120,329	27,759,472	27,627,604	32,651,857
Logistics centres	5,129,175	1,577,286	2,416,170	3,474,882	3,906,359
Retail centres	64,878,522	69,088,256	72,666,207	65,017,061	63,550,659
Residential sites	1,729,655	1,824,740	1,841,916	2,265,986	2,744,611
Residential contractors	180,211	331,110	437,697	619,789	193,050
Retirement living villages	8,876,288	7,859,963[17]	6,888,485[18]	12,045,323	9,579,561
Retirement living contractors	7,438	6,962	16,264	73,001	35,316
Total	**103,242,404**	**106,364,804**	**113,564,446**	**112,687,960**	**114,261,122**

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[16] Area-weighted intensity combination of office, business parks and retail assets.

[17] Increase in retirement living village electricity consumption primarily associated with the acquisition of new assets in South Australia and increased usage of common facilities in newly developed villages.

[18] Retirement living data source improvements were 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 accounted for a further 24 per cent drop in electricity consumed compared to FY14.

ELECTRICITY INTENSITY (KWH/M[2])

	FY17	FY16	FY15	FY14	FY13
Office and business parks base buildings	70.96	75.77	77.91	77.8	79.8
Floor area (NLA) of buildings in intensity metric (m²)[19]	313,700	320,097	356,118	354,955	409,061
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%
Retail centres	61.79	65.98	66.27	66.45	67.1
Floor area (GLA) of buildings in intensity metric (m²)	1,050,411	1,047,054	1,014,074	978,256	947,536
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%
Commercial Property[20]	63.89	68.26	69.30	69.47	70.9
Floor area of buildings in intensity metric (m²)	1,364,156	1,365,954	1,370,177	1,333,211	1,356,597
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%

ELECTRICITY INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY17 FROM FY14	FY17	FY16	FY15	FY14	FY13
Office and business parks	-9%	-6%	-3%	0%	-3%	-6%
Retail centres	-7%	-6%	0%	0%	-1%	-11%
Commercial Property[21]	-8%	-6%	-2%	0%	-2%	-10%

RENEWABLES GENERATION

	FY17	FY16	FY15	FY14
Solar generation (kWh)[22]	2,387,168[23]	1,940,689	292,124	175,374
Total	**2,387,168**	**1,940,689**	**292,124**	**175,374**

[19] NLA – Net Lettable Area; GLA – Gross Lettable Area.
[20] Area weighted intensity combination of Office, Business Parks, and Retail assets.
[21] Area-weighted intensity combination of Office, Business Parks and Retail assets.
[22] Figures relate to total electricity generation from photovoltaic power within financial year.
[23] The large increase in generation is the result of the 0.9MW solar system at Wetherill Park.

Fuel consumption

GAS CONSUMPTION (MJ)

	FY17	FY16	FY15	FY14	FY13
Office and business parks base buildings	19,605,661	20,949,926	19,456,794	16,211,993	22,389,489
Logistics centres	0	0	0	27,986	132,268
Retail centres	28,164,870 [24]	7,726,710	3,607,633	1,898,574	1,905,757
Residential sites	231,633	196,216	261,852	331,020	123,294
Residential contractors	0	0	200	2,993	2,275
Retirement living villages	14,448,049 [25]	9,451,522	7,177,497	7,119,574	2,940,671
Retirement living contractors	0	0	0	0	0
Total	**62,450,212**	**38,324,374**	**30,503,976**	**25,592,140**	**27,493,754**

TRANSPORT FUEL CONSUMPTION [26]

	FY17	FY16	FY15	FY14	FY13
Diesel (L)	7,356,552	10,344,491	7,714,541	6,597,215	5,245,570
Bio diesel (L)	2,070	525,463	566,473	236,637	285,219
Petrol (L)	129,554	169,636	257,135	155,275	116,360
Ethanol (L)	8,451	4,689	2,102	5,486	2,257
LPG (L)	246	556	26	81	180
Oil (L)	42,802	71,973	94,981	63,939	42,916
Grease (kg)	32,592	66,070	65,703	32,541	20,583

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[24] Increase due to additional meters being found during embedded network assurance exercise.
[25] Increase in retirement living village gas consumption primarily associated with villages transitioning from externally managed to internally managed and villages under development transitioning to operational facilities.
[26] Comprises corporate fleet fuel, and residential and retirement living contractor fuel consumption.

Biodiversity

BIODIVERSITY IMPACT AND MANAGEMENT

	FY17	FY16	FY15	FY14	FY13
PORTFOLIO					
Total projects with masterplan approval[27]	36	31	39	42	44
Total land area (ha)	10,312	8,637	12,302	7,303	7,210
BIODIVERSITY IMPACT					
Total projects with areas of significant biodiversity value[28]	25	25	30	20	20
Total land area of significant biodiversity value (ha)	1,972	1,332	1,736	1,198	1,197
Total land area of significant biodiversity value to be cleared (ha)	587	425	639	655	641
BIODIVERSITY MANAGEMENT					
Total land area to be regenerated, revegetated, restored or rehabilitated on ground or through offsets (ha)	1,567	1,641	1,581[29]	358.5	342.5
Total projects working with community and non-governmental organisations	3	6	5	1	12

PROJECTS WITH AREAS OF SIGNIFICANT BIODIVERSITY VALUE

The change in biodiversity value refers to projects that have achieved a positive contribution to overall biodiversity, as assessed under our biodiversity calculator in FY17.

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE[30]
Released to market	Victoria	Allura	Truganina	140	21.9	
		Cloverton	Kalkallo	1,141	91	+18.05
		Edgebrook	Clyde North	65	8.3	+8.62
		Highlands	Craigieburn	978	43.9	
		Mernda Villages	Mernda	203	15.4	
		The Address	Point Cook	33	4.7	+6
		The Grove	Tarneit	235	29	+4.11
		Waterlea (Stamford Park)	Rowville	6.3	0.5	
	Western Australia	Amberton	Eglinton	198	245.1	
		Calleya	Banjup	145	11.5	+3.2
		Newhaven	Piarra Waters	211	1.8	

[27] Our biodiversity results are representative of our residential projects that have received masterplan approval and/or were active developments as at 30 June 2017.
[28] As defined by the relevant state or federal legislation. All of our projects that with significant biodiversity on site are required to develop a biodiversity management plan (see Biodiversity Deep Dive).
[29] In FY15, this section has been expanded to include land onsite and offsite offsets as this is the key method in balancing the provision of ecological habitats with development activities.
[30] The biodiversity calculator is only used in projects that are approved from FY15. Projects without a change in biodiversity value were approved prior to FY15.

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE[30]
		Sienna Wood	Brookdale	330	49.6	
		Vale	Aveley	541	50	
	New South Wales	Altrove	Schofields	50	9	+2.7
		Brooks Reach	South Coast	65	42.8	
		Elara	Marsden Park	163	2.4	
		Willowdale	Leppington	350	90	+1.32
	Queensland	Augustine Heights	Augustine Heights	183	47	
		Aura	Caloundra South	2,360	700	
		Bells Reach	Caloundra	65	8	
		Bokarina	Sunshine Coast	30	5	+3.68
		Foreshore	Coomera	98	48	+7.02
		Newport	Newport	143	5	+3.08
		North Lakes	North Lakes	1,036	3	
		North Shore	Townsville	1,031	300	
		Pallara	Pallara	122	56	+27.59
		Stone Ridge	Narangba	47	8.5	
		Vale	Logan	54	17	
Development pipeline	Queensland	Paradise Waters	Deebing Heights	338	80	

Water management and quality

Boundary and methodology

We report our water consumption according to our operational control boundary under the NGER Act.

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.

Reported non-potable consumption includes rainwater tanks and bore water.

Water consumption

RESIDENTIAL AND RETIREMENT LIVING WATER CONSUMPTION (KL)

Residential 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.

	FY17	FY16	FY15	FY14	FY13
Residential sites	546,670	600,623	353,620	297,826	76,254
Retirement living villages	1,463,459[31]	58,158	48,500	162,930	152,065
Contractors – residential	577,592[32]	1,948,614	1,469,853[33]	351,046	213,118
Contractors – retirement living	573[34]	8,985	49,285	216,910	60,648
Total	**2,588,294**	**2,616,380**[35]	**1,921,258**	**1,028,712**	**502,085**

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[31] A combination of more operational sites and increased data capture in FY17 has translated to an increase in comparison to previous years for Retirement Living.
[32] Large civil works in FY16 for master planned communities have reduced in FY17 across developments such as **Aura** (Qld), **Cloverton** (Vic) and **Calleya** (WA).
[33] 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. Furthermore, contractors self-report water data, which means we do not review each contractor's data collection processes. In FY15, we completed a comprehensive review of data sets provided to us by contractors, which ensured a higher level of accuracy than in previous years.
[34] Decrease in Retirement Living contractor consumption due to management of site and reporting by Principle Contractor.
[35] We experienced an increase in both potable and non-potable water consumption due to new residential developments that commenced at the close of FY15 and during FY16.

RESIDENTIAL AND RETIREMENT LIVING WATER CONSUMPTION – POTABLE AND NON POTABLE (KL)

We experienced a decrease in both potable and non-potable water consumption as a number of large masterplanned residential developments transitioned from civil works in FY16 to construction in FY17.

	POTABLE				
	FY17	**FY16**	**FY15**	**FY14**	**FY13**
Residential sites	173,841	171,830	53,233	16,562	17,944
Retirement living villages	1,463,459	58,158	48,500	162,930	152,065
Contractors – residential	232,585	829,592	644,034	127,198	176,995
Contractors – retirement living	327	8,682	38,897	188,000	60,468
Total	**1,870,212**	**1,068,262**	**784,664**	**494,690**	**407,472**
	NON-POTABLE				
	FY17	**FY16**	**FY15**	**FY14**	**FY13**
Residential sites	372,829	428,793	300,387	281,264	58,310
Retirement living villages	0	0	0	0	0
Contractors – residential	345,007	1,119,022	825,820	223,849	36,123
Contractors – retirement living	246	303	10,388	28,910	180
Total	**718,082**	**1,548,118**	**1,136,594**	**534,023**	**94,613**

COMMERCIAL PROPERTY WATER CONSUMPTION (KL)

	FY17	**FY16**	**FY15**	**FY14**	**FY13**
Office, logistics and business parks	223,328	220,704	232,249	271,905	299,122
Retail centres	1,112,672	1,153,565	1,096,808	1,077,563	928,198
Total Commercial Property	**1,336,000**	**1,374,269**	**1,329,057**	**1,349,468**	**1,227,320**

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/M^2)

	FY17	**FY16**	**FY15**	**FY14**	**FY13**
Office and business parks	0.62	0.65[36]	0.58	0.63	0.63
Retail centres	1.09	1.11	1.10	1.10	1.03
Total Commercial Property[37]	**0.98**	**1.00**	**0.96**	**0.98**	**0.91**

[36] Water usage increase due to various water leaks and an increase in irrigation due to new landscapes.
[37] Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

WATER CONSUMPTION INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY17 FROM FY14	FY17	FY16	FY15	FY14	FY13
Office and business parks [38]	-2%	-5%	12%	-8%	0%	0%
Retail centres	-1%	-2%	0%	0%	7%	10%
Total Commercial Property [39]	**0%**	**-2%**	**4%**	**-2%**	**7%**	**10%**

Waste

Boundary

We report against the same NGER Act 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 NGER Act 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).

