

Our reporting approach

FY16

Sustainability reporting at Stockland

Stockland's 2016 sustainability reporting is an account of the company's sustainability performance for the financial year from 1 July 2015 to 30 June 2016 (FY16). It is independently assured by Ernst & Young (EY).

This is the 11th 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 Stockland's suite of corporate reporting for FY16:

- 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.

Stockland is a signatory to the United Nations Global Compact (UNGC) and supports the 10 principles of the Global Compact on human rights, labour, environment and anti-corruption and the Sustainable Development Goal of the UNGC. Stockland's FY16 sustainability reporting also serves as its UNGC Communication on Progress.

Our sustainability reporting for FY16 was published in September 2016 and is publicly available at stockland.com.au/about-stockland/sustainability. It follows our FY15 sustainability reporting which was published online in September 2015.

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.

Our reporting approach

As a real estate owner, manager and developer, Stockland recognises that it has a unique opportunity to create the right balance of social, environmental and economic conditions for its 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.



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In our reporting we distinguish between 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 societal 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

At Stockland, we have a long history of addressing sustainability issues that respond to our stakeholders' concerns, such as our management of water and waste and the diversity of our workforce. While our responses to such issues are now embedded in our day to day operations, we continue to focus on these issues (our enduring themes) as they remain important to our stakeholders and to our business.

Stockland's enduring themes are addressed in the Disclosures on Management Approach (DMA) series, prepared in accordance with the Global Reporting Initiative's G4 Guidelines (Comprehensive).

The DMA series is reviewed annually with performance updates and progress against targets disclosed each year as part of our sustainability reporting process. The FY16 DMA series is outlined below:

SUSTAINABILITY PRIORITIES	ENDURING THEME/ DMA TOPIC
Shape Thriving Communities	<ul style="list-style-type: none"> • Community • Customer Engagement
Optimise and Innovate	<ul style="list-style-type: none"> • Asset rating and certification • Biodiversity • Carbon and energy • Climate and Community Resilience • Waste and materials • Water management and quality
Enrich our Value Chain	<ul style="list-style-type: none"> • Diversity and inclusion • Employee Engagement and Development • 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 societal 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 Stockland's 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 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 low gearing and diverse funding sources. We will also concentrate on efficiency and cost management and 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 decline in the Australian dollar and Australia's record of economic and political stability.

We will continue to ensure discipline and agility in our investment decision making so we can take advantage of opportunities that will deliver the appropriate risk-adjusted returns. 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 supported by a strong balance sheet to provide funding flexibility.

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

(See [Annual Review](#), *Capital Strength* pg 44 and *Grow Our Asset Returns and Customer Base* pg 29).

2. Delays or changes to the delivery of infrastructure and amenities affect customer satisfaction

Australia's growing population requires physical and social infrastructure services to support the growth and development of new suburbs. This includes the provision of sustainable and accessible transport and community facilities. Delay in the provision of these services can result in unhappy customers at our assets and negative sentiment on social media.

Effective stakeholder engagement on our projects with suppliers, customers and government has resulted in positive outcomes across several projects. We will continue to use our proprietary Liveability research to understand the priorities of residents in our communities and drive property management and development decisions. We will also continue to ensure that all active projects have stakeholder engagement plans that minimise obstacles to infrastructure and amenity delivery and ensure appropriate communication with all stakeholders about these matters.

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

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

(See [Annual Review](#), *Shape Thriving Communities*, pg 35, *Enrich Our Value Chain* pg 47 and our [Community DMA](#), [Stakeholder Engagement DMA](#) and [Supply Chain Management DMA](#)).

3. Housing affordability is increasingly challenging in Australia

Stockland's residential business is influenced by the dynamics of the Australian residential market. Housing affordability remains of key concern for Australians as the price of housing and rental properties in some areas continue to increase.

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

We will continue to seek opportunities to help meet demand and broaden our customer reach by creating market leading sustainable communities and a broad mix of value for money housing options – house and land packages, completed homes, medium density and apartments. We have also sought to balance the demand from home owners and investors to ensure our residential communities remain attractive to future buyers. We continue to engage with all levels of government to seek effective solutions on land supply issues.

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

(See [Annual Review](#), *Grow Our Asset Returns and Customer Base* pg 29).

4. Systems enhancements affect business process efficiency

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

We continue to execute our Information Technology strategy with a focus on long term strategic investment, and we will continue to identify and integrate 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. With deployment to take place during the next two years, we will continue to maintain two-way engagement with employees across the business to enable a smooth transition.

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



(See [Annual Review](#), *Operational Excellence* pg 54 and our [Employee Engagement and Development DMA](#)).

5. 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.

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

(See [Annual Review](#), *Our Business* pg 11 and our [Stakeholder Engagement DMA](#)).

6. Community resilience to evolving security and safety risks

The safety of our customers and employees is a key priority. Ensuring 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; training our employees and increasing their risk awareness, scenario testing, engaging with peers and across industry, and investing in asset upgrades.

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

(See [Health and Safety DMA](#) and [Climate and Community Resilience DMA](#)).

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

Stockland's 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.

Over the past 10 years 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.

To ensure 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.

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

(See [Annual Review](#), *Capital Strength* pg 44).

8. 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 aging population and changing demographics.

We are continuing to evolve our market leading product innovation and deepen our customer insights using our proprietary Liveability research and platforms such as Stockland Exchange (our online research community) and Quantum (which provides de-identified customer transactional data to inform how we view markets and opportunities). We are fostering a culture of innovation where we remain flexible and identify and take advantage of opportunities to leverage movements in stakeholder preferences.

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

Other stakeholders potentially impacted by this issue include our customers.

(See [Customer Engagement DMA](#), [Climate and Community Resilience DMA](#), [Community DMA](#) and [Employee Engagement and Development DMA](#)).

9. Digital disruption affects customer behaviour and transforms the market

Enhancements in digital technology have rewired customer behaviour. We need to be accessible, responsive and anticipate future consumer behaviour and disruption to our industry.



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 community hubs by delivering quality services and retail and community spaces that are e-enabled.

Our innovation hub established in October 2015, Ideas@Stockland, provides employees from across the business a place to share, collaborate and build on ideas, further enabling us to take advantage of new opportunities.

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

(See [Employee Engagement and Development DMA](#) and [Annual Review](#), *Grow Our Asset Returns and Customer Base* pg 29, *Operational Excellence* pg 54).

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 FY16 material matters using the following process.

IDENTIFY	EVALUATE AND PRIORITISE	ALIGNMENT AND DISCLOSURE
<p>We combined the outcomes of the following two materiality processes to identify draft material matters:</p> <ul style="list-style-type: none"> Materiality test capturing internal and external perspectives in alignment with the principles of AA1000 and GRI G4, including: <ul style="list-style-type: none"> Investor research and engagement; Customer feedback and insights; Employee surveys; Political and regulatory developments; Industry engagement and advocacy; and Social and mainstream media. An internal operational and strategic risk assessment. <p>The resulting list of matters served as a starting point for our integrated reporting materiality workshop.</p>	<p>An integrated reporting materiality workshop was held with members of the leadership team to identify any additional relevant issues, rank issues of greatest significance and prioritise them based on their ability to affect value.</p> <p>Material matters were mapped in terms of their potential impact on value creation over the short, medium and long term.</p>	<p>Following the materiality workshop, the identified material matters were validated via a six stage collaborative assessment undertaken by Group Strategy. This included input from teams across the whole business.</p> <p>The final list of material matters was presented to our internal Integrated Reporting Committee.</p> <p>Once confirmed, the matters formed the basis of the Board and Executive Committee's strategy discussion.</p>

Reporting scope

Stockland operates exclusively in Australia.

We own, manage and develop a growing portfolio of shopping centres, logistic 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

Community

FY16

Why this is important to Stockland

As one of Australia's largest diversified property groups, Stockland is well placed to have a positive and lasting impact on the communities in which we operate. We strongly believe there is a better way to live and 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 most 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:

- (1) Community Investment – our employee volunteering and giving programs;
- (2) Community Development – projects and initiatives that enhance the communities at Stockland's assets; and
- (3) The Stockland CARE Foundation – a charitable trust which delivers infrastructure, programs and initiatives to Australian communities.

An overview of our management approach is provided on page 14.



Our key achievements

- Ran the Stockland Community Grants program across our three business units, awarding over \$325,000 to over 300 local community organisations.
- Announced several new national partnerships and programs in FY16, including the National Theatre for Children, Live Life Get Active, Bowls Australia, Jamie's Ministry of Food (JMOF) Queensland Mobile Kitchen, The Song Room and the Australian Retailers Association's Retail Ready Jobs Program.
- Fundraising and volunteering efforts for our two Stockland CARE Foundation charity partners resulted in support for 72 families who will now have access to Redkite's full suite of programs and services and a cost saving of over \$30,000 in marketing and maintenance costs for the Touched by Olivia Foundation (TBO).
- Worked with CARE Foundation partner TBO to deliver four inclusive playspaces (including the first Livvi's Place¹ in WA at Whiteman Edge) and four social enterprise cafes (in partnership with TBO).
- Supported by our newly formed employee volunteer committees, we ran our first Foundation Fortnight to raise employee and community awareness and funding for our CARE Foundation partners.
- In partnership with our builder partners, our Residential business in Western Australia donated the proceeds from the sale of a charity home in support of the HIA Charity Home project and the Australian mental health charity, Beyond Blue.

¹ Livvi's Place is the name given to inclusive play spaces delivered in partnership with TBO.

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- Achieved our workplace giving FY17 target, with 26% of Stockland employees participating in workplace giving.
- Formalised our accessibility strategy across the business and implemented a number of initiatives including our first Changing Place inspired amenities upgrade at Stockland Nowra and Wendouree.

FY16 priorities and performance overview

Community Investment

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Collate responses and insights from community partnership review survey data and assess remaining community partners against the Centre for Social Impact (CSI) framework.	Achieved	We surveyed our retail marketing managers on their experiences and opinions on our existing community partners and programs. These results were used in combination with our community partner review process to structure our community partnerships in FY16.
Incorporate community investment review findings into FY16 community partnership agreements and initiatives.	Achieved	We have incorporated the community investment review findings into the agreements that were renewed in FY16. We will continue to incorporate these findings into agreements in FY17. We updated our community partners' portfolio to include two new partnerships and restructured two existing partnerships. We have completed a standard donation agreement template for CARE Foundation agreements.
Develop an organisation wide volunteering strategy and progress towards a volunteering rate of 65% by FY17.	In Progress	We completed a volunteering strategy review and launched a new volunteering toolkit. We achieved a volunteering rate of 48%, up 27% from FY15. In FY16, we introduced two new charity partners who conducted new volunteering activities.
Roll out and stabilise new workplace giving platform with active employees registered as Good2Give users.	Achieved	We updated our workplace giving collateral, promotions and processes to engage our employees with our new workplace giving system, Good2Give.
Achieve workplace giving rate of 25% by FY17.	Achieved	We achieved a workplace giving participation rate of 26% in FY16.

Community Development

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Participants of health and wellbeing programs to have a wellbeing score above the National Wellbeing Index (NWI) average of 72-76 (FY17). In FY16, we will expand coverage of health and wellbeing national partnerships surveyed against the NWI to include the Heart Foundation and Live Life Get Active (and resurvey the parkrun program).	Not Achieved	We have previously reported on this for the parkrun program. Opportunities to expand coverage of health and wellbeing to include other programs have either not eventuated or data cannot be provided so we have not been able to meet this target in FY16. The parkrun survey was delayed and was not conducted in FY16. We remain positive that new opportunities will arise to expand coverage and as a minimum, we will continue to work with parkrun and resurvey this program against the NWI in FY17.
Implement the Accessibility Action Plan for Commercial Property and undertake a desktop audit of existing amenities across the Retail portfolio.	In Progress	Our Accessibility Action Plan was implemented during FY16 and commenced with a resurvey of existing amenities in our Retail portfolio via an online questionnaire. The resulting inventory of the accessible amenities allowed us to identify opportunities for future projects that can be implemented in FY17. Two initiatives already implemented include the revision of parent room designs to include a quiet space for children with autism and the development of guidelines for the design of inclusive playspaces in our shopping centres.



Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Achieve a Green Building Council of Australia (GBCA) Green Star – Communities rating for at least one project in each state where our Residential business operates.	Achieved	In July 2016, six of our residential communities were rated under the Green Star – Communities tool. This includes Calleya (WA), Cloverton and The Grove (Vic) Altrove and Willowdale (NSW) and Newport (QLD). The submissions were finalised in FY16, with the ratings received shortly after the reporting period.
Achieve Stockland's first GBCA Green Star rated school.	In Progress	We continue to work towards our FY17 target of achieving a GBCA Green Star rated school, by engaging with respective state education departments, and evaluating opportunities for application.
<p>Seek to achieve the following levels of satisfaction with education as measured through the Liveability Index:</p> <ul style="list-style-type: none"> 80% resident satisfaction with access to education (FY17); and 80% resident satisfaction with quality of education (FY17). 	In Progress	<p>During FY16 we evolved our Liveability Index approach to measuring satisfaction with education across our residential communities.</p> <p>A national satisfaction score encompassing questions related to satisfaction with quality of, and access to education is now measured, with a target to achieve 80% satisfaction nationally (FY17). In 2016, our performance using this new approach was:</p> <ul style="list-style-type: none"> 75% resident satisfaction with education.
All projects with a school in the project boundary to offer an annual education partnership/program.	Achieved	In FY16, we established a partnership with the National Theatre for Children, to offer education programs to all schools within a Stockland residential project boundary (current projects). The program has been offered to all schools within a Stockland project, and schools in the immediate area (total 29).
<p>Maintain the following levels of satisfaction as measured through the Liveability Index:²</p> <ul style="list-style-type: none"> Average resident wellbeing scores above NWI average of 72-76 (FY17); and Above 80% resident satisfaction in community design elements (FY17). 	Achieved	<p>We achieved the following results through our Liveability Index for FY16:</p> <ul style="list-style-type: none"> 80% NWI score; and 82% satisfaction in community design elements.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Maintain wellbeing of residents above Australian national average NWI of 72-76 (FY17).	Achieved	The mean score for our residents' NWI in FY16 was 82.3%.
In FY16, we will set a benchmark for participation in learning, mentoring and training opportunities with a view to increasing participation in these activities.	In Progress	Our partnership agreement with Bowls Australia has established a framework to benchmark residents' participation that will be supported through FY17.
Maintain FY15 satisfaction score of 87% for sense of community in the Residents' Voice survey.	Achieved	The proportion of residents satisfied with the sense of community in FY16 was 88%.
Complete first community grants program across our Retirement Living business unit.	Achieved	Two successful community grant programs were held (Sept 15 and Jan 16). In total, we received 109 applications and awarded 87 grants totalling \$87,000.

² Stockland's FY15 Sustainability Report also included a target of above 80% resident satisfaction in community design elements influencing health and wellbeing. This was included in error and was covered by the target above 80% resident satisfaction in community design elements (FY17).



Stockland CARE Foundation

FY16 PRIORITIES	FY16 PRIORITIES	FY16 PERFORMANCE
Finalise and endorse CARE Foundation employee network membership for FY16.	Achieved	In FY16, we formally announced the National CARE Foundation employee volunteer committees in New South Wales, Victoria, Queensland and Western Australia.
Embed CARE Foundation priorities at the corporate and asset level through the communication and delivery of a giving and volunteering toolkit and CARE Foundation toolkit across each Stockland head office location and asset.	In Progress	In FY16, we ran our first Foundation Fortnight across our state offices and assets to raise awareness and funds for the Stockland CARE Foundation and its beneficiaries, Redkite and TBO. All Stockland retail centres, retirement living villages and residential communities promoted the CARE Foundation throughout the fortnight and all Stockland state offices held events and raised funds. Three residential communities, 12 retirement living villages and 12 retail centres held events throughout the year. We completed a CARE Foundation toolkit for our retail assets.

Future priorities

Commercial Property

- Participants of health and wellbeing programs to have a wellbeing score above the NWI average of 73-77³ by the end of FY17.
- Continue to implement the Accessibility Action Plan for Commercial Property:
 - Implement a quiet space at Stockland Shellharbour in FY17 for parents to use as a retreat for children with autism; and
 - Ensure all playspaces delivered during FY17 are compliant with the principles of inclusive play.
- 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.
- Pilot the Retail Ready training program with the Australian Retailers Association at three retail centres in FY17 with unemployed or unskilled youth to provide them with the skills required to kick start a career in retail.
- 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.

Residential

- Expand the Link & Learn program (currently operating in Victoria) to NSW and Queensland communities in FY17.
- 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.
- 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.
- Maintain or achieve the following levels of satisfaction as measured through the Liveability Index:
 - Maintain above 80% overall Stockland Liveability Index score;
 - Maintain above 80% resident satisfaction in community design elements (FY17);
 - Maintain resident wellbeing scores above NWI average of 73-77 (FY17)³;
 - Achieve 80% resident satisfaction in community perceptions; and
 - Achieve 80% resident satisfaction with education.

Retirement Living

- Develop sustainability plans for all retirement living villages in FY17 to act as a planning, management and reporting tool.

³ The NWI average has increased from 72-76 to 73-77.



- Expand the JMOF cooking program to at least three more villages in FY17 to promote healthy eating and community connection.
- Establish Heart Foundation walking groups with a pilot across eight South Australian villages in FY17.
- Maintain resident wellbeing scores above Australian national average NWI of 72-76 (FY17).
- 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.
- Benchmark resident participation in our Bowls Australia partnership in FY17 and create a meaningful participation and engagement target.

Community investment and Stockland CARE Foundation

- Develop a new volunteering strategy in FY17 with a focus on skilled volunteering to increase the social and business impacts of our volunteering program.
- Increase to 10% the number of regular, ongoing donors on our workplace giving platform, Good2Give, in FY17.
- Increase the participation of Stockland assets in Stockland CARE Foundation programs with its partners from 24 to 40 assets through initiatives such as Foundation Fortnight.

FY16 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		
		FY16	FY15	FY14
COMMUNITY DEVELOPMENT				
National Partnerships	Financial contributions made to not-for-profit organisations who are national community development partners of Stockland.	\$290,638	\$206,750	\$297,835
Stockland Community Grants	Financial contributions made to not-for-profit organisations who were successful in receiving a Stockland community grant.	\$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.	\$3,435,802	\$2,136,776	\$1,317,342
Total community development		\$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.	\$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.	\$708,926	\$1,043,493	Not reported
Corporate Donations	Ad-hoc community donations made on behalf of Stockland Development and/or Stockland Trust.	\$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.	\$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 and student mentoring.	\$238,284	\$122,725	\$263,210

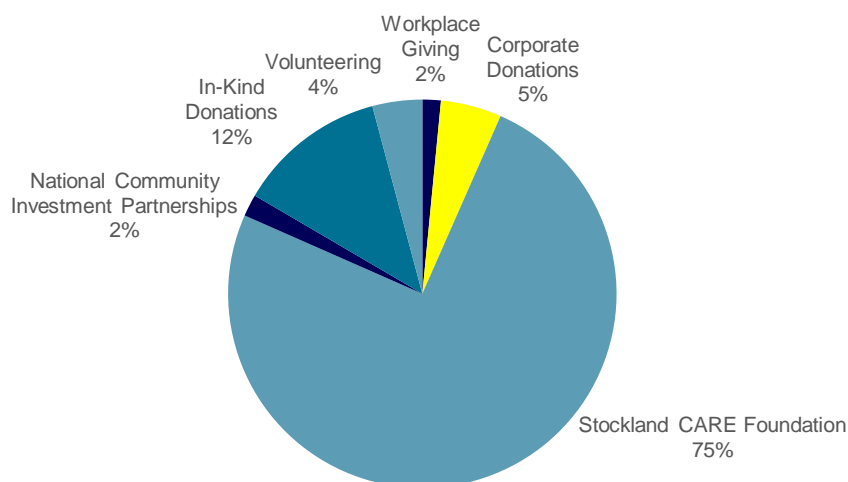


COMMUNITY CONTRIBUTION	DEFINITION	INVESTMENT		
		FY16	FY15	FY14
Stockland CARE Foundation	The transfer of \$4 million by Stockland to the Stockland CARE Foundation Trust made on July 01, 2016 and \$200,000 in grants distributed to Stockland CARE Foundation beneficiaries, Redkite and Touched by Olivia (TBO).	\$4,200,000	\$4,000,000	NA
	The total donations made to CARE Foundation partners Redkite and TBO as a result of sponsorships, fundraising and additional grants.	\$80,095	NA	NA
Total community investment		\$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 the Stockland sustainability report and training for community resources.	\$659,973	\$421,614	\$188,677
Total community contribution		\$10,420,828	\$8,009,494	\$2,185,706
Total value of community contribution as verified by LBG⁵		\$10,420,828	\$6,300,383	\$1,185,144

Community investment

In FY16, we invested over \$5.7 million in our local communities and selected charities through our community investment giving and volunteering programs. As can be seen in the chart below, this was largely made up of the \$4 million dollar investment in the Stockland CARE Foundation corpus and an increase in all community investment initiatives throughout the year.

COMMUNITY INVESTMENT SPEND - \$5,708,666



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 London Benchmarking Group



Giving

Workplace giving

In FY16, Stockland employees donated \$89,572 to a total of 102 individual charities via our workplace giving program. Stockland matched 98%⁶ of these donations, resulting in a total investment of \$177,156.

26% of employees participated in our workplace giving program. This was a 6.5% increase in participation from FY15 and exceeds our FY17 community investment target of 25%. This also compares favourably to the LBG average of 3.5% of employees participating in workplace giving.⁷

The increase is largely due to the number of employees who engaged with workplace giving prompted by our CARE Foundation strategy.

Corporate donations

In FY16, Stockland donated \$289,277 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 Stockland's Request for Charitable Support and Sponsorship Guideline.

In-kind support

In FY16, Stockland continued to provide real estate, land and other in kind donations to bespoke charitable initiatives.

In partnership with our builder partners, our Residential business in Western Australia donated the proceeds from the sale of a charity home in support of the HIA Charity Home project⁸. Stockland donated the land to the project in FY15 and in FY16 the home in Perth's northern suburbs was sold for just over \$490,000 at auction, with all proceeds going to Australian mental health charity Beyond Blue, to support mental health programs in the building industry. This contribution is of particular strategic importance given Stockland's focus on the health and wellbeing of its employees, including mental health within the construction industry.

All Stockland retail assets with a dedicated community leasing space offered the space free of charge or at a discounted lease rate to local not-for-profit community organisations. In FY16, our community spaces in our retail centres gifted over \$1,000,000 in foregone revenue to local community organisations.

Volunteering

In FY16, 48% of employees participated in our volunteering programs (either as part of a team volunteering day, by becoming a student mentor or by utilising their personal volunteering leave). This significant increase is largely due to a review conducted in FY16 of our volunteering strategy. As a result of the review, we introduced two new volunteering organisations to our suite of volunteering options, developed a toolkit for employees looking to volunteer, ran our first skilled volunteering activities with our CARE Foundation partner, TBO, and aligned our state team building initiatives with our CARE Foundation partners in Queensland. Going forward, we will look to align our national volunteering efforts with our CARE Foundation partners where possible.

Overall, 749 employees contributed 5,018 hours in FY16 to support the communities in which we operate.

⁶ Stockland matches 100% of employee donations up to a maximum of \$5,000 per employee per financial year. In FY16, the total matched donations was slightly less than 100% as a Stockland employee reached their donation cap for the year.

⁷ London Benchmarking Group 2014 Benchmark Report, p21.

⁸ The Housing Industry Association (HIA) is the official body of Australia's home building industry.



Stockland's Group Marketing team skilled volunteering day

CASE STUDY

Using our skills to shape thriving communities

Stockland's Group Marketing team took part in Stockland's first skilled volunteering program in August 2015, with our CARE Foundation partner, TBO. The team used its core skills and conducted a full brand and marketing strategy review. As a result of TBO's rapid growth and the ongoing need to deliver and expand its inclusive playspace portfolio, key brand and communications projects had to be sidelined. TBO needed help with its marketing strategy, systems and tools to better communicate TBO's mission to build inclusion through play.

As part of a one day skilled volunteering pilot, the Marketing team separated into five functional groups across brand and communications, website and digital, content and social, CRM and events and activation. The team presented a fresh brand strategy, cleansed and rebuilt TBO's core databases, compiled a full social content calendar, set up TBO's social pages and cleaned up the TBO website. The team also provided a number of future recommendations for TBO to consider, including a logo review and refresh which was taken on board and launched in April 2016.

Justine Perkins, founder of TBO said: "As we enter our tenth year, we are definitely ready for a refresh. The actions and recommendations provided by Stockland will go a long way in helping us to streamline and update our systems so TBO can build in profile and impact."

The estimated financial impact in terms of costs saved for TBO was over \$20,000.

Student mentoring

In FY16, 130 Stockland employees participated in a student mentoring program via our partnership with the Australian Business and Community Network (ABCN). This considerable increase from the FY15 participation rate of 69 employees was predominantly due to the fact that our Victorian business recommenced their involvement in the program after a three year break.

As a part of this program, we hosted one of the ABCN's 2016 scholarship winners for one week as part of their Year 10 work experience program. We also ran our first ABCN program with Stockland's graduate intake that will now form part of Stockland's graduate intake development program.

Stockland CARE Foundation

In FY15, Redkite and TBO were chosen as the first charity partners to receive financial and in kind support from the Stockland CARE Foundation for a minimum three year period. 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, Stockland employees ran numerous events, fundraisers and volunteering activities throughout the year, almost doubling the amount of funds initially granted to our CARE Foundation partners from the Stockland CARE Foundation Trust in FY16.