Operational waste

OPERATIONAL WASTE (TONNES)

	RETAIL					OFFICE AND BUSINESS PARKS				
	FY17	FY16	FY15	FY14	FY13	FY17	FY16	FY15	FY14	FY13
Total waste	17,099	17,895	16,717	16,809	14,890	1,098	1,182	1,298	1,607	1,810
Total waste to landfill	9,391	10,858	11,537	11,549	10,443	593	680	806	763	538
Total waste recycled	7,707	7,038	5,181	5,260	4,446	505	502	491	944	1,272
Diversion from landfill (%)	45	39	31	31	30	46	42	38	53	70.3
% portfolio reporting	95	95	95	95	95	85	100	80	100	100

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[38] Water usage increase due to various water leaks and an increase in irrigation due to new landscapes.
[39] Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

OFFICE AND BUSINESS PARKS WASTE
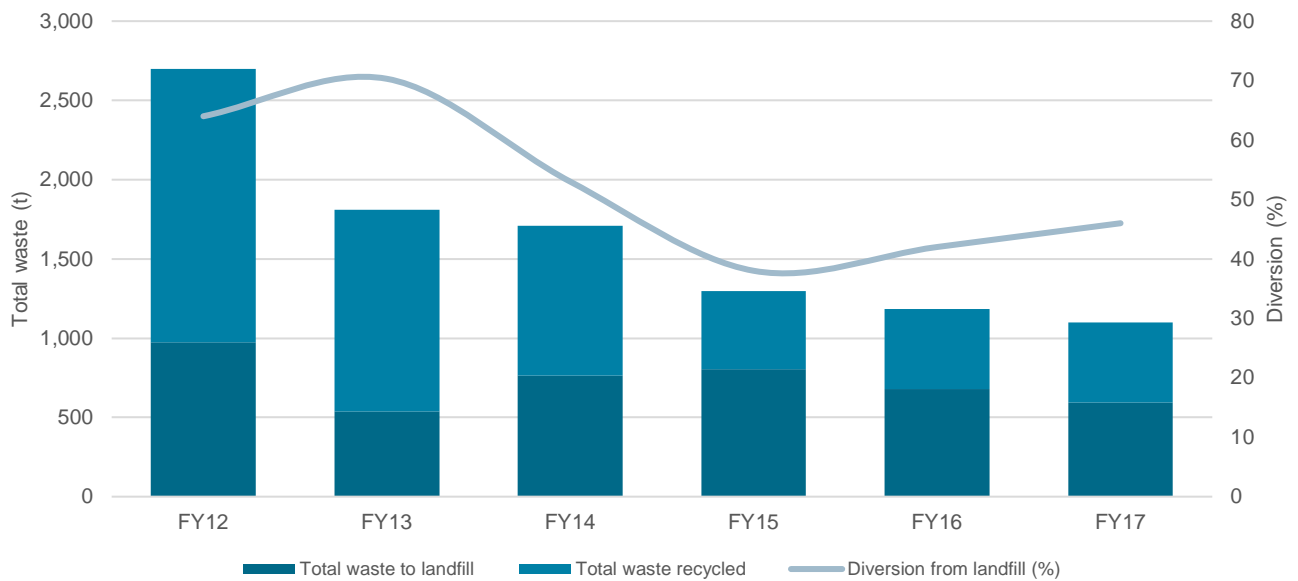

RETAIL
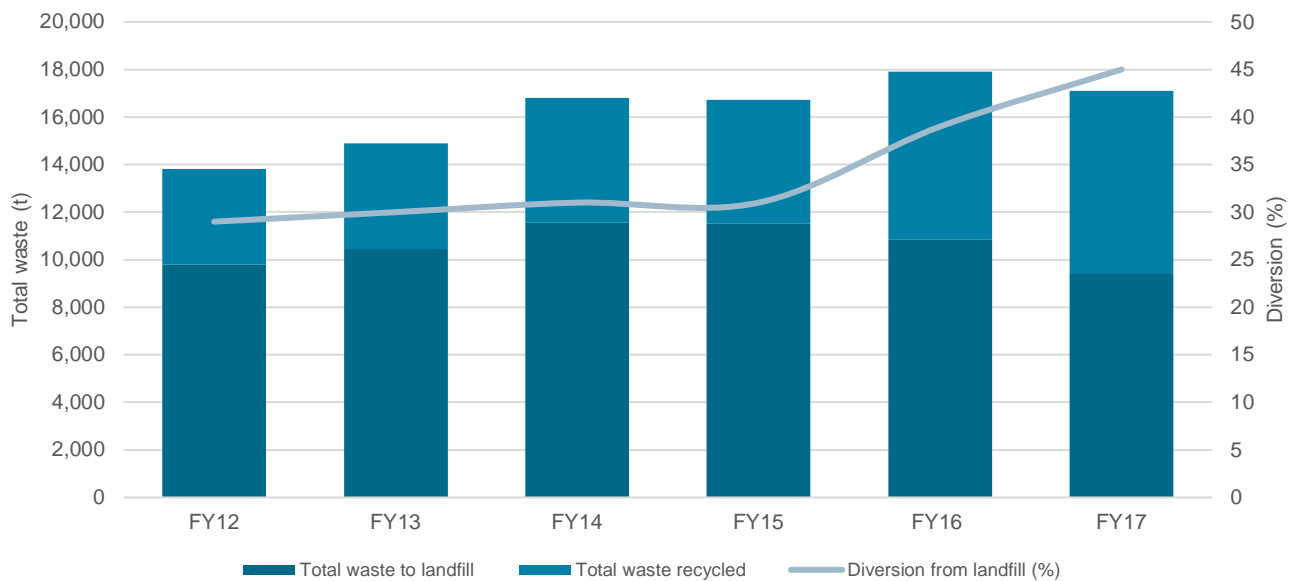
Development waste

Commercial Property

Our Commercial Property development construction waste is calculated based on the 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 have been no significant office developments since FY12.

DEVELOPMENT CONSTRUCTION WASTE (TONNES) – RETAIL

	FY17	FY16	FY15	FY14	FY13
Total waste	1,396	3,253	6,428	4,453	7,284
Waste recycled	678	2,684	5,940	3,778	6,583
Waste to landfill	718	569	487	924	704
Diversion from landfill (%)	49%	83%	92%	85%	90%
Developments included (% by project value)	96%	100%	100%	100%	100%
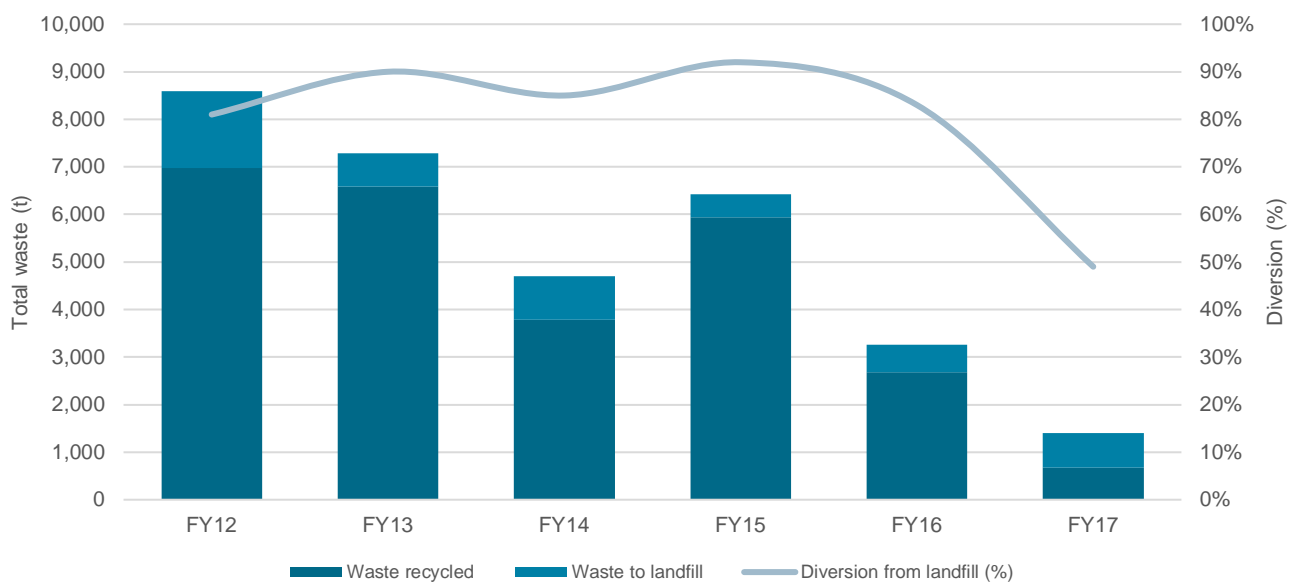
Residential and Retirement Living

All Residential and Retirement Living waste data was provided by contractors operating on our development 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 us by our contractors. Waste has increased in FY17 in line with development of master planned residential communities across the country. However percentage diversion from landfill has increase since FY16 highlighting continued responsible management and awareness of waste during construction.

Newport (Qld) is an example of a master planned community that has maximised spoil reuse onsite. We have been seeking to optimise waste reduction as part of ongoing design processes.

RESIDENTIAL AND RETIREMENT LIVING CONTRACTOR WASTE (TONNES)

	FY17	FY16	FY15	FY14	FY13
Total waste	41,237	35,424	82,033	80,135	82,503
Waste diverted from landfill	39,923	33,881	78,415	78,149	80,148
Waste sent to landfill	1,314	1,542	3,617	1,986	2,355
Diversion from landfill	97%	96%	96%	98%	97%

People Data Pack

FY17

Background notes

We report our people data holistically, given our consistent approach to managing our people across our businesses units. All of our operations are based in Australia.

Our workforce

WORKFORCE BY EMPLOYMENT STATUS

STATUS	FY17	FY16	FY15	FY14	FY13
Full Time	1,192	1,135	1,121	1,120	1,067
Permanent[1]	1,122	1,073	1,058	1,072	1,019
Fixed Term[2]	70	62	63	48	48
Part Time	331	308	295	282	255
Permanent	316	298	282	269	247
Fixed Term	15	10	13	13	8
Casual[3]	55	55	46	38	45
Total Headcount[4]	1,578	1,498	1,462	1,440	1,367
FTE[5]	**1,472**	**1,386**	**1,345**	**1,286**	**1,262**

[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. FY13 and FY14 figures have been adjusted to reflect the sale of the Opal Aged Care business so as to make year on year figures comparable.
[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.

In this document you will find:

WORKFORCE BY REGION

STATE/TERRITORY	FY17	FY16	FY15	FY14	FY13
New South Wales	843	821	826	816	774
Queensland	307	275	283	280	265
Victoria	264	240	229	228	210
Western Australia	94	97	98	90	88
South Australia	66	62[6]	22	22	23
Australian Capital Territory	4	3	4	4	7
Total	**1,578**	**1,498**	**1,462**	**1,440**	**1,367**

WORKFORCE BY GENDER

STATUS	FY17				
	FEMALE	FEMALE %	MALE	MALE %	TOTAL
Full Time	554	49%	568	51%	1,122
Part Time	278	88%	38	12%	316
Fixed Term	52	61%	33	39%	85
Casual	45	81%	10	19%	55
Total	**929**	**59%**	**649**	**41%**	**1,578**

WORKFORCE BY AGE CATEGORY

AGE	FY17			
	FEMALE	MALE	TOTAL	TOTAL %
<25	61	32	93	6.0%
25 - <35	282	175	457	29.0%
35 - <45	264	187	451	29.0%
45 - <55	188	157	345	22.0%
55 - <65	116	81	197	12.0%
>65	18	17	35	2.0%
Total	**929**	**649**	**1,578**	**100%**

Our governance bodies are outlined in the Governance and Risk Deep Dive, however we do not provide a breakdown of our governance bodies by age or minority group.

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[6] Stockland acquired eight retirement living villages in South Australia in July 2016.

MEDIAN AGE OF WORKFORCE

YEAR	MEDIAN AGE
FY17	39
FY16	39
FY15	39
FY14	38
FY13	38

Remuneration

The remuneration ratio for our highest paid employee to median employee salary is provided in the table below. Our Remuneration Report is contained within the Financial Report. We do not report on the ratio of standard entry level wage compared to minimum wage. Our operations are based in Australia and all employees are paid above the Australian minimum wage. For those employees with a relevant Award, we review their remuneration on an annual basis to ensure these employees are remunerated above the minimum rate in their Award.

REMUNERATION RATIO – MANAGING DIRECTOR/EMPLOYEE

		RATIO		
REMUNERATION MEASURE	FY17[7]	FY16	FY15	FY14
Managing Director's annual total compensation ÷ employee median annual total compensation	46	48	44	44
% increase in Managing Director's annual total compensation ÷ employee's median % increase	1.08	-0.26	1.50	6.04

Employee engagement

We measure employee engagement annually through the Our Voice employee survey, independently administered by survey provider Willis Towers Watson. Our Voice results for FY17 are provided in our Employee Engagement, Development, Diversity and Inclusion Deep Dive.

ABSENTEEISM[8]

	FY17	FY16	FY15	FY14	FY13
Absent Days per FTE	4.7	4.9	4.9	4.6	4.7

NEW HIRES BY AGE GROUP

FY17	<25	25 - <35	35 - <45	45 - <55	55 - <65	>65
Number	31	96	51	42	13	1
%	13.0%	41.0%	22.0%	18.0%	6.0%	0.0%

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[7] Annual total compensation for each year is calculated as Fixed Pay FTE (as at 30 June of end of performance year) + STI FTE (awarded for relevant performance year) + LTI (allocated at start of performance year), for employees who participated in the Remuneration Review plus sales employees paid on a commission basis.
[8] Absenteeism reflects the amount of personal/carer's leave taken in the last 12 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.

NEW HIRES BY GENDER

FY17	MALE	FEMALE
Number	105	129
%	45%	55%

TURNOVER [9]

	FY17	FY16	FY15	FY14	FY13
Employee initiated turnover [10]	15.1% (220)	14.9% (216)	13.8% (193)	15.0%	15.8%
Employee initiated turnover for employees with Strong performance or above [11]	10.6% (104)	11.8% [12] (143)	12.2% [13] (150)	12.6% [14]	NA
Stockland initiated turnover [15]	2.4% (35)	5.6% [16] (81)	3.0% (42)	5.2%	12.3%
Total	17.5% (255)	20.5% (297)	16.8% (235)	20.2%	28.1%

TURNOVER BY TENURE GROUP [17]

TENURE GROUP	FY17	FY16	FY15	FY14	FY13
<1 Year	20.1% (46)	22.5% (50)	18.8% (40)	31.0%	26.8%
1 - <3 Years	19.8% (78)	21.5% (83)	20.0% (71)	24.5%	28.5%
3 - <5 Years	19.4% (47)	19.7% (50)	16.4% (43)	15.1%	30.1%
5 - <10 Years	16.8% (64)	20.3% (82)	14.8% (59)	16.6%	27.5%
>10 Years	9.3% (20)	17.5% (32)	14.0% (22)	12.0%	25.4%

[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 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 two highest performance ratings. Employee-initiated turnover employees with Strong Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Strong Performance Or Above Rating] by [Employees With A Strong Performance Or Above Rating].

[12] FY16 Employee Initiated for employees with Strong Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Strong Performance Or Above Rating] by [Employees With A Strong Performance Or Above Rating As At 30 June 2016].

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

[14] FY14 Employee Initiated For Strong Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Strong Performance Or Above Rating] by [Employees With A Strong Performance Or Above Rating As At 30 June 2014].

[15] Stockland initiated turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).

[16] Stockland initiated turnover increased in the second half of FY16 as a result of redundancies that were a part of Project Support. Project Support was an initiative to create an outsourced team (Stockland Support Centre) to undertake activities to allow Stockland to better focus on the needs of our customers. The Project Support redundancies make up 3% of Stockland initiated turnover.

[17] 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].

TURNOVER BY AGE GROUP[18]

AGE GROUP	FY17	FY16	FY15	FY14	FY13
<25	6.7% (4)	22.8% (11)	14.6% (7)	24.5%	38.8%
25 - <35	24.6% (107)	19.4% (87)	19.4% (87)	23.5%	27.7%
35 - <45	14.6% (65)	19.2% (88)	14.2% (63)	18.2%	30.2%
45 - <55	14.2% (45)	22.5% (68)	14.0% (38)	15.5%	24.7%
55 - <65	15.6% (27)	21.6% (36)	17.5% (27)	20.5%	19.3%
>65	24.5% (7)	25.6% (7)	41.4% (13)	29.7%	58.8%

TURNOVER BY GENDER[19]

GENDER	TURNOVER	FY17	FY16	FY15	FY14	FY13
Male	Total	19.3% (117)	19.2% (117)	19.2% (111)	20.8%	29.6%
	Employee initiated turnover	16.0% (97)	14.1% (86)	16.4% (94)	16.1%	16.5%
	Employee initiated turnover for employees with Strong performance or above	10.6% (42)	10.4% (54)	14.6% (72)	14.0%	NA
	Stockland initiated turnover	3.3% (20)	5.1% (31)	2.8% (17)	4.8%	13.0%
Female	Total	16.2% (138)	21.4% (180)	15.2% (124)	19.8%	26.9%
	Employee initiated turnover	14.4% (123)	15.5% (130)	12.1% (99)	14.3%	15.2%
	Employee initiated turnover for employees with Strong performance or above	12.2% (70)	12.8% (89)	10.7% (78)	11.6%	NA
	Stockland Initiated turnover	1.8% (15)	5.9% (50)	3.1% (25)	5.5%	11.7%

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[18] 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 Particular Age Group].
[19] 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 RATE[20]

GENDER	TOTAL LEAVE	WITHIN 6 MONTHS			WITHIN 12 MONTHS		
		RETURNS	RETURN RATE	FY16 RETURN RATE	RETURNS	RETURN RATE	FY16 RETURN RATE
Male	17	16	94.1%	94.7%	16	94.1%	94.4%
Female	107	89	83.2%	91.5%	86	80.4%	79.2%
Overall	124	105	84.7%	92.5%	102	82.3%	84.1%

Human capital development

LEARNING

	FY17	FY16	FY15	FY14	FY13
Training days per employee[21]	2.5	3.1	2.5	3.1	1.5

We cannot provide data on training metrics broken down by employee category or by gender because of limitations with our existing learning management systems.

DEVELOPMENT

	% ELIGIBLE EMPLOYEES[22]
Performance review	100
Career development plan	83

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[20] Parental leave return rates look at the return rates of employees who have returned from parental leave in FY16 and FY17 and either remain employed (returns) or exited during FY17 either within 6 months or 12 months of return.
[21] Training days per employee is calculated by dividing [Total Number Of Training Hours/7.8] by [12-Month Average Headcount].
[22] Eligible employees are permanent employees who have worked for Stockland for at least three months.

Diversity and inclusion

WORKFORCE BY CULTURAL BACKGROUND (%)[23]

CULTURE	FY17[24]	FY16[25]	FY15[26]	FY14[27]	FY13
Australian	56.2%	62.5%	56.2%	69.6%	64.0%
Aboriginal and Torres Strait Islander	0.4%	0.0%	0.4%	0.3%	0.3%
European[28]	25.4%	22.8%	25.4%	14.6%	12.0%
Asian[29]	9.3%	8.7%	9.3%	6.5%	6.0%
Maori and New Zealand	2.4%	2.3%	2.4%	2.3%	2.0%
Middle Eastern	0.8%	0.0%	0.8%	0.7%	0.0%
South African	1.0%	1.2%	1.0%	0.9%	1.0%
North American	0.6%	0.0%	0.6%	1.2%	1.0%
Other	4.0%	2.5%	4.0%	3.9%	2.0%

WOMEN IN MANAGEMENT[30]

	FY17		FY16		FY15		FY14		FY13	
JOB BAND	TOTAL	% WOMEN	TOTAL	% WOMEN	TOTAL	% WOMEN	TOTAL	% WOMEN	TOTAL	% WOMEN
Management	555	45.9%	536	44.6%	515	44.7%	464	45.4%	454	43.0%
• Executive [31]	9	11.1%	9	11.0%	9	11.0%	7	0.0%	5	0.0%
• Senior Management [32]	152	38.8%	151	36.0%	138	36.0%	132	35.0%	125	33.0%
• Manager	394	49.5%	376	49.0%	368	49.0%	325	50.0%	324	47.0%
Employee	1,065	66.9%	1,010	67.0%	1,012	66.0%	938	66.0%	913	66.0%
Stockland	1,620	59.7%	1,546	60.0%	1,527	59.0%	1,402	59.0%	1,367	64.0%

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[23] 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.