Our assets engaged the broader community through a variety of activities, including kite and butterfly making in our shopping centres, movie nights at our residential communities and grandparents' day fundraisers at our retirement living villages.

Highlights from FY16 include:

- The implementation of Foundation Fortnight to promote the CARE Foundation and our partners. Throughout Foundation Fortnight in October 2015, Stockland state offices and selected Stockland assets promoted the CARE Foundation, its purpose, partners and initiatives to our employees and the broader community.



- In addition to the \$200,000 donated from the Stockland CARE Foundation Trust each year, Stockland and its employees, customers and residents donated over \$100,000 to our CARE Foundation partners Redkite and TBO through CARE Foundation grants, employee and community fundraising in our offices and assets, workplace giving and Christmas grants.
- We launched Stockland national CARE Foundation employee committees in NSW, Western Australia, Victoria and Queensland to support the planning, implementation and communication of CARE Foundation programs and initiatives in each state. We also held our first national CARE Foundation employee workshop where all our state committee members came together in Sydney for a one day workshop to review, reflect and plan for the CARE Foundation's success in the year ahead.

Our FY16 fundraising and volunteering efforts resulted in support for 72 families who will have access to Redkite's full suite of programs and services and a cost saving of over \$30,000⁹ in marketing and maintenance costs for TBO. Working with TBO, our retail and residential communities delivered four inclusive playspaces and four social enterprise cafes.



Livvi's Place at Whiteman Edge

CASE STUDY

Livvi's Place at Whiteman Edge

Whiteman Edge became our first residential community in Western Australia (WA) to include a TBO playspace, Livvi's Place. The playspace opened in November 2015 and is a shining example of collaboration and community consultation.

The playground, designed in partnership with TBO, welcomes people of all ages and abilities. Livvi's Place is the first of its kind in WA, with accessible structures and sensory and inclusive equipment. The playground aims to include in play time children with physical disabilities, vision, hearing and mobility impairments and autism spectrum disorders.

The park includes a treetop climbing structure, a 3m high slide, a double flying fox with a seat and harness to cater for people with a physical disability, a wheel spin and a bespoke cubby house with wheelchair access and musical chimes. There are also tactile stimulants, water play and facilities such as a public restroom, a BBQ and picnic seating.

"A TBO inclusive playspace is a natural fit for Whiteman Edge," said Matthew Napper, Stockland Sustainability Manager. "We worked together with the City of Swan to conduct face to face and online community consultation to create the perfect playspace. As we continue to develop the community, the City of Swan is growing at an incredible rate. Of its 124,782 residents, approximately 3,772 are children and adults requiring daily assistance as a result of disability.

"Last year our project team, TBO, and EPCAD Landscape Architects visited local primary schools to explore what the 'ultimate playground' looks like to our most important stakeholders – the kids, parents and carers."

Rachel Ezzard, Development Professional Residential, said:

"Livvi's Place is a fantastic addition to Whiteman Edge, bringing some greatly anticipated amenity. The project team and residents are extremely happy with the outcome of the park."

Community development

In FY16, overall investment in our community development initiatives increased considerably, largely due to the introduction of several new inclusive playspace projects in our residential and retail communities in partnership with TBO, and the introduction of new active living programs with our partners, Live Life Get Active.

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.

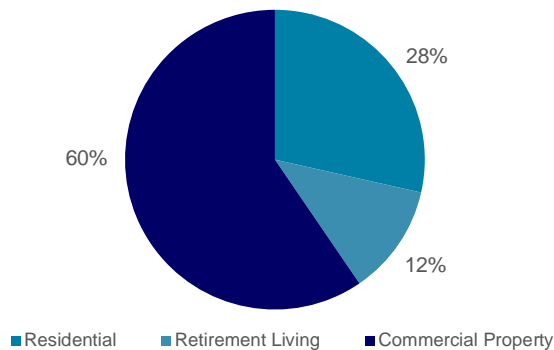
⁹ This includes \$20,000 of marketing costs (as outlined in the case study on page 8) and maintenance costs associated with the Queensland volunteering day.



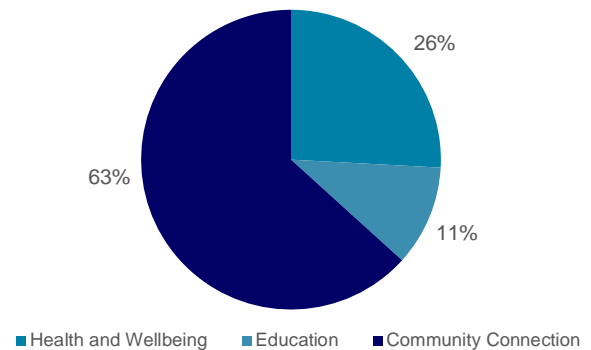
Asset and project based initiatives

Stockland implemented a total of 561 community development initiatives in FY16. 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.¹⁰

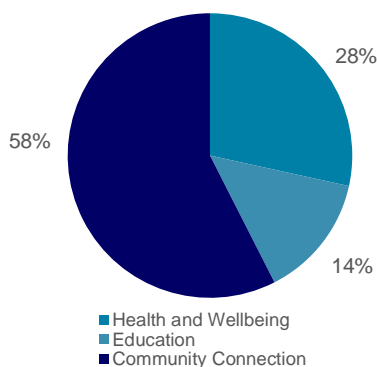
TOTAL INITIATIVES BY BUSINESS UNIT
(561 INITIATIVES IN TOTAL)



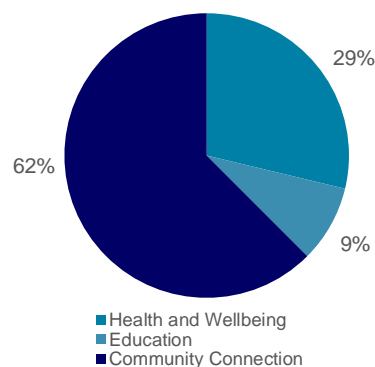
TOTAL INITIATIVES BY FOCUS AREA



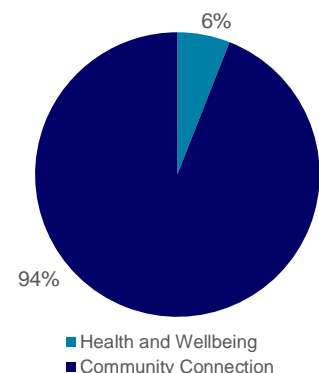
COMMERCIAL PROPERTY INITIATIVES BY FOCUS AREA
(334 INITIATIVES IN TOTAL)



RESIDENTIAL INITIATIVES BY FOCUS AREA
(160 INITIATIVES IN TOTAL)



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



The number of community development activities run at our commercial property assets in FY16 increased to 334 activities, from 294 activities in FY15. The balance of activities across each focus area remained similar to FY15, with most focused on community connection, followed by health and wellbeing, and then education.

A sustainability survey was undertaken in June 2016 to confirm those retirement villages with completed community development initiatives. The datasets reported are based on the results of this sustainability survey. The community development initiatives reported in FY16 for Retirement Living encompass community grants and CARE Foundation activities.

The number of community development initiatives across our residential communities increased overall from the previous year. In 2016, a significant focus was placed on consistency of delivery across our projects, with new strategic partnerships including Live Life Get Active helping us achieve this.

¹⁰ Stockland has amended its data collection process during FY16, and going forward we will use the FY16 figures as a baseline.



CASE STUDY

Healthy eating with Jamie's Ministry of Food

In March 2016, Stockland expanded its partnership with Jamie's Ministry of Food (JMOF) and The Good Foundation to create healthier Queensland communities, entering into a three year local partnership with the JMOF Mobile Kitchen.

Stockland is committed to supporting programs that build resilience within its communities, fostering good health and wellbeing, active living and a sense of community and belonging. The program includes Jamie's tips for preparing food from scratch using fresh ingredients, and serving nutritious, fresh food on a budget.

The JMOF Mobile Kitchen will travel throughout Queensland, visiting various communities, including a select number of Stockland shopping centres and residential communities. In FY16, the JMOF Mobile Kitchen delivered cooking courses for local residents at Stockland Townsville, as well as for communities in Logan (Brisbane) and Mossman Gorge (Far North QLD).

According to Davina Rooney, National Sustainability Manager, Stockland: "Our partnership is intended to give Queensland participants greater insights into healthier eating habits, with a particular focus on growing healthy, happy communities. We expect over 2000 people to directly benefit each year from attending the cooking classes, with the ripple effect of better food choices and good nutrition felt by families and friends."



Jamie's Ministry of Food Mobile Kitchen

Elise Bennetts, Acting CEO, Jamie's Ministry of Food Australia and The Good Foundation said: "Our partnership with Stockland continues to instil a sense of community connectedness as we deliver the community focused program which inspires participants to get back to basics in the kitchen."

Extensive research by Deakin and Melbourne University in both 2014 and 2015 concluded that the JMOF program not only increased participants' cooking confidence, knowledge, attitudes and beliefs towards

cooking and healthy eating, but also shifted behaviour change towards healthier cooking and eating in the home.

Looking forward, the JMOF partnership will expand into our Retirement Living business, with programs being developed to provide our residents, their families and friends with the skills and knowledge to make smarter and healthier food choices, while providing them with a fun and engaging environment that promotes a sense of community connection.

National community development partnerships

Our partners help us to deliver programs and infrastructure at our Stockland communities in the areas of health, wellbeing and education, as well as providing meaningful employee engagement opportunities. In FY16, we expanded our suite of community partners, including Bowls Australia, the National Theatre for Children, Live Life Get Active, The Song Room and The Australian Retailers Association.

Refer to our Community partnership table in the [Community Data Pack](#) for an overview of our community partners and achievements in FY16.



Launching our national partnership with Bowls Australia at Mernda Retirement Village, Victoria.

CASE STUDY

Bowls Australia

In March 2016, we announced a new partnership with Bowls Australia to help boost the health and wellbeing of more than 11,000 residents living in our retirement villages across the country.

Under the new three year partnership, Stockland will work with Bowls Australia to encourage residents to participate in social and competitive lawn bowls, coaching clinics, and free health and wellbeing seminars.

Anna Learmonth, General Manager Retirement Living at Stockland, said: "This is all about encouraging happier, healthier, more active residents at all of our villages.

Research shows that regular physical activity for retirees is the key to maintaining good health and vitality, and one of the most effective ways to improve emotional wellbeing. We want to encourage our residents to get involved, keep fit, stay connected and be a part of something they can enjoy in a group. Bowls offers all of that."

Recent research from the Australian Bureau of Statistics shows people aged 65 and over have the lowest participation rate in physical activity nationally, at 47%, as well as the lowest rate of involvement in organised sport, at 17%.

Bowls Australia CEO, Neil Dalrymple, said: "Bowls is a fantastic form of physical activity for older Australians. It encourages the full breadth of muscle movement, the enjoyment of being in the outdoors as well as socialisation in a group environment. Playing social or competitive bowls has been found to have a number of physical and mental health benefits that increases the happiness of senior Australians. The sport also facilitates long lasting friendships that are often a central feature of the social support network for older people who may have lost their partner.

Community grants program

In FY16, we launched a national community grants program across our shopping centres, residential communities and retirement living villages. Our community grants program is designed to streamline the financial contribution we make to local communities, based on merit and need, in accordance with Stockland's community focus areas.

The community grants program encourages local community organisations to apply for funding of one off cash payments of up to \$1,000, provided on a discretionary basis from participating Stockland assets. A maximum of five winners were awarded a grant at each participating project.

We awarded over \$325,000 of community grants to over 300 local community organisations in FY16. 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. For this reporting period, the community grants program generated over 2000 interactions and reactions on social media, media coverage valued at over \$16,000 and approximately \$50,000 worth of public relations value¹¹.

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

¹¹ Estimate based on average advertising value equivalent.



TABLE 1: COMMUNITY GRANTS

COMMERCIAL PROPERTY	RESIDENTIAL	RETIREMENT LIVING
<ul style="list-style-type: none"> • 544 applications received across 30 centres • 106 grants awarded to local community organisations • \$96,000 invested back into the local community 	<ul style="list-style-type: none"> • 192 applications received across 33 communities • 121 grants awarded to local community organisations • \$142,750 invested back into the local community 	<ul style="list-style-type: none"> • 109 applications received across 58 villages • 87 grants awarded to local community organisations • \$87,000 invested back into the local community

Other national community development programs and initiatives

Customer engagement

Engagement is generally driven through satisfaction surveys, seeking customer feedback and maintaining high levels of communication with our local community to ensure we are responsive to their needs and interests.

For our Retirement Living business, we use the 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 FY16 survey was completed by over 6,600 residents: 90% of residents rated their overall happiness between 7 and 10 on a scale of 1 to 10, where 1 is very unhappy and 10 is very happy. 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, asked 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 82.3% while the national average sits at 75%. Further details on the Residents' Voice survey results can be found in the [Customer Engagement DMA](#).

For our Residential business, we included additional questions in our FY16 Liveability Index survey which provide important insights as to how our residents use the local amenity and how connected they feel with their community. Some key insights at a national level which will help inform our community strategy include:

- 83% of residents agree since moving in they have seen a net positive impact;
- 74% of residents agree their standard of living has improved since moving into a Stockland community;
- 66% agree that they have made new friends since moving in;
- 63% claim they do more physical exercise since moving in; and
- 61% feel more part of a community since moving in.

For our Commercial Property business, we completed a Shopper View survey to ask shoppers some simple questions regarding sustainability in our shopping centres. Responses were collected over two rounds of our shopper experience research in FY16 and we received 840 responses. The survey found that we have a role to play in creating communities in our retail centres by providing activities and services beyond shopping (88% agree). Further details on the survey findings can be found in the [Customer Engagement DMA](#). Anecdotal feedback from retailers also indicates that community connection at a centre level is one of Stockland's strengths.

In addition, we periodically survey customers involved in specific programs, such as parkrun, to understand their experiences and the value of their involvement in the programs.



Total value framework

One of our key challenges is effectively measuring and valuing the impact of our investments in helping to improve the health and wellbeing, sense of belonging and education in local communities. Understanding the size and extent of the impact helps ensure we invest in programs that address issues of importance to our communities and lead to positive outcomes.

While we currently measure our community impact, our approach is not consistent across all programs and tends to focus on measuring activities undertaken and shorter term impacts, which are more tangible and easier to measure.

We undertook a pilot study in FY16 with EY to determine the economic, social and environmental impact and value created by our community development programs. The pilot study focused on programs run at two of our regional shopping centres at Traralgon in Victoria and Burleigh Heads in Queensland.

Moving forward, we will take on board the lessons learnt from this pilot and implement the new process across all community development programs.

Residential education strategy

Our education strategy aims to provide access to educational resources of excellence within our residential communities. Launched in Stockland's Residential business, the strategy is structured to allow for future application across our commercial property and retirement living assets.

In FY16, we continued to deliver against the four key actions identified in our strategy including:

- Achieve Stockland's first Green Star rated learning environment;
- Provide a diversity of education infrastructure to support all life stages;
- Support all projects in the Residential portfolio by expanding the Stockland Link and Learn Program; and
- Support all schools within Stockland communities by offering a partnership program.

Results from our Liveability Index in FY16 indicate a substantial positive change in residents' satisfaction with education – with satisfaction increasing from 65% to 75% over 12 months. During FY17, we will continue to develop strategic government and private sector partnership opportunities to drive return on investment for education infrastructure.

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 – a 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 Stockland's 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 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 	<p>Our focus and commitment to the health and wellbeing of our communities 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 ensure our communities can access fresh, healthy food and participate in active and healthy living practices.</p> <p>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.</p> <p>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.</p>
Community connection 	<p>Our focus and commitment to community connection reflects our research that indicates residents in our communities desire greater community connections. Stockland's community development and investment programs seek to support this by fostering self-sustaining social cohesion.</p> <p>Infrastructure that supports community connection includes community centres, hubs, public art, place making initiatives and multi-use formal and informal spaces. For greatest impact, we seek to engage with community groups on all projects and encourage participation in the vision, design and development process.</p>
Education 	<p>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.</p> <p>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.</p> <p>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.</p>

Community partnerships and programs

Stockland has close working relationships with a variety of community organisations to help deliver social infrastructure and programs in and around its assets. Our project and asset teams and state office employees are supported by a suite of partnerships that they can draw upon for advice, resourcing and implementation support. These partners align with Stockland 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 which positively impact the health and wellbeing and education of communities in and around Stockland assets.
- National community development programs and partners aim to work with our asset teams to deliver targeted infrastructure and programs that align to our three focus areas. Organisations must have national reach across all Stockland assets and projects. National partnerships are managed by Stockland's national sustainability team and are selected based on an assessment of essential criteria as outlined in Stockland's Request for Charitable Support and Sponsorship Guideline.
- Local community partners and programs work with Stockland asset teams at the local, regional or state level to deliver ad hoc events or programs in and around Stockland assets, servicing a particular societal need 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 Stockland.

Stockland's community partnerships, programs and resources are summarised in the FY16 [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 Stockland for a charitable purpose or sponsorship.

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



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

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. Stockland matches 100% of these employee contributions and absorbs the associated administrative costs, maximising the financial donation to the charity.

We partner with Good2Give (formerly Charities Aid Foundation) to administer our workplace giving program. By partnering with Good2Give to administer all workplace giving donations in one transaction per month, we have removed the administrative burden of managing multiple, individual donations made directly to the charity.

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 Stockland's 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 giving 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 Stockland's assets.

Our standards for delivery of community development initiatives are informed by industry best practice. We believe that going beyond the regulatory requirements and good practice is critical if we are to achieve our purpose of creating a better way to live by shaping thriving communities that are desirable for our customers and residents.

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 retirement living villages (development and operations) completed a sustainability survey in FY16 to assist with profiling the community and environment focused initiatives that were undertaken across the portfolio in FY16. We will develop sustainability plans for all Stockland managed villages in FY17.

Stockland CARE Foundation

Stockland was 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 TBO were chosen as the first charity partners to receive financial and in-kind support from the Stockland CARE Foundation for a minimum three year period.



The Stockland CARE Foundation Board oversees the Stockland CARE Foundation strategy and programs and the CARE Foundation employee network supports the CARE 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 DMA](#).

Roles and responsibilities

Stockland's 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.

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

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 the London Benchmarking Group (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 LBG 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 community development or sustainability plan are required to submit their plans to the national sustainability team on a six monthly basis and report on the delivery of initiatives over the previous financial year. This includes initiatives implemented, total spend and the commercial and social outcomes achieved.

The national sustainability team collates data from each community development, village or sustainability plan and tracks progress of community development against Stockland's sustainability strategy and targets.

Community partnerships

When requested by Stockland, all new or potential community partners must submit a proposal to Stockland's sustainability team, in accordance with our Request for Charitable Support & Sponsorship Guideline.

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

Community engagement

Stockland uses business specific tools and resources such as online research platforms and face to face customer consultation sessions to directly engage with community members throughout the year. This provides us with confirmation on where we are successfully delivering community development initiatives in accordance with our sustainability strategy and allows us to refine our processes if required. Refer to the [Customer Engagement DMA](#) for further information on the mechanisms we use to seek feedback from customers.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Customer engagement

FY16

Why this is important to Stockland

Understanding and responding to our customers' changing needs and maximising customer satisfaction 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;
- 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 5.

Our key achievements

- Maintained or exceeded a range of customer satisfaction targets including the National Liveability Index score for our residential communities, resident satisfaction for our retirement living communities, tenant satisfaction for Logistics and Business Parks.
- We have seen an increase in the percentage of survey respondents (the general public and people living in our catchments) who believe Stockland is having a positive influence on society from 46% in FY15 to 59% in FY16.
- We conducted over 40,000 customer surveys in FY16 across our commercial property, residential and retirement living assets and communities.
- We received over 10,000 survey responses in FY16 from our Stockland Exchange research community, helping us better understand customers' expectations and opportunities for product and service innovation. Stockland Exchange is a research community of over 5,000 members who are customers of our shopping centres, residential and retirement villages.
- Stockland remained a leader in Monash University's TenSAT retailer satisfaction survey for the fourth consecutive year. This independent research is conducted by Monash University on behalf of the Australian property industry to measure retailer satisfaction with each of the major landlords.

In this document you will find:

FY16 priorities and performance overview	2	FY16 performance and case studies	3
Future priorities	2	Management approach	5



FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Maintain retailer satisfaction target at 77% and retain leadership on satisfaction in FY16.	Not Achieved	Retailer satisfaction was 76%. Stockland maintained leadership amongst head office based retailers, as measured by Monash University's TenSAT survey; however, we ranked second amongst all retailers.
Shopper experience benchmarks will be set in FY16 once our research with shoppers has been consolidated and has broader reach.	In Progress	We continue to collect shopper experience metrics and investigate how we can best ensure our sample is comparable across centres and different timeframes. Once this is finalised, we intend to set shopper experience benchmarks to monitor and improve the shopper experience.
Set KPIs for tenant satisfaction amongst Logistics and Business Parks tenants.	Achieved	We set a KPI for tenant satisfaction of 80% for FY16 and achieved 87%.
Prospective resident satisfaction target of 77% for our Residential business.	Not Achieved	Prospective resident satisfaction nationally was 70%. This was due in part to the high volume of leads generated in the NSW market where demand sometimes outstripped supply, leading to customer frustration and a lower than anticipated customer satisfaction score. We have a number of initiatives underway to improve the customer experience including more personalised communications to our lead customers and a greater investment in sales training.
Achieve National Liveability Index target score of 80% across our residential communities by FY17. ¹	In Progress	The National Liveability Index score for FY16 was 84% and we remain focused on maintaining this performance at or above 80% by the end of FY17.
Maintain a national mean score of 8.25/10 for average resident satisfaction for our retirement living residents.	Achieved	8.5/10 average resident satisfaction achieved for our retirement living communities. Resident satisfaction is measured as 'overall happiness with the village'.
Set KPIs for the sales experience amongst our retirement living prospective customers.	Not Achieved	We continued to monitor prospective resident satisfaction in FY16 and intend to set KPIs in FY18 when we will have two years' worth of data from which to reliably set meaningful targets.

Future priorities

- Retailer satisfaction target of 77% in FY17.
- Tenant satisfaction amongst Logistics and Business Parks tenants of 77% in FY17.²
- Prospective resident satisfaction of 75% for our Residential business.
- For our retirement living residents, maintain a national mean score of 8.25/10 for average resident happiness in FY17.
- Maintain National Liveability Index resident satisfaction of 80% across our residential communities in FY17.
- Set shopper experience benchmarks in FY17 to drive our focus on meeting the needs of our shoppers and identifying ways to improve the shopper experience.
- In FY17, set KPIs for FY18 for the sales experience amongst our retirement living prospective customers to sharpen our focus on meeting the needs of this customer group.

¹ Note that the target was misquoted in last year's Customer Engagement DMA as 85% and should be 80%.

² Although we have achieved an 87% satisfaction rating in FY16, our target for FY17 remains as 77% as Stockland believes this is a more sustainable target over the long term.



FY16 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. The table below outlines key brand reputation metrics.

	FY16 ³	FY15
Brand reputation score (out of 100)	69.5	69.2
Proportion agreeing that Stockland 'has a positive influence on society' ⁴	59%	46%

Commercial Property

Our FY16 retail tenant satisfaction score was 76%, only one percentage point below our 77% target (as per the weighted customer satisfaction score in the table below). The weighted customer satisfaction score, developed by Stockland with data sourced from two different surveys conducted by Monash University, measures performance against four key metrics:

- Proportion of highly satisfied customers;
- Proportion of dissatisfied customers;
- Satisfaction ranking relative to competitors; and
- Proportion of retailers likely to renew with us (included for the first time).

As outlined above, a key metric in the Monash University surveys is 'satisfaction ranking relative to competitors'. This is asked only of retailers that are responsible for leasing and work with more than one landlord. It includes ten key landlords across Australia.

RETAIL TENANT CUSTOMER SATISFACTION

	FY16	FY15	FY14	FY13	FY12
Weighted customer satisfaction score ⁵	76%	79%	80%	71%	69%
Relative customer position amongst Head Office based retailers (Monash University's TenSAT survey)	1st	1st	1st	1st	NA
Relative customer position amongst all retailers responsible for leasing	Joint 2nd	Joint 1st	Joint 1st	2nd	3rd

We continued Mystery Shopping research across 33 of our retail centres in FY16. The program rates the customer experience including customer service and satisfaction with amenities compared to other shopping centres. Stockland scored 90% this year compared to our target of 80%.

RETAIL CENTRE MYSTERY SHOPPING

	FY16	FY15
Mystery Shopping score	90%	88%

³ 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.

⁴ Proportion scoring Stockland 5-7 on a 7 point score. Note a further 9-16% responded 'not sure' on this metric.

⁵ Weighted based on performance against four key metrics: the proportion of highly satisfied customers, the proportion of dissatisfied customers, satisfaction ranking relative to competitors, and incidence of intending to renew. Sample is all those retailers responsible for leasing.



In FY16, we also undertook customer satisfaction research with our Logistics and Business Parks tenants. Some 87% of our tenants rated their satisfaction with Stockland as high. The research also showed that satisfaction is higher amongst tenants that are located in assets that Stockland manages directly (as opposed to those assets where property management is outsourced), providing further support for Stockland's decision to continue in-sourcing across the portfolio.

Residential

We continue to conduct our proprietary Liveability Index survey with residents and in FY16 we received over 1500 survey responses from residents across 29 communities⁶. 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.