[24] 91% of respondents chose to disclose their cultural background in FY17.

[25] 83% of respondents chose to disclose their cultural background in FY16.

[26] 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.

[27] 94% of respondents chose to disclose their cultural background in FY14.

[28] Includes north-west, central, southern, eastern, British, Irish and Scottish.

[29] Includes south-east, north-east, southern and central.

[30] 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.

[31] Executive is Stockland's Executive Committee.

[32] Includes General Manager and Senior Manager job bands.

WOMEN IN MANAGEMENT BY BUSINESS (%)[33]

BUSINESS	FY17	FY16	FY15	FY14	FY13
Stockland	45.9%	44.6%	44.7%	45.4%	43.0%
Commercial Property	36.5%	33.7%	32.4%	32.1%	38.0%
Corporate	52.3%	50.0%	56.6%	58.9%	49.0%
Residential	25.3%	21.0%	23.4%	22.7%	34.0%
Retirement Living	56.2%	62.4%	56.5%	55.4%	57.0%

AVERAGE FIXED REMUNERATION RATIO BY JOB BAND[34]

JOB BAND	FY17	FY16	FY15	FY14	FY13
Executive	0.64	0.59	0.60	NA	NA
Senior Management[35]	0.86	0.85	0.93	0.89	0.88
Management	0.84	0.83	0.85	0.83	0.84
Employee/Professional Technical	0.86	0.86	0.86	0.86	0.86
Stockland[36]	0.66	0.64	0.66	0.65	0.64

We generally do not capture data on the number of people hired from the local communities in which we operate, given our spread of assets across Australia. We have worked with our principal contractor at our Stockland **Green Hills** (NSW) redevelopment project to obtain data on local employment and procurement. More information on this initiative can be found in our Supply Chain Deep Dive.

GENDER PAY EQUITY RATIO[37]

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. We believe 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.

	FY17	FY16	FY15	FY14
Stockland	98.6%	97.4%	97.2%	96.9%

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[33] Includes Executive Committee, General Manager, Senior Manager and Manager job bands.
[34] Average fixed remuneration ratio looks at the ratio of the average female fixed pay to the average male fixed pay by job band.
[35] Senior Management includes Senior Manager and General Manager job bands.
[36] The ratio is a function of total pay and employee number by gender.
[37] The gender pay equity ratio is calculated by dividing the female compa-ratio by the male compa-ratio for employees. 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%. A gender pay equity ratio that is less than 100% suggests that males are better positioned against market in comparison to females, whereas a gender pay equity ratio that is 100% or higher suggests that females are equally or better positioned against market in comparison to males.

Health and safety

	FY17	FY16	FY15	FY14	FY13
Total average workforce [38]	1,578	1,507	1,438 [39]	1,695	1,736 [40]
Total hours worked (million)	2.83	2.75	2.53	2.97	3.03
Number of lost time injuries (LTI) [41]/[42]	5	11	12	18	17
Lost time injury frequency rate (LTIFR) [43]	1.8	4.0	4.7	6.1	5.6
Number of injuries requiring medical treatment (MTI) [44]	24 [45]	12	14	14	11
Medical treatment injury frequency rate (MTIFR) [46]	8.5	4.4	5.5	4.7	3.6
Frequency rate (LTI and MTI) [47]	10.2	8.4	10.2	10.7	9.2
Occupational diseases instances	0	0	0	0	0
Fatalities	0	0	0	0	0
Lost days (total for the recorded lost time injuries)	599 [48]	599	267	817	417
Average lost day rate [49]	16.6 [50]	27.1	22.2	45.3	24.5

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[38] Total average workforce uses monthly employee totals rather than the end of financial year figure used in Our People metrics.
[39] Total average workforce in FY15 reduced as a result of the sale of the Aged Care business in FY14.
[40] Total average workforce was updated in FY13 to include Aevum payroll employees.
[41] Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.
[42] An injury resulting in the loss of one or more shifts. Not including injuries requiring first aid treatment only.
[43] Number of LTIs / total hours worked from July 2016 to June 2017 x 1,000,000 hours.
[44] 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.
[45] Although MTIs have increased in FY17, it has corresponded with a decrease in LTIs over the same period. This result can be attributed to various health and safety initiatives sto plemented throughout FY17 including return to work initiatives aimed at mitigating lost time. More information on these initiatives is in our Health and Safety progress report.
[46] Number of MTIs / total hours worked from July 2016 to June 2017 x 1,000,000 hours.
[47] Number of LTIs + MTIs / total hours worked from July 2016 to June 2017 x 1,000,000 hours.
[48] Lost days have been largely attributed to three longstanding injuries from previous financial years accounting for 516 days.
[49] Number of Lost Days / number of respective LTIs reported in FY17.
[50] This figure is derived from 83 days lost attributed to 5 LTIs recorded in FY17. The balance of 516 days were attributed to three LTIs from previous years.

BREAKDOWN BY GENDER AND REGION

	MEN	WOMEN	NSW	ACT	QLD	VIC	WA	SA
FY17								
Number of lost time injuries	2	3	2	0	2	1	0	0
Number of lost days [51]	524	75	215	0	20	364	0	0
FY16								
Number of lost time injuries	9	2	5	0	2	3	0	1
Number of lost days [52]	557	42	306	0	36	249	0	8
FY15								
Number of lost time injuries	9	3	7	0	2	3	0	–
Number of lost days [53]	231	36	249	0	13	5	0	–
FY14								
Number of lost time injuries	6	12	9	1	3	4	1	–
Number of lost days [54]	299	518	220	1	4	591	1	–
FY13								
Number of lost time injuries	9	8	4	0	4	8	1	–
Number of lost days	289	128	44	0	99	272	2	–

[51] FY17 metrics include 516 lost days related to three lost time injuries (all longstanding) reported in prior years but continued to lose time in FY17.
[52] FY16 metrics include 301 lost days related to three lost time injuries (two of which are longstanding) reported in a prior year but continued to lose time in FY16.
[53] FY15 metrics include 105 lost days related to the re-aggravation of a lost time injury reported in a prior year but continued to lose time in FY15.
[54] FY14 metrics include 558 lost days related to three longstanding lost time injuries reported in FY13 but continued to lose time in FY14.

GRI Index

Stockland's sustainability reporting has been prepared in accordance with the GRI G4 guidelines (comprehensive). We have included additional materials indicators from the Construction and Real Estate sector supplement. This report also serves as the UN Global Compact (UNGC) Communication on Progress. This index provides a guide on where information can be found as they relate to GRI and UNGC reporting requirements.

Strategy and Analysis

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-1	Statement from the most senior decision-maker of the organization.	• Annual Review	Statement of continuing support	N/A
G4-2	Description of key impacts, risks, and opportunities.	• Financial Report • Annual Review • Governance and Risk Deep Dive		N/A

Organizational Profile

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-3	Name of the organization.	• Annual Review, About Stockland		N/A
G4-4	Primary brands, products, and/or services.	• Annual Review, About Stockland		N/A
G4-5	Location of organization's headquarters.	• Stockland website, Contact Us		N/A
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		N/A
G4-7	Nature of ownership and legal form.	• Annual Review, About Stockland		N/A
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	• Annual Review, About Stockland		N/A
G4-9	Scale of the reporting organization.	• People Data Pack • Financial Report		N/A

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-10	Workforce	• People Data Pack	Principle 6	N/A
G4-11	Percentage of employees covered by collective bargaining agreements.	• Human Rights Deep Dive	Principle 3	N/A
G4-12	Organisation's supply chain.	• Supply Chain Deep Dive		N/A
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.	There were no significant changes to report in FY17.		N/A
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	• Governance and Risk Deep Dive • Climate and Community Resilience Deep Dive • Biodiversity Deep Dive • Community Deep Dive	Principle 7	N/A
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	• Memberships, Initiatives and Awards	UNGC commitment	N/A
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		N/A

Identified Material Aspects and Boundaries

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-17	List all entities included in organisation's consolidated financial statement.	• Financial Report		N/A
G4-18	Process for defining report content (how applied Principles).	• Reporting Approach		N/A
G4-19	List all material aspects identified in the process for defining report content.	• Reporting Approach		N/A
G4-20	For each material aspect, report the aspect boundary within the organisation.	• Reporting Approach		N/A
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	• Reporting Approach		N/A
G4-22	Report the effect of any restatements of information provided in previous reports.	Any restatements are clearly indicated in the content of the report. None have had a significant effect.		N/A
G4-23	Report significant changes from previous reporting period in the Scope and Aspect Boundaries.	No significant changes from previous reporting periods.		N/A

Stakeholder Engagement

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-24	Provide a list of stakeholder groups engaged by the organisation.	• Stakeholder Engagement Deep Dive		N/A
G4-25	Basis for identification and selection of stakeholders with whom to engage.	• Stakeholder Engagement Deep Dive		N/A
G4-26	Organisation's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process).	• Stakeholder Engagement Deep Dive		N/A
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 • Stakeholder Engagement Deep Dive • Employee Engagement, Development, Diversity and Inclusion Deep Dive • Customer Engagement and Experience Deep Dive • Community Deep Dive • Supply Chain Deep Dive		N/A

Report Profile

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided.	• Reporting Approach		N/A
G4-29	Date of most recent previous report (if any).	• Reporting Approach		N/A
G4-30	Reporting cycle (annual, biennial, etc).	• Reporting Approach		N/A
G4-31	Contact point for questions regarding the report or its contents.	• Reporting Approach		N/A
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		N/A
G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report.	• Reporting Approach		N/A

Governance

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
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 Deep Dive		N/A
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 Deep Dive		N/A
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 Deep Dive		N/A
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 Deep Dive • Stakeholder Engagement Deep Dive		N/A

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
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 Deep Dive • Annual review, governance and remuneration		N/A
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	• Governance and Risk Deep Dive • Annual review, governance and remuneration		N/A
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 relation to economic, environmental, social topics, stakeholder involvement.	• Annual review, governance and remuneration		N/A
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed, and if these are disclosed to stakeholders.	Stockland has a Conflict of Interest Policy, and Group Risk monitors conflicts via a conflict of interest register. Conflicts are managed via an approved management plan. Any material conflicts are reported to the Board and disclosed as per our Continuous Disclosure and External Communications Policy.		N/A
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 Deep Dive • Annual review, governance and remuneration		N/A
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	• Governance and Risk Deep Dive		N/A
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.	• Annual Review, governance and remuneration		N/A
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 Deep Dive		N/A