We have set targets for the key drivers of resident satisfaction and we are on track to meet these in FY17, as outlined in the table below.

FY16 LIVEABILITY INDEX PERFORMANCE

	FY17 TARGET	FY16	FY15	FY12/13
Average Liveability Index ⁷ score across our communities	80%	84%	84%	75%
Average resident Personal Wellbeing score as measured using Deakin University's methodology	Above national range of 72-76%	80%	80%	79%
Resident satisfaction with Community Design elements that influence health and wellbeing	80%	82%	88%	81%
Resident satisfaction with Community Perceptions	80%	79%	78%	71%

We included additional questions in our FY16 Liveability survey which provide important insights as to how our residents are using the local amenity and how connected they feel with their community, which we use to inform our community strategy. Some key insights at a national level include:

- 83% of residents agree that since moving in they have seen a net positive impact;
- 74% of residents agree that their standard of living has improved since moving into a Stockland community;
- 66% agree that they have made new friends since moving in;
- 63% claim they do more physical exercise since moving in; and
- 61% feel part of a community more since moving in.

Retirement Living

Our retirement living satisfaction target of 8.25/10, as measured by asking how happy our residents are with the village where they live, was met in FY16.

RETIREMENT LIVING RESIDENTS VOICE SATISFACTION

	FY16	FY15	FY14	FY13
Average overall happiness with their village (out of 10)	8.5	8.5	8.5	8.5
Proportion of residents rating satisfaction as seven or more	90%	90%	90%	90%
Number of residents completing the survey	6,614	5,897	6,668	6,143
Response rate (% of residents responding)	57%	59%	68%	66%

⁶ We received sufficient responses from 24 communities to look at these results in depth.

⁷ Liveability score is a single number that measures resident satisfaction on a range of attributes calculated using regression analysis.



Additional metrics that provide insights about the experiences of our Retirement Living residents include:

- 93% of residents are satisfied with their homes;
- 89% of residents are extremely happy with their social life at the village;
- Home and social life in the village remain the biggest drivers of overall satisfaction amongst residents; and
- 81% of residents would recommend their village to friends and family and 41% have done so in the last year.

CASE STUDY

Introducing Benefits Plus to our retirement living residents

Living in a retirement village is not just about choosing a home, it is about choosing a lifestyle with safety, security and companionship, as well as easy access to a range of services and recreational facilities.

Customer insights research was undertaken with a sample of 1400 residents to better understand their current and future service needs, from health to companionship.

These insights helped shape our Benefits Plus program, which was launched in October 2015.

Benefits Plus offers over 20,000 exclusive benefits to our retirement living residents, helping them save money and making life a little easier and more enjoyable. Benefits Plus gives our residents access to discounts on a range of products and services including travel, leisure, entertainment, shopping and everyday necessities.

Stockland is the first retirement living operator to offer a free benefits program on this scale, and doing so will help residents manage their budgets and provide them with further opportunities to connect with like-minded peers via events and activities they might not have considered before.

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:

- 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 – tracking 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 of the key ways we collect customer insights for our residential communities is through Stockland's Liveability research. This proprietary research provides us with deep insight into what drives resident satisfaction or liveability and helps identify how we can improve liveability in our future developments. For example, our liveability research tells us that the more friends someone has in the community and the more they interact with and use the community amenities, the more satisfied they are with life and the more likely they are to recommend Stockland to others. Similarly, we conduct an annual satisfaction survey with residents of our retirement villages called Residents Voice. This research provides us with an understanding of how our customers feel about life in their Stockland retirement village and helps us identify how we can improve resident satisfaction.

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, Stockland's Complaints Management Policy encourages customer feedback as a valuable way to identify opportunities to improve the quality of our products and services.

Stockland's 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 5,000 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	<p>We conduct annual satisfaction tracking research among our retail tenants via two research studies:</p> <ul style="list-style-type: none"> • Stockland proprietary approach, a research study of centre tenants conducted on Stockland's behalf; and • Monash University 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 which impact most heavily on retailer retention.
Shoppers	We conduct shopper satisfaction audits nationally with our Stockland Exchange community.	To enable us to monitor satisfaction with, and perceptions of, our shopping centres and identify opportunities to better meet customers' needs through offering the right 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 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 office, logistics and business parks assets.	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 and when they place a deposit with us through our Customer Pulse program.	To better understand the sales experience and prospective customers' needs to ultimately increase conversion.
	We conduct surveys with customers at the point when they settle their contracts with us.	To continually monitor the customer experience, identify areas for improvement and minimise cancellations.
	Mystery Shopping research whereby audits are undertaken of the sales experience.	To ensure a consistent delivery of our customer service standards and help identify training and development opportunities for our sales teams.
Community Residents	A key element of our residential customer engagement is our proprietary Liveability research, 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 development and community creation activities on these elements, 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 recently placed a deposit with us.	To better understand the sales experience and prospective customers' needs to ultimately increase sales conversion.
Village Residents	We conduct an annual satisfaction survey with residents called Residents Voice.	To monitor how our customers feel about life in their Stockland retirement village.
	We conduct a Welcome Home survey with residents when they move in, to better understand the overall move-in experience and hence identify improvement opportunities.	Residents who have high satisfaction levels will be inspired to share their experiences and this has a positive influence on prospective residents.
	Resident Feedback Program – each Welcome Pack 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.

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) to review and respond to customer experience findings.

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 DMA Series, [click here](#).

Asset rating and certification

FY16

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 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 a higher level of 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 time¹.

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

Our key achievements

- Continued to expand our Green Star commitment and standing – we now have the largest number of Green Star rated retail properties in Australia, as verified by the Green Building Council of Australia (GBCA), with 23 assets awarded one or more rating. We have also received the first retirement living Green Star rating.
- Registered seven new projects under the Green Star – Communities tool in FY16 at our residential communities in Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We subsequently received a combination of 5 and 6 Star Green Star – Communities ratings for these communities in August 2016, with the exception of Stamford Park, for which we expect to receive a rating later in FY17.
- Completed the assessment of 22 of 23 eligible retail assets under the Green Star – Performance rating tool and in June 2016 achieved a portfolio average rating of 3 Stars, which is considered 'Good Practice' in the Australian marketplace. This is the first time a Green Star – Performance portfolio rating has been received by an Australian retail portfolio.
- Achieved 4 Star Green Star – Design rating for our Stockland Harrisdale retail development in Perth in June 2016.
- Achieved 4 Star Green Star – Custom Design certification for our Mernda Retirement Village in Victoria in August 2015.
- All independent living unit designs at our Willowdale retirement living village in Sydney are certified to Liveable Housing Australia (LHA) Gold standard.
- In November 2014, we successfully issued Australia's first Corporate Green Bond, raising €300 million (A\$433 million), enabling us to further invest in leading edge sustainable projects with competitive long-term funding. In FY16, we allocated these funds across new and recently developed assets that meet the sustainability criteria of our Green Bond.

¹ Green Building Council of Australia, Value of Green Star – A decade of environmental benefits, May 2013

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FY16 priorities and performance overview

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Achieve a Green Star – Performance rating on a portfolio of 22 retail assets.	Achieved	Achieved a portfolio average rating of 3 Stars, which is considered 'Good Practice' in the context of sustainable building performance in the Australian marketplace.
Develop approach and test application of new Green Star – Design & As Built rating tool.	In Progress	All current commercial property projects are registered under the Green Star – Design & As Built v1.0 rating tool. No new developments are registered as yet, however, all new projects will use the new Design & As Built rating tool in the future. Our development and project management teams have completed training to familiarise themselves with the new rating tool in FY16.
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	In Progress	All utility billing and metering issues that are preventing National Australian Built Environment Rating System (NABERS) ratings are being worked through progressively. Some issues remain which have prevented ratings at three locations again in FY16; however, we expect these will be resolved to enable ratings to be undertaken in FY17.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Continue to pilot Green Star – Communities rating tool in 4 nominated new residential projects.	Achieved	Registered seven new projects under the Green Star – Communities tool in FY16 including our residential communities at Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We subsequently received a combination of 5 and 6 Star Green Star – Communities ratings for six of these communities in August 2016, with the rating for Stamford Park expected to be received later in FY17.
Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including: <ul style="list-style-type: none"> All sustainability hubs rated to meet LHA Silver standard minimum Design and As Built certified and registered by FY19. Two new display homes in all new communities to display LHA Silver standard by FY17. All new communities to have LHA design options offered by at least two builders by FY17. 20% of medium density and completed homes to meet LHA Silver standard minimum Design and As Built certified and registered by FY19. 	In Progress	<ul style="list-style-type: none"> LHA Silver level design review complete at the Willowdale Sustainability Hub. As Built certification is a contractual requirement at completion. We currently have two homes certified Design and As Built in our display village at Willowdale and a further two homes Design certified and yet to be constructed in our display village at The Grove. We currently have one new project with builders offering LHA options for their homes (Willowdale) and a further ten projects across the country with builders either currently offering or committed to offering Silver level LHA design options. Delivery against this target is underway with 20% of Ivanhoe, Willowdale and Elara designed to LHA Silver standard. We will continue to aim for 20% delivery through to FY19.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including: <ul style="list-style-type: none"> Achieving Gold standard LHA design, registration and certification on all new developments. 	In Progress	All independent living unit type designs at Willowdale Retirement Village certified to LHA Gold standard.



Future priorities

Commercial Property

- Rectify utility billing and metering issues that are preventing NABERS ratings being completed at three remaining retail centres.
- Implement efficiency measures that will reduce water consumption to achieve our target NABERS portfolio average rating for our Retail portfolio.

Residential

- Pilot Green Star – Design & As Built certification on one new apartment project in FY17.
- 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.
- Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including:
 - All sustainability hubs rated to meet LHA Silver standard minimum Design and As Built certified and registered by FY19;
 - Two new display homes in all new communities to display LHA silver standard by FY17;
 - All new communities to have LHA design options offered by at least two builders by FY17; and
 - 20% of medium density and completed homes to meet LHA Silver standard minimum Design and As Built certified and registered by FY19.

Retirement Living

- Achieve 4 Star minimum Green Star – Design & As Built rating for all new retirement living developments in FY17.
- Conduct a minimum of one Life Cycle Assessment (LCA) on a retirement living development project in FY17.
- Achieve incremental progress toward Accessibility Strategy targets (FY16-19), including:
 - Achieving Gold standard LHA design, registration and certification on all new developments.

FY16 performance and case studies

Green Star

Green Star – Performance Retail portfolio rating

In FY16, Stockland achieved a Green Star Performance portfolio rating for 22 of its retail centres, receiving an average 3 Star rating, which represents 'Good Practice' in the Australian marketplace. This is the first time a Green Star – Performance portfolio rating has been achieved by an Australian retail portfolio.

The rating provides a benchmark for our retail 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 rating was received for 22 of Stockland's 23 retail centres eligible for NABERS ratings (energy is an eligibility criterion for Green Star – Performance and we complete this through NABERS)².

We were rated particularly well for innovation, which included initiatives such as climate adaptation and resilience, inclusive play spaces, provision of electric vehicle charging stations, use of cool roof materials and our Green Bond accreditation (see page 9 for further information). The following table outlines the individual performances of the 22 retail centres included in the rating, representing the portfolio of assets that already have a NABERS rating. Each asset receives an individual Green Star Performance point score and star rating as seen in the table below. The portfolio average of 3 stars is calculated based on the average of the point scores for each individual asset, weighted to account for building area.

² NABERS has tight eligibility rules around asset class and area allowance, notably that assets under 15,000m² cannot be rated, which rules out 19 of Stockland's smaller shopping centres, representing 42% of the Retail portfolio (by number of centres).



GREEN STAR – PERFORMANCE RETAIL RATINGS

BUILDING NAME	POTABLE WATER (KL/M2/ANNUM)	GHG EMISSIONS (KG/CO2-E/ANNUM)	POINTS AWARDED	RATING
Stockland Jesmond	1.21	58	31.5	3 Star
Stockland Bathurst	0.57	41	30.5	3 Star
Stockland Glendale	0.89	14	40	3 Star
Stockland Baulkham Hills	1.72	76	28	2 Star
Stockland Forster	0.62	9	40.5	3 Star
Stockland Nowra	0.61	38	35	3 Star
Stockland Rockhampton	1.65	111	27.5	2 Star
Stockland Caloundra	0.54	41	34.5	3 Star
Stockland Green Hills	1.08	72	30.5	3 Star
Stockland Shellharbour	1.55	80	29.5	2 Star
Stockland Townsville	1.58	135	29	2 Star
Stockland Gladstone	1.1	33	34.5	3 Star
Stockland Cairns	1.28	95	32.5	3 Star
Stockland Burleigh Heads	0.6	82	33.5	3 Star
Stockland Sugarland (Bundaberg)	0.91	43	34.5	3 Star
Stockland Bull Creek	NA	31	27	2 Star
Stockland Riverton	NA	36	29	2 Star
Stockland Hervey Bay	0.85	81	33.5	3 Star
Stockland Point Cook	0.9	119	27	2 Star
Stockland Traralgon	0.77	77	31	3 Star
The Pines	1.04	101	24.5	2 Star
Stockland Wendouree	0.59	55	33	3 Star



Green Star ratings achievements

Stockland has the largest number of Green Star rated retail properties in Australia, as verified by the GBCA, with 23 assets awarded one or more rating. We have also received the first retirement living Green Star rating. We are continuing to extend our Green Star certifications across all new retail and retirement living projects and increase our capability.

- In our Retail portfolio, we have achieved a 4 Star Green Star – Design rating for our Stockland Harrisdale development in Perth. Submissions for As Built ratings will be lodged with the GBCA for Stockland Baldivis in Perth and Wetherill Park in Sydney in FY17.
- Mernda Retirement Village was certified 4 Star Green Star – Custom Design in August 2015. Key features that contributed to this rating include: individually metered water, natural gas and electricity; smart energy metering devices in homes; use of Low Volatile Organic Compounds (VOC) materials (paints, carpets, adhesives and sealants); energy efficient lighting and appliances in homes; and solar boosted hot water systems and natural gas heating in homes.
- During FY16, we undertook an in house training course facilitated by the GBCA to train our development and project management teams on the new Green Star – Design & As Built rating tool.

In addition, Stockland is progressing its Green Star – Communities certification credentials. Building on our FY15 achievement of the 6 Star rating at Aura in Queensland, we registered seven new projects under the Green Star– Communities tool in FY16 for our residential communities in Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We were awarded a combination of 5 and 6 Star Green Star – Communities ratings for six of these projects in August 2016, with the rating for Stamford Park expected to be received later in FY17.

For our Logistics and Business Parks portfolio, we have committed to integrate sustainability standards into our design brief so that 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 systems with minimum energy performance ratings, time controlled and using refrigerants with Ozone Depleting Potential of zero and CFC and HCFC free;
- Water efficient bathroom and kitchen fixtures and fittings with WELS ratings and solar hot water heating; and
- Rainwater collection for toilet flushing and landscape irrigation.

The Green Star ratings of Stockland's commercial property assets and retirement living and residential communities as at 30 June 2016 are listed in the table below. This excludes the Green Star – Performance rated Retail portfolio already listed above.

ASSET	ASSET TYPE	DESIGN RATING	AS BUILT	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	FY17	Retail Centre v1
	Stockland Wetherill Park, NSW	5	FY17	Retail Centre v1
	Stockland Harrisdale, WA	4.0	FY17	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			Office v2



ASSET	ASSET TYPE	DESIGN RATING	AS BUILT	GREEN STAR TOOL
	Sydney Head Office, L22-29, 133 Castlereagh Street, Sydney, NSW	–	6	Interiors v1.1
Residential	Caloundra South (now Aura), Qld	6		Communities Pilot
Retirement Living	Affinity Clubhouse, Norwood Avenue, Baldivis, WA	5	5	Public Building Pilot
	Selandra Rise Retirement Village, Vic	4	–	Custom
	Mernda Retirement Village, Vic	4	–	Custom

NABERS

NABERS ratings were completed for the calendar year 2015 for 22 out of 23 eligible assets in the Retail portfolio and for the whole of the Commercial Property Office portfolio. NABERS ratings are based on a calendar year.

NABERS ratings – Retail

For our Retail portfolio, we have undertaken ratings on a broader selection of sites, with 22 energy and 20 water ratings completed for calendar year 2015, compared to 19 and 15 respectively in 2014. The portfolio average for energy is 4.19 stars and 2.85 stars for water.

Some key achievements include:

- From 22 energy ratings we have 16 centres scoring 4.0 stars or better;
- Hervey Bay was rated for the first time since development and achieved an energy rating of 4.5 stars; and
- From 20 water ratings we have 11 centres scoring 4.0 stars or better.

NABERS RATINGS – RETAIL

	ENERGY RATING					WATER RATING				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
NSW										
Stockland Cairns	4.0	4.5	4.5	3.5	NA	4.0	4.0	4.5	3.5	NA
Stockland Townsville	3.5	3.5	3.0	NA	NA	4.0	NA	NA	3.5	NA
Stockland Rockhampton	3.5	3.5	3.0	2.0	NA	2.5	3.0	3.0	1.5	NA
Stockland Gladstone	4.5	4.0	NA	NA	NA	3.0	NA	NA	NA	NA
Stockland Bundaberg	5.0	4.0	NA	NA	NA	4.0	NA	NA	NA	NA
Stockland Caloundra	4.5	4.5	5.0	NA	4.0	5.0	5.0	5.0	NA	NA
Stockland Hervey Bay	4.5	NA	NA	NA	3.5	4.5	NA	NA	NA	3.5
Stockland Burleigh Heads	3.5	3.5	NA	NA	NA	5.0	5.0	NA	NA	NA
Stockland Forster	6.0	6.0	6.0	NA	6.0	4.5	4.5	5.0	NA	4.0
Stockland Green Hills	3.5	3.5	3.0	0.0	NA	3.0	3.0	3.0	2.5	NA
Stockland Jesmond	4.5	4.5	4.0	3.0	NA	2.0	3.0	2.5	2.5	NA
Stockland Glendale	6.0	5.5	5.5	5.0	NA	3.5	3.0	4.0	3.0	NA
Stockland Bathurst	4.0	3.5	3.0	3.5	NA	3.5	3.0	2.5	2.5	NA



	ENERGY RATING					WATER RATING				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Stockland Baulkham Hills	4.0	3.5	3.5	3.0	NA	0	0.0	1.0	0.0	NA
Stockland Wetherill Park ³	NA	NA	4.0	2.5	3.5	NA	NA	4.0	2.5	2.5
Stockland Shellharbour	4.5	4.5	NA	NA	NA	1.5	0.0	NA	NA	NA
Stockland Nowra	4.5	4.5	4.5	4.0	NA	4.5	4.5	4.5	4.5	NA
Stockland Traralgon	4.0	4.0	NA	NA	NA	4.0	4.0	NA	NA	NA
Stockland Wendouree	4.0	4.0	NA	NA	NA	4.5	4.0	NA	NA	NA
Stockland Bull Creek	4.0	4.5	NA	NA	NA	NA	NA	NA	NA	NA
Stockland Riverton	4.5	4.0	NA	NA	NA	NA	NA	NA	NA	NA
Stockland The Pines	2.5	NA	NA	NA	NA	3.0	NA	NA	NA	NA
Stockland Point Cook	2.5	NA	NA	NA	NA	4.0	NA	NA	NA	NA
NABERS Retail Portfolio Average	4.19	4.2	NA	NA	NA	2.85	2.6	NA	NA	NA

NABERS ratings – Office and Business Parks

Stockland's NABERS ratings for the Office and Business Parks portfolio are outlined in the table below, which demonstrates that the portfolio average for energy in calendar year 2015 is 4.59 stars for Office and 4.92 for Business Parks. We have split the portfolio averages for Office and Business Parks for the first time, but our targets are based on the combined portfolio average, which is 4.76 in FY16.

From our 18 energy ratings, we have 13 buildings scoring 4.5 stars or better. Similarly, from 16 water ratings, we have nine buildings scoring 4.0 stars or better.

NABERS RATINGS – OFFICE AND BUSINESS PARKS

	ENERGY RATING					WATER RATING				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
OFFICE										
Piccadilly Tower, 133 Castlereagh St, Sydney	5.0	5.0	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Piccadilly Court, 222 Pitt St, Sydney	5.0	5.0	5.0	4.0	3.5	4.0	4.0	4.0	3.0	3.5
135 King St, Sydney	4.0	4.0	3.5	3.5	3.5	3.0	3.0	3.0	3.0	3.0
110 Walker St, North Sydney	4.5	4.0	3.5	2.5	4.0	3.5	3.0	3.5	3.5	3.0
77 Pacific Hwy, North Sydney	4.5	4.5	4.5	4.5	4.0	1.0	3.0	3.0	3.0	3.0
601 Pacific Hwy, St Leonards	5.0	4.5	5.0	5.0	5.0	4.0	4.5	4.5	4.0	4.0
40 Cameron Ave, Belconnen ⁴	NA	Exempt	Exempt	2.5	2.0	NA	NA	–	–	4.5
Waterfront Place, 1 Eagle St, Brisbane	Sold	5.0	4.5	4.5	4.5	Sold	4.0	4.0	4.0	4.0
Garden Square, 643 Kessels Rd, Upper Mount Gravatt	4.5	4.0	4.0	4.5	4.0	4.5	5.0	5.0	4.5	4.5

³ Wetherill Park has been in development and therefore does not have a rating.

⁴ We do not have ratings for 40 Cameron Ave, Belconnen due to vacancy; exempted from disclosure under the BEED Act.



	ENERGY RATING					WATER RATING				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
80-88 Jephson Street, Toowong	2.0	4.0	4.0	2.5	1.5	4.0	4.0	4.0	4.5	4.0
Durack Centre, 263 Adelaide Terrace, Perth	5.0	5.0	4.5	4.5	4.5	3.5	4.0	4.0	–	6.0
2 Victoria Avenue, Perth	5.0	5.0	5.0	5.0	5.0	4.0	3.0	3.0	3.5	3.5
NABERS Office Portfolio Average	4.59					3.71				
BUSINESS PARKS										
Optus Centre, 1 Lyon Park Road, North Ryde	5.0	4.5	4.5	2.5	–	3.5	3.5	3.5	3.0	–
Triniti, Building A, 39 Delhi Road, North Ryde	5.0	5.5	5.0	5.0	5.0	5.0	4.5	3.5	4.0	4.5
Triniti, Building B, 39 Delhi Road, North Ryde	5.0	5.0	5.0	5.0	5.0	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	3.5	3.5	3.5	3.0	3.0
66 Waterloo Road, North Ryde	5.0	4.5	4.0	5.0	5.0	4.5	3.5	3.5	3.5	4.5
16 Giffnock Ave, North Ryde	3.5	3.0	2.5	2.5	1.5	3.5	3.5	2.5	3.5	1.5
11-17 Khartoum Road, North Ryde	4.0	3.5	5.0	4.0	4.0	NA	NA	NA	–	–
NABERS Business Parks Portfolio Average	4.92	4.6	4.4	4.3	3.9	3.6	3.7	3.77	3.4	3.7

NABERS ratings – Stockland Corporate Office

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

Liveable Housing Australia

In FY16, we progressed our Liveable Housing Australia (LHA) certifications, with the following achievements:

- LHA Silver rated design for Willowdale House, our sustainability and community hub;
- Willowdale Retirement Village was designed to LHA Gold standard, with the first stage delivered during FY16;
- Our first Stockland vertical village, at Oceanside, was designed to LHA Silver standard;
- We updated and relaunched our Retirement Living Design Guidelines to reflect LHA principles;
- We committed to 100% LHA Silver for new greenfield retirement living village developments;
- The Stockland Retirement Living Homes Design Manual mandates a minimum LHA Silver certification; and
- We maintained our approach to achieve a target of 20% of medium density homes by FY18 and 50% by FY19 to be developed in accordance with LHA Guidelines.



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), 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". Stockland's Green Bond is compliant with these principles.

The table below outlines the allocation of these funds across our eligible projects in FY16. 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](#).

GREEN BOND ALLOCATION

SITE	FINANCIAL ALLOCATION(A\$M)	GREEN STAR RATING
Wetherill Park, NSW	149.5	Achieved 5 Star Green Star – Retail v1
Aura (previously Caloundra South), Qld	67.8	Achieved 6 Star Green Star – Communities Pilot v0
Baldivis, WA	95.5	Achieved 4 Star Green Star – Retail v1 Design
Hervey Bay, Qld	17.6	Achieved 4 Star Green Star – Retail v1 Design, and As Built
Mernda, Vic	29.2	Achieved 4 Star Green Star – Custom Design
Selandra Rise, Vic	30.4	Achieved 4 Star Green Star – Custom Design
Shellharbour, NSW	Development 8.7	Achieved 4 Star Green Star – Retail v1 Design, and As Built Largest Australian rooftop solar
Green Hills, NSW	18.4	Targeting 4 Star Green Star – Retail v1 Design
Harrisdale, WA	15.9	Achieved 4 Star Green Star – Retail v1 Design
TOTAL	433	

Management approach

Management approach overview

At Stockland, we have a strong commitment to the use of product rating and certification tools to measure the sustainability performance of our projects and assets. In this section, we provide an overview of 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

The Green Building Council of Australia (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 now a standard Stockland requirement on all shopping centre and retirement living developments, with a minimum of 4 Star Green Star – Design & As Built certification required. We have also committed to use the new Green Star – Performance for our Retail portfolio.