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
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 Deep Dive		N/A
G4-47	Frequency of the highest governance body's review of economic, environmental, and social impacts, risks and opportunities.	• Governance and Risk Deep Dive		N/A
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		N/A
G4-49	Report the process for communicating critical concerns to the highest governance body.	• Governance and Risk Deep Dive		N/A
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 Deep Dive • Human Rights Deep Dive • ASX disclosures made by Stockland		N/A
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 inventive 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.	• Annual Review, governance and remuneration		N/A
G4-52	Process for determining remuneration.	• Annual Review, governance and remuneration		N/A
G4-53	How stakeholder's views are sought and taken into account regarding remuneration.	• Annual Review, governance and remuneration		N/A
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 Pack		N/A
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 Pack		N/A

Ethics and Integrity

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
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 Deep Dive • Human Rights Deep Dive • Stockland corporate governance website	Principle 10	N/A
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 Deep Dive • Human Rights Deep Dive • Stockland corporate governance website	Principle 10	N/A
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 Deep Dive • Human Rights Deep Dive • Stockland corporate governance website	Principle 10	N/A

Specific Standard Disclosures – Economic

Economic Performance

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Financial Report		N/A
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.	• Annual Review • Community Deep Dive • Stakeholder Engagement Deep Dive • People Data Pack		Increased competition and changing market conditions impact our opportunities for growth
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues.	• Governance and Risk Deep Dive • Climate and Community Resilience Deep Dive • Health and Safety Deep Dive • Stockland CDP submission	Principle 7	Climate Resilience Extreme weather, security risks and price shocks impact business continuity and community resilience
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Stockland does not offer defined benefit plans.		Employee engagement and development
G4-EC4	Financial assistance received from government.	Government has allocated funding for housing affordability in recent years, and some this funding has been allocated to Stockland to pass on to customers.		Stakeholder engagement

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 6	Diversity and inclusion
G4-EC6	Proportion of senior management hired form the local community at significant locations of operation.	• People Data Pack		N/A

Indirect Economic Impacts

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	• Community Deep Dive		Community
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	• Community Deep Dive		Community

Procurement Practices

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-EC9	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	• Supply Chain Deep Dive		Supply chain

Materials

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Waste and Materials Deep Dive		N/A
G4 -EN1	Materials used by weight, value or volume.	• Waste and Materials Deep Dive	Principle 7 Principle 8	Waste and materials
G4-EN2	Percentage of materials used that are recycled and reused input materials.	• Waste and Materials Deep Dive	Principle 8	Waste and materials

Energy

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Carbon and Energy Deep Dive		N/A
G4-EN3	Energy consumption within the organisation.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy
G4-EN4	Energy consumption outside of the organisation.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8	Carbon and energy
G4-EN5	Energy intensity.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8	Carbon and energy
CRE1	Building energy intensity.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8 Principle 9	Carbon and energy
G4-EN6	Reduction of energy consumption.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8 Principle 9	Carbon and energy
G4-EN7	Reductions in energy requirements of products and services.	• Carbon and Energy Deep Dive • Asset Rating and Certification Deep Dive	Principle 8 Principle 9	Carbon and energy

Water

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Water Management and Quality Deep Dive		Water management and quality
G4-EN8	Total water withdrawal by source.	• Environmental Data Pack	Principle 7 Principle 8	Water management and quality
G4-EN9	Water sources significantly affected by withdrawal of water.	• Water Management and Quality Deep Dive	Principle 8	Water management and quality
G4-EN10	Percentage and total volume of water recycled and reused.	• Water Management and Quality Deep Dive	Principle 8	Water management and quality
CRE2	Building water intensity.	• Environmental Data Pack • Water Management and Quality Deep Dive	Principle 8 Principle 9	Water management and quality

Biodiversity

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Biodiversity Deep Dive		Biodiversity
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	• Environmental Data Pack • Biodiversity Deep Dive	Principle 8	Biodiversity
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 Deep Dive	Principle 8	Biodiversity
G4-EN13	Habitats protected or restored.	• Biodiversity Deep Dive	Principle 8	Biodiversity
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.	• Biodiversity Deep Dive	Principle 8	Biodiversity
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	• Water Management and Quality	Principle 8	Biodiversity Water management and quality

Emissions

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Carbon and Energy Deep Dive		Carbon and energy
G4-EN15	Direct greenhouse gas emissions (Scope 1).	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2).	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy
G4-EN18	Greenhouse gas emissions intensity	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8	Carbon and energy
CRE3	Greenhouse gas emissions intensity from buildings.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8 Principle 9	Carbon and energy

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8 Principle 9	Carbon and energy
G4-EN19	Reduction of greenhouse gas emissions.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 8 Principle 9	Carbon and energy
G4-EN20	Emissions of ozone-depleting substances.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy
G4-EN21	NOx, SOx, and other significant air emissions.	• Carbon and Energy Deep Dive • Environmental Data Pack	Principle 7 Principle 8	Carbon and energy

Effluents and Waste

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Waste and Materials Deep Dive		Waste and materials
G4-EN22	Total water discharge by quality and destination.	• Water Management and Quality Deep Dive	Principle 8	• Waste and materials • Water management and quality
G4-EN23	Total weight of waste by type and disposal method.	• Environmental Data Pack • Waste and Materials Deep Dive	Principle 8	Waste and materials
G4-EN24	Total number and volume of significant spills.	• Water Management and Quality Deep Dive	Principle 8	Waste and materials
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.	• Waste and Materials Deep Dive	Principle 8	Waste and materials
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.	• Biodiversity Deep Dive	Principle 8	Waste and materials

Products and Services

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Asset Rating and Certification Deep Dive		N/A

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	• Carbon and Energy Deep Dive • Biodiversity Deep Dive • Climate and Community Resilience Deep Dive • Waste and Materials Deep Dive	Principle 8 Principle 9	Carbon and Energy Biodiversity Waste and materials Climate and Community Resilience
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	Not relevant for our organisation.	Principle 8	N/A

Compliance

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Governance and Risk Deep Dive		Regulatory changes impact our business and customers
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	$100,000 was paid to the Australian energy regulator in relation to matters regarding the registration of five existing embedded networks.	Principle 8	N/A

Transport

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Environmental Data Pack		N/A
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 Data Pack	Principle 8	N/A

Overall

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-EN31	Total environmental protection expenditures and investments by type.	While we do not track total expenditure on all environmental protection measures, we do track capital expenditure on sustainability initiatives in retail ($6.9 million in FY17) and the cost of operating waste and recycling in retail ($6.2 million in FY17).	Principle 7 Principle 8 Principle 9	N/A

Supplier Environmental Assessment

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Supply Chain Management Deep Dive		N/A
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	• Supply Chain Management Deep Dive • Human Rights Deep Dive	Principle 8	Supply chain
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	• Supply Chain Management Deep Dive	Principle 8	Supply chain

Environmental Grievance Mechanisms

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive • Stakeholder Engagement Deep Dive		Supply chain Human rights
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Our current Customer Relations Management 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 2 interactions regarding environmental concerns. All matters were addressed and resolved in the reporting period. We did not have any outstanding matters from the previous financial year.	Principle 8	Supply chain Evolving social licence to operate

Specific Standard Disclosures – Social

Employment

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive • Health and Safety Deep Dive	Principles 1-6	Employee engagement and development
LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	• People Data Pack • Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 6	Employee engagement and development

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive		Employee engagement and development
G4-LA3	Return to work and retention rates after parental leave, by gender.	• People Data Pack • Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 6	Employee engagement and development

Employment

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive • Human Rights Deep Dive		Employee engagement and development
G4-LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 3	Employee engagement and development

Labour Management Relations

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive • Human Rights Deep Dive	Principles 1-6	Employee engagement and development
G4-LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive		Employee engagement and development

Occupational Health and Safety

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Health and Safety Deep Dive		Health and safety

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
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 use other agreed arrangements to undertake consultation on work, health and safety (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.		Health and safety
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 Deep Dive • People Data Pack		Health and safety
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system.	• Health and Safety Deep Dive		Health and safety
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	• Health and Safety Deep Dive • People Data Pack		Health and safety
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	• Human Rights Deep Dive		Health and safety

Training and Education

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive		Employee engagement and development
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive • People Data Pack	Principle 6	Employee engagement and development
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive		Employee engagement and development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 6	Employee engagement and development

Diversity and Equal Opportunity

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 1 Principle 6	Diversity and inclusion
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.	• Employee Engagement, Development, Diversity and Inclusion Deep Dive • Governance and Risk Deep Dive • Financial Report • People Data Pack	Principle 6	Diversity and inclusion

Equal Remuneration for Women and Men

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Employee Engagement, Development, Diversity and Inclusion Deep Dive		Diversity and inclusion
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	• People Data Pack	Principle 6	Diversity and inclusion

Supplier Assessment for Labour Practices

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Supply Chain Management Deep Dive • Health and Safety Deep Dive	Principles 1-6	Supply chain Human rights
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	• Supply Chain Management Deep Dive • Human Rights Deep Dive • Health and Safety Deep Dive		Supply chain Human rights
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	• Supply Chain Management Deep Dive		Supply chain Human rights

Labour Practices Grievance Mechanisms

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive • Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principles 1-6	Supply chain Human rights
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	• Human Rights Deep Dive		Supply chain Human rights

Investments

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	All significant investments were made in Australian property. These investments did not signal the need for human rights screening.	Principles 1-6	Human rights
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.	• Human Rights Deep Dive	Principles 1-6	Human rights

Non Discrimination

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive • Employee Engagement, Development, Diversity and Inclusion Deep Dive	Principle 6	Human rights
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	• Human Rights Deep Dive	Principle 6	Human rights

Freedom of Association and Collective Bargaining

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principle 6	Human rights
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 Deep Dive	Principle 2 Principle 3	Human rights

Child Labour

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principle 1 Principle 2 Principle 5	Human rights
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	• Human Rights Deep Dive	Principle 1 Principle 2 Principle 5	Human rights

Forced and Compulsory Labour

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principles 1-6	Human rights
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	• Human Rights Deep Dive	Principle 1 Principle 2 Principle 4	Human rights

Security Practices

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principles 1-6	Human rights
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 Deep Dive	Principle 1 Principle 2	Human rights

Indigenous Rights

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principles 1-6	Human rights
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	• Human Rights Deep Dive	Principle 1	Human rights

Assessment

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principles 1-6	Human rights
G4-HR9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	• Human Rights Deep Dive	Principle 1	Human rights

Supplier Human Rights Assessment

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Supply Chain Deep Dive • Human Rights Deep Dive	Principles 1-6	Human rights Supply chain
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	• Supply Chain Deep Dive • Human Rights Deep Dive	Principles 1-6	Human rights Supply chain
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	• Supply Chain Deep Dive • Human Rights Deep Dive	Principle 2	Human rights Supply chain