The introduction of the Green Star – Design & As Built rating tool has reset the best practice benchmarks for the industry and we have committed to realigning our approach to the new certification process and technical requirements. In particular, the new rating tool will allow us to certify mixed-use and otherwise previously ineligible development projects. Design ratings will also no longer be a feature of Green Star, replaced by Design Reviews which assess the design, commitments and targets for projects.

Stockland has been a member of the GBCA since 2004 and is 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 Stockland 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.

We are proud to have the following Green Star achievements:

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

NABERS

NABERS is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. It uses measured and verified performance information to assess the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment. This performance is converted into a rating scale of 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.

Stockland undertakes NABERS ratings on the base building across all its office assets, with tenancy ratings only undertaken on Stockland occupied office tenancy space. NABERS Energy retail ratings have been undertaken on 22 of 23 eligible retail assets in FY16 and we have a target in place to rate all eligible retail assets by the end of FY17. NABERS has tight eligibility rules around asset class and area allowance, notably that assets under 15,000m² cannot be rated, which rules out 19 of Stockland's smaller shopping centres, representing 42% 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.



In FY16, we launched a sustainability hub at our Willowdale residential community in NSW with a minimum 8 star NatHERS requirement. A sustainability hub is a home that is designed to a high sustainability specification and demonstrates best practice sustainability design for the community.

Liveable 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.

Liveable Housing Australia (LHA) has introduced a 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 Liveable 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 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, medium density and completed homes projects.

Roles and responsibilities

Stockland's 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 National Sustainability Manager 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 (which we received for 22 of our retail centres in FY16) will allow 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 input into the rating.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Biodiversity

FY16

Why this is important to Stockland

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

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 and as a result of urbanisation.

Threats to biodiversity from construction include:

- clearing;
- sediment runoff;
- encroachment of invasive species;
- contamination of soil from runoff;
- changed hydrological regimes; and
- vegetation root disturbance.

Threats to biodiversity from urbanisation include:

- poaching species;
- nutrient runoff;
- litter pollution;
- removal or destruction of habitat such as logs, trees (obstructing views) and streams;
- introduction of predators and invasive species;
- isolation of habitat;
- reduced genetic diversity; and
- altering hydrological and fire regimes.

An overview of our management approach is provided on page 5.

Our key achievements

- Conservation and protection in perpetuity of around 1,750 hectares of land for the purposes of managing biodiversity, upon completion of our current projects. This includes land both on our sites and land offsite dedicated as an offset for biodiversity loss.
- Completed the development of Stockland's biodiversity calculator, which assesses the change in biodiversity value of our projects based on an initial pre-development value at a site. We have now applied the calculator to six new projects with all projects achieving a positive biodiversity outcome.

In this document you will find:

FY16 Priorities and Performance Overview	2	FY16 Performance & Case Studies	2
Future priorities	2	Management Approach	5



FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
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.	In Progress	100% of new projects (6) achieved a positive Biodiversity score for FY16.

Future priorities

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.

FY16 performance and case studies

We piloted a 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 six new projects in FY16, including The Grove, Pallara, Calleya, Cloverton, Altrove (formerly Schofields) and Willowdale, with all six projects achieving a positive biodiversity outcome.

The biodiversity calculator was also used to help us demonstrate the conservation outcomes for projects where we sought Green Star ratings from the Green Building Council of Australia (GBCA). Refer to the Management Approach section for further information on the biodiversity calculator.

In FY16, we had 25 projects in the construction phase with identified biodiversity onsite to be protected. We will have placed approximately 1,750 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. At Allura in Victoria, for example, we are protecting local grassland habitat for the Golden Sun Moth, and at Calleya in Western Australia we are protecting the Spider Orchids. We are also protecting various areas of koala habitat across our South East Queensland projects.



Frog tunnels under the Davis Creek intersection

CASE STUDY

Growling Grass Frogs at The Grove

The Grove is a 2500-lot Stockland masterplanned community in Melbourne's western suburbs, which will eventually be home to around 6000 people. The Grove covers an area of 234 hectares and includes parts of Davis Creek, home to one of Melbourne's most threatened species, the Growling Grass Frog. The Growling Grass Frog has suffered a tumultuous past, long used by zoos, universities and schools for dissections and for feeding snakes. However, it is now protected by the Victorian Government's Biodiversity Conservation Strategy.

One of the critical impacts on the Growling Grass Frog at The Grove is its ability to traverse its natural habitat along Davis Creek, and this is particularly important where the creek crosses or runs under a roadway. To maintain this traverse, Stockland is constructing a crossing under the corner of Sayers Road and Davis Road that will enable the frog's continuous movement along Davis Creek. This crossing consists of two sets of 100m tunnels that will carry water from one side of the intersection to the other.

The tunnels include light wells to avoid the long dark passages that would discourage entry or make frog movement dangerous.

Overall, The Grove will protect and enhance close to 50 hectares of natural habitat, including habitat along Davis Creek and Werribee River for local native species such as the Growling Grass Frog.



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

- 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; and
- Conservation zoning and transfer of land to public authorities.

At Cloverton in Victoria, for example, land will be transferred to either Melbourne Water or Hume City Council to be managed in perpetuity. At Brooks Reach in NSW, we will be protecting ecology onsite through a mix of land transfer and covenants and protecting land offsite through the NSW Biobanking scheme, as an offset for onsite works.

Biodiversity value is identified through 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 two new projects in South East Queensland (Paradise Waters and Waterway Downs) that will further contribute to conservation of significant biodiversity and habitat identified through the masterplanning process.

We delivered around 100 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 on the Sunshine Coast, we are working with South East Queensland Catchments, which is managing our community reference network of up to 20 local stakeholder groups.

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 in FY16.

PROJECTS WITH AREAS OF SIGNIFICANT BIODIVERSITY VALUE

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROXIMATE (HA)	CHANGE IN BIODIVERSITY VALUE
Released to market	Victoria	Allura	Truganina	140	21.9	
		Eucalypt	Epping	81	25.7	
		Highlands	Craigieburn	970	43.9	
		Mernda Villages	Mernda	203	15.4	
		Cloverton	Kalkallo	1,141	130	+18.05
		The Grove	Tarneit	98	30	+4.11
	Western Australia	Amberton	Eglinton	198	241	
		Calleya	Banjup	145	11.5	+3.2
		Sienna Wood	Brookdale	330	49.7	
		Vale	Aveley	541	20	
	New South Wales	Altrove	Schofields	52	9	+2.7
		Brooks Reach	South Coast	65	42.8	
		Murrays Beach	Lake Macquarie	160	28.5	
		Willowdale	Leppington	350	131	+1.32
		Elara	Marsden Park		2.4	
	Queensland	Augustine Heights	Augustine Heights	68	47	
		Aura	Caloundra South	2360	300	



STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROXIMATE (HA)	CHANGE IN BIODIVERSITY VALUE
		Brightwater	Sunshine Coast	215	64	
		Hundred Hills	Murwillumbah	44	5.2	
		North Shore	Townsville	1031	300	
		Ormeau Ridge	Ormeau	17	42	
		Pallara	Pallara	122	88	+27.59
		Stone Ridge	Narangba	47	8.5	
		The Observatory	Kingsmore	300	75	
		Vale	Logan	43	17	
Development pipeline	Queensland	Paradise Waters	Deebling Heights	338	80	
		Waterway Downs		98	51	

CASE STUDY

Aboriginal fire management

Stockland's emerging A\$5 billion city of Aura on Queensland's Sunshine Coast is demonstrating the benefits of wide-ranging community engagement from the very early stages of the project.

Previously under pine plantation and grazing, the land of Stockland's Aura residential development was becoming dominated by pine tree regrowth, melaleuca and casuarina regeneration, with a high fuel load of introduced weeds and grasses. A controlled ecological burn was therefore undertaken in June 2016 that followed the ancient cultural practices of Australian Aborigines.

Stockland provided support for the burn program through its Aura Community Stewardship Program (ACSP). The ACSP was developed by Stockland, community organisations and the Sunshine Coast Council to identify and optimise community land care opportunities within the Aura development.

This collaboration made it possible for cultural fire experts to teach cultural fire management techniques to local Kabi Kabi and Bunya Bunya Country Aboriginal Corporation members, including how to undertake low energy burns with well-considered spot ignition points to promote biodiversity. The burn was undertaken by the Traditional Custodians and supported by Rural Fire Brigades and Queensland Fire and Emergency Services (QFES).

Kabi Kabi First Nation and Bunya Bunya Country Aboriginal Corporation member Kerry Jones was excited to be part of the first burn on the coast since traditional times. "It was a great experience really connecting with country and doing things how they're supposed to be done," Kerry said. "We are grateful to Stockland for providing this opportunity and I'm looking forward to working with the Rural Fire Brigades more and carrying the practice on for future generations."

Susie Chapman, South East Queensland Catchments Manager, said, "We are particularly grateful to the volunteers from the five Rural Fire Brigades who supported the Traditional Custodians to carry out this ecological burn, and especially Beerwah Fire Warden Lou Spann, who co-ordinated their involvement with a profound understanding of the traditional approach."

A video of the Aura traditional bush fire management trials can be viewed [here](#).



Management approach

Management approach overview

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

Biodiversity is heavily regulated across all states in which we operate and can require approval across three levels of government. We work closely with local councils, state governments or the federal 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.

Biodiversity Management Plans

Threatened species with habitats affected by our operations are considered as part of the environmental approval process on each development. In many cases, we are able to conserve local biodiversity and place a large portion (if not all) of the significant species found on our sites into protected areas. Protected areas are then handed to local councils and 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.

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 GBCA 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. Stockland's Chief Operating Officer assumes ultimate responsibility at a Group level for biodiversity and reports directly to the Managing Director and CEO.

The National Sustainability Manager has responsibility for ensuring the effective implementation and evaluation of Stockland's biodiversity approach and is supported by a team of sustainability specialists. This team guides the Residential, Retirement Living and Commercial Property asset teams in effective delivery of the sustainability policy 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 DMA Series, [click here](#).

Carbon and energy

FY16

Why this is important to Stockland

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

The increasing cost of energy, particularly electricity, poses a challenge for the property industry and for all Australians. As electricity constitutes an increasing proportion of our assets' operating expenditure, improvements in energy efficiency enables us to reduce cost and improve our operational efficiency. Integrating energy efficiency considerations into the design and construction of our assets can also help to reduce the energy requirements (and electricity costs) of our tenants and residents.

Civil works on residential development projects constitute a major source of our emissions. Civil contractors fall inside our operational control boundary, as defined by the National Greenhouse and Energy Reporting Act 2007 (NGER Act). Our civil contractors use heavy equipment to move large volumes of spoil across sites to achieve development and landscape levels. We work with our contractors to develop a bulk earthworks strategy for our sites with the aim 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.

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

We 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 7.

Our key achievements

- Launched a sustainability hub certified to 8 Star NatHERS (Nationwide House Energy Rating Scheme) at our Willowdale residential community in Sydney to showcase sustainability technologies. It demonstrates attainable measures that residents can undertake in the design, build and ongoing operation of their homes and aspires for net zero emissions.
- Invested in numerous energy efficiency measures across various commercial property assets with projected energy savings of approximately 1,718,000kWh annually. This is equivalent to removing 255 passenger vehicles driven for one year.
- Expanded our network of electric vehicle (EV) charging facilities, with charging stations now at nine centres across Australia, allowing shoppers to charge their EV cars while parked at our retail centres.
- Obtained approval to construct a 900kW solar PV power station at Stockland Wetherill Park in Sydney.