Human Rights Grievance Mechanisms

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive	Principles 1-6	Human rights
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	• Human Rights Deep Dive	Principle 1	Human rights

Local Communities

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Community Deep Dive	Principle 1	Community
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	• Stakeholder Engagement Deep Dive • Community Deep Dive		Community Climate and Community Resilience

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
		• Community Data Pack • Climate and Community Resilience Deep Dive		
G4-SO2	Operations with significant potential or actual negative and positive impacts on local communities.	• Stakeholder Engagement Deep Dive • Community Deep Dive • Water Management and Quality Deep Dive • Waste and Materials Deep Dive • Carbon and Energy Deep Dive • Climate and Community Resilience Deep Dive • Biodiversity Deep Dive • Health and Safety Deep Dive	Principle 1	Community
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 FY17.	Principle 1	Community

Anti-corruption

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive • Code of Conduct		Human rights
G4-SO3	Percentage and total number of operations assessed for risks related to corruption and the significant risks identified.	• Human Rights Deep Dive • Governance and Risk Deep Dive	Principle 10	Human rights
G4-SO4	Communication and training on anti-corruption policies and procedures.	• Governance and Risk Deep Dive	Principle 10	Human rights
G4-SO5	Confirmed incidents of corruption and actions taken.	No confirmed incidents of corruption in FY17.	Principle 10	Human rights

Public Policy

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Stakeholder Engagement Deep Dive		Stakeholder engagement
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	• Stakeholder Engagement Deep Dive	Principle 10	Stakeholder engagement

Anti-competitive Behaviour

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Governance and Risk Deep Dive • Code of Conduct		Human rights
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 FY17.		Human rights

Compliance

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Governance and Risk Deep Dive		Governance and risk
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	$100,000 was paid to the Australian energy regulator in relation to matters regarding the registration of five existing embedded networks under the energy regime introduced in 2014.		Governance and risk

Supplier Assessment for Impacts on Society

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Supply Chain Deep Dive	Principle 2	Supply chain
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	• Supply Chain Deep Dive • Human Rights Deep Dive		Supply chain
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	• Supply Chain Deep Dive		Supply chain

Grievance Mechanisms for Impacts on Society

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Human Rights Deep Dive • Stakeholder Engagement Deep Dive	Principle 2	Human rights

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	Our current Customer Relations Management 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 13 interactions regarding impacts on society in FY17. All matters were addressed and resolved in the reporting period. We did not have any outstanding matters from the previous financial year.		Human rights Evolving social licence to operate

Customer Health and Safety

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Health and Safety Deep Dive • Community Deep Dive	Principle 1	Health and safety
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	• Health and Safety Deep Dive		Health and safety Extreme weather, security risks and price shocks impact business continuity and community resilience
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 products and services during their life cycle.		Health and safety Evolving social licence to operate

Product and Service Labelling

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Asset Rating and Certification Deep Dive		N/A
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.		N/A
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.	• Asset Rating and Certification Deep Dive		Asset rating and certification

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling in FY17.		N/A
G4-PR5	Results of survey measuring customer satisfaction.	• Customer Engagement and Experience Deep Dive		Customer engagement

Our ability to harness opportunities arising from digital disruption |

Marketing Communications

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Health and Safety Deep Dive		N/A
G4-PR6	Sale of banned or disputed products.	Not relevant for our organisation.		N/A
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.	One minor incident occurred during FY17 regarding non-compliance with regulatory requirements for marketing material. Appropriate actions were taken to rectify the non-compliance once we became aware of the non-compliance.		N/A

Customer Privacy

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Health and Safety Deep Dive
• Human Rights Deep Dive
• Privacy Policy	Principle 1	Health and safety
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	• Human Rights Deep Dive		Health and safety

Evolving social licence to operate |

Compliance

GRI	DEFINITION	LOCATION OR COMMENT	UNGC	RELEVANT MATERIAL MATTER OR ENDURING THEME
G4-DMA	Disclosure on Management Approach	• Financial Report • Governance and Risk Deep Dive		Governance and risk
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No incidents of non-compliance with laws and regulations concerning the provision and use of products and services in FY17.		Governance and risk Regulatory changes impact our business and customers

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Independent Assurance Report to the Management and Directors of Stockland Corporation Limited in relation to its 2017 Sustainability Reporting

Our Conclusion

‣ Based on our limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the selected sustainability disclosures for the year ended 30 June 2017 have not been reported and presented fairly, in all material respects, in accordance with the Criteria.

‣ Based on our reasonable assurance procedures conducted, Stockland's description of its adherence to the AA1000 AccountAbility Principles of Materiality, Inclusivity, and Responsiveness for the year ended 30 June 2017 has been reported, in all material respects, in accordance with the Criteria.

Ernst & Young (EY) has carried out an assurance engagement pertaining to limited and reasonable assurance over aspects of Stockland Corporation Limited's ('Stockland') consolidated Corporate Reporting (as presented in the Annual Review and Online Sustainability Report: www.stocklandsustainability.com.au and www.stockland.com.au/corporate-reporting) ('the Report') for the year ended 30 June 2017.

Subject Matter

Limited assurance Subject Matter included the following:

► Selected material non-financial performance information ('Selected Performance Information') limited to those listed in Table 1

► Selected qualitative disclosures relating to performance data as outlined in Table 1, and selected qualitative disclosures pertaining to Stockland's material issues as outlined within the Report

Table 1: Selected Performance Data

Performance data	As presented within:
Greenhouse gas and energy data: 1. Total greenhouse gas (GHG) emissions, in tonnes of carbon dioxide equivalent (tCO_2-e) 2. Total Scope 1 GHG emissions (tCO_2-e) 3. Total Scope 2 GHG emissions (tCO_2-e) 4. Total Scope 3 GHG emissions (tCO_2-e) 5. GHG emissions intensity ($kgCO_2$-e/m^2) for the Commercial Property portfolio 6. Electricity intensity reductions in Retail (% and Australian dollars [$]) 7. Total Energy Consumption from Purchased Electricity, in kilowatt hours (kWh) 8. Renewables generation (kWh) 9. Total Energy Consumption from Gas Consumption, in megajoules (MJ) 10. Total Energy Consumption from Transport Fuel Consumption, in Litres (L), and kilograms (kg)	► Carbon and Energy ► Environmental Data ► Annual Review
Community Contribution data: 11. Total Community Contribution including Community Development and Community Investment spend in Australian dollars ($)	► Community ► Community Data ► Annual Review
Retail customer engagement data: 12. Retail tenant customer satisfaction scores (%)	► Customer Engagement ► Annual Review

Performance data	As presented within:
Employee engagement data: 13. Selected 'Our Voice' survey results	► Employee Engagement, Development, Diversity, and Inclusion ► Annual Review
Health & Safety data: 14. Total number of Lost Time Injuries (LTIs) 15. Lost Time Injury Frequency Rate (LTIFR) 16. Total number of Medical Treatment Injuries (MTIs) 17. Medical treatment Injury Frequency Rate (MTIFR)	► Health and Safety ► People Data ► Annual Review
Gender diversity data: 18. Workforce by gender (%) 19. Women in Management by Business (%) 20. Average Fixed Remuneration Ratio by job band 21. Gender Pay Equity Ratio	► Employee Engagement, Development, Diversity and Inclusion ► People Data ► Annual Review
22. Water Consumption in kilolitres (KL) for Commercial Property	► Water Management and Quality ► Environmental Data
23. Operational waste in tonnes (t) for Commercial Property	► Waste and Materials ► Environmental Data ► Annual Review

► Stockland's reported alignment to the self-declared Comprehensive level of 'in accordance' reporting requirements of the Global Reporting Initiative's ('GRI') G4 Guidelines

Reasonable assurance Subject Matter included the following:

► Stockland's description of its adherence to the principles of Materiality, Inclusivity, and Responsiveness

The Subject Matter for both limited and reasonable assurance did not include Management's forward looking statements.

Criteria

Limited assurance Criteria:

► Definitions as set out in the Global Reporting Initiative's ('GRI') G4 Sustainability Reporting Guidelines and Stockland's own criteria as set out in the Report

► GRI G4 Comprehensive 'in accordance' reporting criteria

Reasonable assurance Criteria:

► AA1000 AccountAbility Principles Standard (2008)

Management's Responsibility

Management of Stockland is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, Stockland's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records, and making estimates that are reasonable in the circumstances.

Limited Assurance Responsibility and Procedures

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement, conducted in accordance with the Australian Auditing and Assurance Standards Board *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and *Assurance Engagements on Greenhouse Gas Statements* (ASAE3410) and the terms of reference for this engagement, as agreed with Stockland.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of Procedures Undertaken

Our procedures included, but were not limited to:

► Conducting interviews with key personnel to understand the process for collecting, collating and reporting the Selected Performance Data during the reporting period

► Checking that the calculation criteria had been applied in accordance with the methodologies outlined in the Criteria

► Site visits to Stockland's Cloverton residential community, Somerton Park Retirement Living Village, and Stockland Rockhampton shopping centre to understand how site-level data was collected and reported to the group

► Undertaking analytical review procedures to support the reasonableness of the data

► Identifying and testing assumptions supporting calculations

► Testing, on a sample basis, to underlying source information to check the accuracy of the data

► Reviewing the Report and testing a sample of assertions and claims made throughout the Report including checking claims to evidence provided

Reasonable Assurance Responsibility and Procedures

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Subject Matter based on our assurance engagement conducted in accordance with the Australian Auditing and Assurance Standards Board *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with Stockland.

Our reasonable assurance procedures were designed to express an opinion as to whether the Subject Matter, in all material respects, has been prepared in compliance with the Criteria based on our reasonable assurance engagement. Our procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls, and therefore no opinion is expressed on this.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusions.

Summary of Procedures Undertaken

Our procedures included, but were not limited to the following:

► Interviews with Stockland personnel, including the Chairman and some Non-Executive Directors of the Board, all of Stockland's executive management team, selected members of the senior management team, as well as selected external stakeholders. The purpose of these interviews being to understand the key sustainability issues related to the subject matter and the effectiveness of Stockland's response to the issues that matter to them

► Undertaking a gap analysis against Stockland's own materiality assessment to independently identify the material matters in order to test for completeness. The analysis was done with reference to the GRI G4 Guidelines, Integrated Reporting <IR> framework, and AccountAbility's 'five-part materiality test'. This included an assessment of publically available information of Stockland's industry peers, media articles relevant to Stockland, assessment of key internal documentation provided by Stockland, and analysis against external guidelines and frameworks

► Site visits to Stockland's Cloverton residential community, Somerton Park Retirement Living Village, and Stockland Rockhampton shopping centre to understand how stakeholder needs are considered and responded to, and how material sustainability issues are managed and reported

EY observations in respect to adherence with the AA1000APS

Sustainability considerations are integrated within many aspects of Stockland's business processes, reflecting its longer-term commitment to the principles of Inclusivity, Materiality, and Responsiveness. We provide the following observations in relation to Stockland's adherence with AA1000APS, noting that these observations did not impact our ability to form an unqualified assurance opinion.

Inclusivity

Throughout the Report Stockland has detailed its approach for identifying and engaging with key groups of stakeholders, including employees, government, investors, customers, suppliers, communities, and the media. We found this approach to be inclusive, as defined by AA1000APS. For example, Stockland has in place policies, procedures, and a framework that facilitates a consistent way to recognise and engage with key stakeholder groups, both at an asset and group-level. Further, Stockland tracks and reports on the key outputs from its engagement activities, and uses this as an input to shaping the business' sustainability priorities.

Materiality

We found Stockland's approach for identifying short-, and longer-term material matters provides the business with a mechanism to fairly identify and prioritise material issues, as required by AA1000APS. This approach provides Stockland with the ability to take into account the changing sustainability context and the maturity of these matters. Stockland also discloses these emerging matters to external stakeholders. For example, over the past year, Stockland

has taken an active role in responding to housing affordability issues in Australia, including working with Government and other stakeholders to help identify innovative solutions.

Responsiveness

Stockland has both formal and informal processes in place to respond to stakeholder concerns and feedback. These processes are carried out at both an asset and group-level. We found Stockland's processes for responding to stakeholder concerns to be timely and balanced.

EY observations on particular aspects of our engagement

Stockland has requested that we provide selected observations and areas for improvement, as identified throughout the assurance procedures, for the purpose of identifying areas for sustainability leadership. These observations did not impact our ability to form an unqualified assurance conclusion.

► Stockland currently adheres to GRI G4 reporting guidelines, through which they assess materiality as the potential impact on value creation over time. To maintain alignment to the GRI's reporting processes Stockland will be required to report in accordance with the GRI *Standards* from next year. The GRI's expectations for assessing material matters continues to evolve, to more formally consider the business' own impact on economic, social, and environmental outcomes.

► Stockland has strong employee engagement results, which this year remained above industry averages as measured by Towers Watson. Results observed for the past two years have been lower than historic levels of engagement, which Stockland identified as being due to lower satisfaction with work processes and systems. We noted that Stockland's near-term actions, such as the core systems program, are intended to build engagement over the medium-term. Stockland should continue monitoring this.

► Stockland discloses its approach and activities associated with sustainable supply chain management. This issue will become increasingly important as the business moves more into built form development and in light of potential legislation on Modern Slavery.

Use of our Assurance Engagement Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than Management and the Directors of Stockland, or for any purpose other than that for which it was prepared.
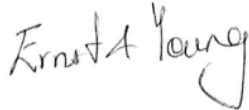
Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Independence and Quality Control

In conducting our assurance engagement, we have met the requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Terence Jeyaretnam
Partner
21 September 2017

Ernst & Young
Melbourne, Australia

Independent reasonable assurance report to the Management and Directors of Stockland Corporation Limited ('Stockland') in relation to compliance with Section 19 of the *National Greenhouse and Energy Reporting Act 2007* for the financial year ended 30 June 2017

EY

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Audit Report Coversheet

Audited body

Name of audited body:	Stockland Corporation Limited
Name of contact person for audited body:	Davina Rooney
Contact person phone number:	0434183422
Contact person email address:	davina.rooney@stockland.com.au

Reporting requirements

Total scope 1 emissions for audited body:	26,881 tCO_2-e
Total scope 2 emissions for audited body:	88,321 tCO_2-e
Total energy consumption for audited body:	740,503 GJ
Total energy production for audited body:	8,611 GJ

Audit Description

Kind of audit:	Reasonable Assurance
Objective of the assurance engagement:	Assurance on total scope 1 greenhouse gas (GHG) emissions, scope 2 GHG emissions, energy production, and energy consumption in Stockland's Energy and Emissions Report under s19 of the NGER Act.
Reporting period covered by audit:	1 July 2016 – 30 June 2017
Date terms of engagement signed:	14 March 2017
Date audit report signed	21 September 2017

Auditor Details

Name of audit team leader:	Terence Jeyaretnam
GEA registration number	0233/2016
Organisation	Ernst & Young
Phone Number	+61 3 9288 8291
Address	8 Exhibition Street Melbourne VIC 3000
Names and contact details of audit team and other persons working with the audit team leader	Simon Dawes – (02) 8295 6283 Nicolette Landsbergen – (02) 9248 5382 Monica Dasgupta – (02) 8295 6374 Helen Pinch – (02) 9248 4565 Thomas Duck – (02) 9248 4855
Details of exemptions under section 6.71 of the National Greenhouse and Energy Reporting Regulations 2008 for the audit team leader or professional member of the audit team. These may include: ► conflict of interest and details of the procedures for managing conflict of interest ► relevant relationships, and ► exemptions for an audit team leader to carry out more than five consecutive greenhouse and energy audits in relation to the audited body	Not applicable - Audit team is in full compliance with independence requirements

Peer Reviewer Details

Name of peer reviewer:	Dr. Matthew Bell
GEA registration number	032/2010
Organisation	Ernst & Young
Phone Number	02 9248 4216
Address	111 Eagle Street Brisbane QLD 4000

Part A – Auditor's Conclusion

To: Directors of Stockland Corporation Limited

We have conducted a reasonable assurance engagement of the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) of Stockland Corporation Limited's ("Stockland") Energy and Emissions Report for the period 1 July 2016 to 30 June 2017 (the "Energy and Emissions Report"), prepared in accordance with section 19 of the *National Greenhouse and Energy Reporting Act 2007*.

Details of the audited body

Name of audited body:	Stockland Corporation Limited
Address	Level 25, 133 Castlereagh Street Sydney 2000
ABN	43000181733

Subject Matter

The subject matter for our assurance engagement is Stockland's Energy and Emissions Report for the period 1 July 2016 to 30 June 2017.

The amounts within the Energy and Emissions Report being audited, consists of the following:

► Scope 1 greenhouse gas emissions, being 26,881 tonnes of carbon dioxide equivalent (tCO_2-e)
► Scope 2 greenhouse gas emissions of 88,321 tCO_2-e
► Energy production, being 8,611 gigajoules (GJ)
► Energy consumption of 740,503 GJ.

Criteria

The criteria are:

► Section 19 of the *National Greenhouse and Energy Reporting Act 2007* ("the NGER Act")
► *National Greenhouse and Energy Reporting Regulations 2008* ("NGER Regulations")
► *National Greenhouse and Energy (Measurement) Determination 2008*, incorporating amendments up to the *National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2016 (No. 1)* ("the NGER (Measurement) Determination").

Management's responsibility

Management of Stockland is responsible for the preparation and presentation of the Subject Matter in accordance with the Criteria, and in compliance with section 19 of the NGER Act. This includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that are free from material misstatement, whether due to fraud or error.

Management of Stockland is responsible for the interpretation and application of the requirements of the NGER Act and the NGER (Measurement) Determination in determining operational control and quantifying emissions and energy, which are reflected in Stockland's "Procedures for Data Reporting: Stockland Corporate, Residential and Retirement Living; Procedures for Data Reporting – Commercial Property Metrics Reporting, and Operating Procedures – Commercial Property Energy Data Process" which has been provided to us.

Independence and quality control

In conducting our assurance engagement, we have met the requirements of the APES 110 Code of Ethics for Professional Accountants and have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour. These include all of the requirements defined in the National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations) regarding the Code of Conduct, independence and quality control. We believe that we have the required competencies and experience to conduct this assurance engagement.

Furthermore, in accordance with Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance 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.

Auditor's responsibility

Our responsibility is to express a reasonable assurance conclusion as to whether the Subject Matter has been prepared, in all material respects, in accordance with the Criteria.

We have conducted our reasonable assurance engagement in accordance with:

► *National Greenhouse and Energy Reporting (Audit) Determination 2009* ("NGER (Audit) Determination")
► *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*
► *ASAE 3410 Assurance Engagements on Greenhouse Gas Statements*
► *ASAE 3100 Compliance Engagements*

The NGER (Audit) Determination and above relevant national and international standards require that we plan and perform this engagement to obtain reasonable assurance about whether the Energy and Emissions Report is free from material misstatement.

A reasonable assurance engagement involves performing procedures to obtain assurance evidence about the Subject Matter being audited. The procedures selected depend on the audit team leader's judgement, including an assessment of the risks of material misstatement or material non-compliance of the matter being audited, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to Stockland's determination of the amounts and disclosures in the matter being audited in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stockland's internal controls. A reasonable assurance engagement also includes evaluating the reasonableness of emissions and energy estimates made by management of the company as well as evaluating the overall presentation of the Subject Matter.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of Procedures undertaken

The procedures we conducted in our reasonable assurance engagement were performed at an interim stage (on the nine month dataset) and at year-end, and included, but were not limited to the following:

► Gaining an understanding of the greenhouse gas and energy reporting processes supporting the business activities of Stockland through discussions with Stockland personnel, responsible for maintaining Stockland's sustainability data management platform, in order to understand the data collation and calculation processes within the system

► Collating evidence to understand processes and controls supporting the preparation and presentation of the Energy and Emissions Report

► Checking documentation in support of operational control decisions and discussing these with key personnel responsible for those decisions to test compliance with the requirements of the NGER Act and Regulations

► Checking that methodologies had been correctly applied as per the requirements in the NGER (Measurement) Determination, and recalculating greenhouse gas emissions and energy consumption and production figures associated with selected underlying consumption data for all sources

► Conducting site visits to Stockland's Cloverton residential community, Somerton Park Retirement Living Village, and Stockland Rockhampton shopping centre to understand how data is collected at site and reported to the corporate group

► Testing the calculations and estimations performed by Stockland

► Undertaking analytical review procedures to support the reasonableness of the consumption data reported within the Energy and Emissions Report

► Identifying and testing assumptions supporting the calculations

► Testing, on a sample basis, to underlying third-party evidence to understand the completeness and accuracy of the Energy and Emissions Report

► Reviewing the appropriateness of the presentation of the information.

Use of our reasonable assurance engagement report

This Report has been prepared for the Management and Directors of Stockland, and for the Clean Energy Regulator, for the sole purpose of reporting on Stockland's Energy and Emissions Report and its compliance with the NGER Act. Accordingly, we disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the intended users, or for any purpose other than that for which it was prepared.
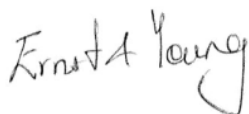
Inherent limitations

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. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the Criteria, as a reasonable assurance engagement is not performed continuously throughout the period and the procedures performed in respect of compliance with the Criteria 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. We specifically note that Stockland has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse gas and energy information.

Our conclusion

In our opinion the subject matter as set out in Stockland's Energy and Emissions Report for the period 1 July 2016 to 30 June 2017 has been prepared in accordance with section 19 of the NGER Act, in all material respects.

Auditor Part A Sign Off

Ernst & Young

Terence Jeyaretnam
Partner
Melbourne Australia
21 September 2017

Part B – Detailed Findings

Issues requiring particular attention

Key audit matters are those matters that, in our professional judgement, were of most significance in our assurance of Stockland's 2016-17 Energy and Emissions Report. These matters were addressed in the context of our assurance of the Energy and Emissions Report as a whole, and in forming our conclusion thereon, and we do not provide a separate conclusion on these matters. Areas that required particular attention during the assurance engagement included the following.

Key audit matter	Testing Conducted	Findings
Operational control and defining the corporate reporting boundary Stockland is required to apply the NGER Act definition of operational control to determine which facilities should be included in its Energy and Emissions Report. Due to the nature of Stockland's business where a significant number of assets can change ownership and operational responsibility through acquisition, development, divestment, and also via joint venture arrangements, within a reporting period; this is a particular risk area for Stockland because of the year-on-year changes in its property portfolio.	► We conducted interviews with key Stockland personnel to understand the rationale for defining reporting boundaries, including the process for determining which entity holds operational control where Stockland has a site with a Principal Contractor managing the site. ► Each year Norton Rose Fullbright is engaged by Stockland to review Stockland's operational control requirements under the NGER Act. As part of this process, EY attended Stockland's annual operational control review meeting with Norton Rose Fullbright and observed the meeting. ► EY carried out a reconciliation of Stockland's property portfolio register against its NGER dataset, to check whether all assets were appropriately included. In addition, we reviewed any changes in the assets included in the previous year to check for completeness in the current year dataset. We further reviewed Stockland's NGER reporting structure to confirm that all facilities under its operational control have been included.	► EY noted Stockland undertakes an annual review process to confirm changes across the property portfolio and in operational control. We also noted that Stockland has determined that they hold operational control in development activities, including where there is a Principal Contractor involved. ► EY did not identify any issues in how operational control was applied for the 2016/17 reporting period. Stockland's assessment process appeared consistent with the definition of operational control as outlined in the NGER Act. Further, we found any changes that occurred during the reporting period in the operational control for Stockland assets were reflected in the dataset, based on our discussions with management. ► We found the list of sites reported by Stockland in the Energy and Emissions Report was consistent with the sites included in its property portfolio register, taking into account operational control. No issues were therefore noted with Stockland's reporting structure. Based on the procedures performed, we found that Stockland had identified assets and activities under its operational control using an approach consistent with the NGER Act and Regulations. To further enhance this process, Stockland could include a review of the completeness of emissions and energy sources as part of its processes to review operational control. This would likely improve Stockland's ability to confirm completeness of emissions and energy sources identified at the same as confirming completeness of sites.

Key audit matter	Testing Conducted	Findings
Completeness and accuracy of electricity data Stockland's most material source of energy consumption and greenhouse gas emissions is from electricity consumption, which contributes approximately 76% of total greenhouse gas emissions. It is therefore important that the processes used to collect, collate and report electricity consumption are robust and that the data is both complete and accurate.	► We gained an understanding of the data collection, validation, consolidation and reporting process with key personnel from Stockland. This included understanding how electricity data was input into the sustainability reporting system (CCAP). We also reviewed Stockland's policies and procedures relevant to: 　► completeness of assets, accounts, meters 　► the reporting process for contractors under Stockland's operational control 　► estimating greenhouse gas emissions 　► reviewing the accuracy of greenhouse gas emissions to check whether these were appropriate. We also tested the key controls outlined within these, such as validating the accuracy of emissions factors used and calculations performed within CCAP. ► We undertook analytical procedures to assess movements within the dataset, including: 　► Year-on-year analysis by site and GHG emissions source 　► Monthly analysis for Stockland's Commercial Property business unit (representing the largest share of electricity consumption) ► Using EY's sampling methodology a representative sample of sites / months was selected for testing. For each we vouched reported quantities of electricity consumption to retailer invoices. ► Stockland has embedded networks across its portfolio. We tested whether tenant data was appropriately excluded to only include common area consumption. ► Stockland has tri-generation facilities at a number of assets. We tested whether data at these facilities was being reported in accordance with guidance provided by the World Resources Institute (WRI) / WBCSD '*Allocation of GHG Emissions from a Combined Heat and Power (CHP) Plant Guide to calculation worksheets (September 2006) v1.0 A WRI/WBCSD GHG Protocol Initiative calculation tool*'. ► We tested the estimations and apportionments applied to the dataset for accuracy in calculations performed.	► EY observed that Stockland has a regular reporting process in place and, whilst not exhaustive, no issues were noted in its control environment from the testing undertaken. We noted that Stockland reviews data quarterly and that the majority of the data is collated automatically with limited opportunity for manual manipulations. In conducting our testing of the control environment, we noted that Stockland personnel were aware of trends within the dataset and actively followed up anomalies and outliers in a timely manner for resolution or explanation. ► Overall, our analytical testing indicated an approximate 1% decrease in absolute electricity consumption between 2015/16 and 2016/17. Discussions with Stockland personnel indicated that the majority of the movement was due to energy efficiency measures within the Retail business, which were partially offset by increases in consumption from new assets within the Logistics and Business Parks business. The overall movement was therefore deemed reasonable. ► We found that the representative sample we tested were consistently reported in Stockland's sustainability reporting system (CCAP) based on supporting third-party evidence provided. ► Our testing indicated that tenant consumption was appropriately excluded from assets having embedded networks. We found Stockland had only accounted for common area consumption as part of its Energy and Emissions Reporting for these facilities. ► The allocation of emissions and energy was consistent with the guidance provided by WRI/WBCSD. We noted the tri-generation facilities are not within Stockland's operational control, and are therefore reported as purchased electricity. ► Stockland's processes for estimating and apportioning electricity consumption were concluded to be reasonable and in accordance with the expectations set out under the NGER Regulations. Based on the procedures performed under this scope, no matters were identified that precluded EY from issuing an unqualified audit opinion.

Key audit matter	Testing Conducted	Findings

Completeness and accuracy of contractor fuel data
 	
Greenhouse gas emissions as a result of contractors' use of fuel consumption from Stockland's residential property development activities accounted for a significant portion of Stockland's total greenhouse gas emissions. It is therefore important that the processes used to collect, collate, manage and report contractors' fuel consumption are robust and that the data is both complete and accurate.
	► EY gained an understanding of Stockland's processes for collecting data from its contractors via the monthly Work Health Safety and Environment reporting process. We reviewed how contractor reporting was being extracted into the sustainability reporting system (CCAP).
	
	► Using EY's sampling methodology a representative sample of sites / months was selected for testing. For each we vouched reported quantities of fuel data to the third-party reports provided by the contractors.
	
	► We undertook analytical procedures to assess movements within the dataset, including:
	
	   ► Year-on-year analysis by site and emissions source
	   ► Comparisons against site area.
		► EY's understanding of Stockland's data collection process for contractors did not identify any issues relating to the calculation of fuel consumption data.
		
		► We found that the representative sample we tested was consistently reported in Stockland's sustainability reporting system (CCAP) based on supporting third-party evidence provided.
		
		► Our analytical testing indicated a decrease of more than 30% of absolute fuel consumption from contractors between 2015/16 and 2016/17 across the business. We noted this was due to the nature of residential development activities occurring during the reporting period. Due to the inherent variability in contractor fuel consumption, our testing approach relies heavily on a substantive testing (as described above, to vouch reported quantities to source data, i.e. third-party contractor reports).
		
		Based on the procedures performed, we noted that Stockland had consistently implemented a process for collecting contractor fuel data. Further, where there were gaps in the data set, Stockland applied an estimation methodology (using the actual data provided as a basis for estimation), consistent with estimation methods as established in the NGER Regulations and Measurement Determination. To further enhance this process, Stockland continues to implement additional controls to assess the accuracy of third-party data from contractors. For example, we note that contractor reporting templates have been amended to identify anomalies in reporting.

Key audit matter	Testing Conducted	Findings
Completeness and accuracy of energy production data Energy produced as a result of Stockland's tri-generation and solar production activities across its Commercial Property business must be reported under NGERS when certain thresholds are met. It is therefore important that the processes used to collect, collate, manage and report energy production are robust and that the data is both complete and accurate.	► EY gained an understanding of Stockland's processes for the data collection, validation, consolidation and reporting of energy production. This included understanding how electricity production data was input into the sustainability reporting system (CCAP). ► We conducted interviews with key Stockland personnel to understand the basis of determining when production facilities were within Stockland's operational control and the rationale for defining reporting boundaries. ► We tested the thresholds for reporting energy production and checked whether all facilities meeting these thresholds were included in the Energy and Emissions Report. ► Using EY's sampling methodology a representative sample of sites / months was selected for testing. For each we vouched reported quantities of production data to the third-party reports provided. ► We undertook analytical procedures to assess movements within the dataset, including year-on-year analysis by site.	► EY's understanding of Stockland's data collection process did not identify any issues relating to the calculation of energy production data. ► We noted that energy associated with tri-generation is not within Stockland's operational control, and confirmed this to third-party evidence provided (i.e. contracts with the operator). ► We found that Stockland reports energy production from all solar activities where the relevant thresholds under NGERS are met. ► We found that the representative sample we tested was consistently reported in Stockland's sustainability reporting system (CCAP) based on supporting third-party evidence provided. ► Our analytical testing indicated an increase of more than 30% of electricity produced from solar between 2015/16 and 2016/17 across the business. We noted this was due to new installations, predominantly for Wetherill Park. Based on the procedures performed under this scope, no matters were identified that precluded EY from issuing an unqualified audit opinion.

Aspects impacting on assurance engagement
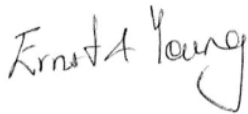
Nil

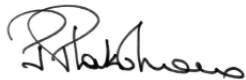## Contraventions of NGER Legislation

Nil

Other matters

Nil

Peer reviewer conclusion

Name of peer reviewer	Dr. Matthew Bell
Peer reviewer's credentials	GEA registration number 032/2010
Peer reviewer contact details	02 9248 4216
Outcome of the evaluation undertaken by the peer reviewer	The peer review did not identify any deficiencies in the reasonable assurance procedures conducted or the results of such procedures, and concurred with the issuance of an unqualified reasonable assurance conclusion.

Auditor Part B Sign Off

Ernst & Young

Terence Jeyaretnam
Partner
Melbourne Australia
21 September 2017

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