In this document you will find:

FY16 Priorities and Performance Overview

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FY16 Performance & Case Studies

4

Future priorities

3

Management Approach

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FY16 priorities and performance

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
10% improvement in retail FY14 energy intensity by the end of FY17.	In Progress	The Retail portfolio has reduced its energy intensity by 5% from FY14. This is a good outcome considering the large developments that have taken place in FY16. We will continue to report on our 10% improvement target through to the end of FY17.
Undertake feasibility assessments on solar PV across five retail, office and business park assets.	Achieved	We completed feasibility assessments on 15 shopping centres and two business parks in FY16 and are currently reviewing the business case for each to assist decision making on whether to proceed to construction in FY17.
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	Not Achieved	Utility billing and metering issues are being progressively addressed. We have been unable to receive a NABERS (National Australian Built Environment Rating System) Energy rating at one site in FY16 due to ongoing issues. We expect these issues will be resolved to enable a rating to be undertaken in FY17.
3% renewable energy target in retail by the end of FY17 (base building retail energy).	Achieved	Our 3% target was calculated as a percentage of our FY13 retail electricity consumption, which equates to 1,906 MWh or the equivalent output of 1.27 MW of installed capacity. We have already installed in excess of this capacity across four assets, including our largest installation at Stockland Shellharbour in NSW (1.22 MW). The actual output of the installed systems in FY16 was 1,940 MWh. We have committed to installing a 900 kW solar PV system at Stockland Wetherill Park in Sydney in FY17, which will take our installed capacity to 2.27 MW or 5.37% of FY13 retail electricity consumption. This will exceed our target by 70%.
NABERS Retail energy portfolio average target of 4.3 stars by FY17.	In Progress	Ratings completed on 22 out of 23 eligible assets, up from 19 ratings in FY15. Current portfolio average of 4.19 stars.
Maintain a 4.5 star NABERS average in Office and Business Parks by FY17.	Achieved	Current combined Office and Business Parks portfolio average of 4.76 stars. Current Office portfolio average 4.59 stars. Current Business Parks portfolio average 4.92 stars.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
40% reduction in energy usage per residential lot incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct. ¹	Not Achieved	In FY16, six projects were modelled using CCAP Precinct. The results varied between projects, with two projects achieving a 40% reduction in energy compared to the regional baseline, and four projects achieving reductions of between 35% and 37%. Opportunities to include energy efficiency initiatives will continue to be reviewed on each project.
Complete a residential renewables study to verify greatest opportunities for impact.	Achieved	A renewables study was completed during FY16 which identified that the greatest opportunity to shift supply to a renewable source is to partner with a utilities provider to undertake feasibility on broad scale provision of alternative energy.
Prepare a sustainability policy and minimum standards for medium density and completed homes in FY16.	In Progress	A sustainability policy has been drafted for medium density and completed homes for which will be seeking endorsement in FY17.
Develop a standard methodology for measuring renewable energy on our masterplanned communities by FY17.	Not Achieved	An effective and efficient method for measuring renewables within a defined precinct has proved difficult to identify. Instead, we completed a renewables study during FY16 which identified that the greatest opportunity to shift supply to a renewable source is to partner with a utilities provider to undertake feasibility on broad scale provision of alternative energy.

¹ New projects are defined as those with over 500 dwellings and new precincts over 750 dwellings.



Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Measure baseline energy and emission performance and set energy efficiency targets to reduce emissions levels on operating assets in FY17.	In Progress	We have implemented an energy submetering and monitoring program pilot at selected villages to baseline energy and emission performance, identify opportunities to reduce consumption, improve efficiency and promote operational savings. We will continue the pilot through FY17 and will develop targets once we have a complete 12 month dataset.
40% reduction in energy usage per retirement home incorporated into the design of newly developed projects (compared to regional averages) using CCAP Precinct.	In Progress	We are on track to achieve this by FY17 with the following: <ul style="list-style-type: none"> Willowdale Retirement Village (NSW) – 59% reduction; Oceanside Retirement Village (Qld) – 45% reduction; Calleya Retirement Village (WA) – 37% reduction; Selandra Rise Retirement Village (Vic) – 30% reduction; Affinity Village (WA) – 53% reduction; and Mernda Retirement Village (Vic) – 55% reduction.

Future priorities

Commercial Property

- 10% improvement in retail FY14 energy intensity by the end of FY17.
- 3% renewable energy target in retail by the end of FY17 (base building retail energy).
- Rectify utility billing and metering issues that are preventing NABERS ratings being completed at Merrylands during FY17.
- NABERS Energy Retail portfolio average target of 4.3 stars by the end of FY17.
- Maintain a 4.5 star NABERS average in Office and Business Parks by the end of FY17.
- Complete business case assessment following the feasibility assessments conducted at 15 shopping centres and two business parks to identify new retail solar projects in FY17.
- Construct a 900 kW solar PV system at Stockland Wetherill Park in Sydney by the end of FY17.
- Continue to install electric vehicle charging stations across our Retail portfolio, with at least two additional electric vehicle charging station installations in FY17.

Residential

- 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.
- Incorporate a 40% reduction in energy usage per residential lot into the design of newly developed projects (compared to regional averages) using CCAP Precinct (new projects are defined as those with over 500 dwellings and new precincts over 750 dwellings).
- Launch an endorsed sustainability policy and minimum standards for medium density and completed homes and apartments in FY17.

Retirement Living

- Complete an energy submetering 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.
- Complete a feasibility analysis across the portfolio in FY17 to identify new solar and energy storage opportunities.
- 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.
- Incorporate 40% reduction in energy usage per retirement home into the design of newly developed projects (compared to regional averages) using CCAP Precinct.



FY16 performance and case studies

Total greenhouse gas (GHG) emissions

FY16 saw an increase in scope 1 emissions, primarily due to increased construction and delivery in the Residential business. Scope 2 emissions reduced from FY15, largely due to reduced gross energy consumption at commercial property assets and an improvement in retirement living data acquisition. This improvement means that we can now separate our management controlled emissions at our retirement living villages from our residents' emissions at sites where we have embedded electricity networks.

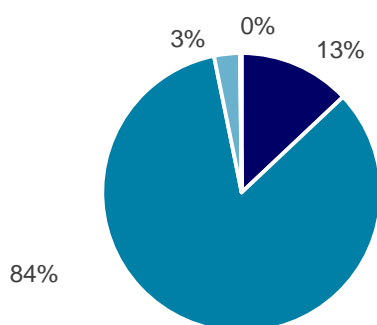
The table below outlines our scope 1, 2 and 3 emissions over the last five years.

SCOPE 1, 2 AND 3 EMISSIONS (tCO₂-e)

	FY16	FY15	FY14	FY13	FY12
Scope 1²	35,036	26,368	22,102	18,509	26,961
Scope 2³	89,881	97,763	99,927	104,393	117,517
Total Scope 1+2 emissions	124,917	124,131	122,029	122,902	144,478
Scope 3⁴	39,628 ⁵	21,002	23,556	23,449	23,726

Total scope 1 emission by business unit

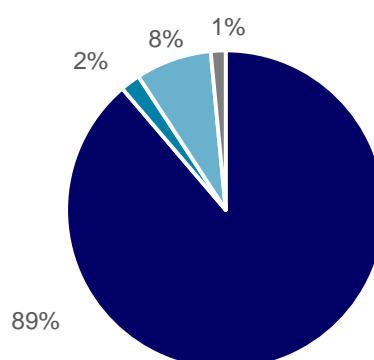
The chart below outlines the percentage allocation of our scope 1 emissions by business units. Residential constitutes the largest proportion of our scope 1 emissions due to contractor construction activity across our development projects. New construction projects in FY16 include Altrove, Newport and Pallara in Queensland. Total scope 1 emissions are 35,036 tCO₂-e.



■ Commercial Property ■ Residential ■ Retirement Living ■ Corporate

Total scope 2 emissions by business unit

Commercial Property constitutes our largest proportion of scope 2 emissions and remains the focus of our strategic energy efficiency initiatives. Total scope 2 emissions are 89,881 tCO₂-e.



■ Commercial Property ■ Residential ■ Retirement Living ■ Corporate

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

² 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).

³ 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.

⁴ 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.

⁵ For FY16 we have expanded our boundary to include scope 3 emissions from waste generated at our commercial property assets.



Commercial Property performance

In FY16 we completed NABERS ratings on 22 out of 23 eligible retail assets (excluding developments) and we have set a portfolio target of 4.3 stars NABERS Energy for Retail by the end of FY17. NABERS Retail requires all assets over 15,000m² to be eligible for a rating. Stockland Merrylands in Sydney could not be rated due to utility billing issues whereby consumption is estimated. These issues will be rectified for the next rating cycle.

We have installed the capacity to deliver 1.27 MW of solar PV across four of our shopping centres, including our largest installation at Stockland Shellharbour in NSW (1.22 MW). The output from these systems is equivalent to approximately 3% of our FY13 retail electricity consumption.

In FY16, we conducted solar feasibility assessments on an additional 15 shopping centres and two business parks. We have committed to installing a 900 kW system at Stockland Wetherill Park in Sydney in FY17, which will take our installed capacity to 2.27 MW or 5.37% of FY13 retail electricity consumption. This will exceed our FY17 renewable energy target by 70%. Further, we are reviewing the remaining solar feasibility assessments to determine whether to proceed with additional solar installations in FY17.

We have also invested in numerous energy efficient measures across various commercial property assets with projected energy savings of approximately 1,718,000kWh annually. An example includes the upgrade of the lighting on the roof top car park of Stockland Merrylands in Sydney to reduce electricity consumption and maintenance costs and improve the safety of the area. The 119 x 400w metal halides were replaced with 160w LED bulbs. This upgrade is projected to save approximately 73,500kWh per annum, as well as reducing the maintenance on bulb replacements. Additionally, the increased visibility in the car park, as well as clearer footage from the surrounding CCTV cameras, has had a positive impact on our customers and staff by providing a safer environment and minimising risk to our people.

Greenhouse gas emissions intensity (kgCO₂-e/m²)⁶

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

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

The table below outlines our GHG emissions intensity data since FY12.

	REDUCTION FROM BASELINE	FY16	FY15	FY14	FY13	FY12
Office and Business Parks	-2.57	64.98	67.32	67.55	72.1	77.3
Retail	-2.76	56.58	58.32	59.34	62.0	69.2
Commercial Property	-2.97	58.55	60.66	61.52	65	72

Emissions intensity reduction (%)

We will report each year on our progress against our FY17 targets. For the Office and Business Parks portfolio our FY17 target is to maintain FY14 intensity levels. For Retail, our FY17 target is to achieve a 10% reduction in intensity from an FY14 base line.

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

	REDUCTION FROM BASELINE	FY16	FY15	FY14	FY13	FY12
Office and Business Parks	-4%	-4%	0%	-6%	-7%	-9%
Retail	-5%	-3%	-2%	-4%	-10%	-5%
Commercial Property	-5%	-4%	-1%	-5%	-10%	-8%

⁶ Based on scope 1 and 2 emissions.



Retail like-for-like (%)⁷

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 FY16. When this is normalised, our Retail portfolio is at 54.78kgCO₂-e/m², which represents a 9% reduction against the FY14 baseline.

	REDUCTION FROM BASELINE	FY16	FY15	FY14 BASELINE
Emissions Intensity (kgCO ₂ -e/m ²)	5.50	54.78	58.51	60.28
Reduction in Emissions Intensity since FY14 (%)	-9.1%	-6.4%	-2.9%	–

Solar generation

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

	FY16	FY15	FY14
Solar generation kWh	1,940,689	292,124	175,374

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.

We continue to trial new technologies as they emerge and where proven successful, we stage implementation through the portfolio. In FY16, we implemented a number of energy efficiency projects including:

- LED lighting upgrades at Baulkham Hills, Shellharbour, Hervey Bay and Merrylands, equating to approximately 400,000kWh annually;
- Completion of a major HVAC upgrade at Bathurst, which has resulted in 250,000kWh of savings annually; and
- Started full LED lighting upgrade at Point Cook and Hervey Bay and a large HVAC upgrade at Bundaberg.

We continue to realise energy efficiency opportunities through our submetering systems and have installed additional metering at our shopping centres that were redeveloped in FY16. Further, we piloted two new technologies in FY16 (refer to case study below) 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. In FY16, we completed development projects at Wetherill Park in NSW and Harrisdale in Western Australia, where we have achieved Green Star ratings by installing energy efficiency features through design.

CASE STUDY

Solar air conditioning efficiency

As a real estate developer and manager, we are always looking for smarter and more efficient ways to develop and operate our assets, including our energy solutions. Through our partnership with CSIRO, we have recently unveiled a new solar powered air conditioning system that aims to change the way energy is used on a commercial scale.

Operating at Stockland Wendouree Shopping Centre in Ballarat, Victoria, the system uses concentrating solar thermal technology to produce heat energy that powers the air conditioning system.

The operational system is expected to significantly reduce HVAC electricity usage for commercial buildings. The roof space required for this pioneering technology can be 40% less than a traditional single stage desiccant system.

Davina Rooney, Stockland's National Sustainability Manager says: "Stockland considers the use of renewables as key to a low emissions future. Along with CSIRO, we will continue to monitor this solar cooling technology as it has exciting potential and may become part of our future renewable energy mix."

The Australian Renewable Energy Agency (ARENA) provided \$520,000 towards the \$1.2 million three-year project, which has been jointly managed by CSIRO and Stockland.

⁷ Townsville Kmart has been removed as baseline year data included tenancy usage. Wetherill Park and Baldivis were excluded as they were going through development.



Residential

We established a medium density and completed homes product in FY15 and we have developed a draft sustainability policy to support this business, including minimum standards for energy efficiency initiatives and targets. We will test these initiatives with a view to seeking endorsement of the policy in FY17.

Similarly, as we have announced our intention to re-enter the apartments business, we are currently preparing an apartments sustainability policy for endorsement in FY17.

We continue to look for opportunities to embed more energy efficient design and technologies into the parts of our projects over which we have greatest control or influence. Generally, the greatest control occurs in our sales and information centres, where we showcase energy efficiency by installing PV systems, energy efficient lighting systems, efficient air conditioning systems, double glazed windows, appropriate orientation, shading and functional outdoor spaces.

We 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 7 and 8 Star NatHERS for their thermal performance, in-home energy monitors, PV and solar hot water systems.

Retirement Living

Some of our newer villages have energy monitoring equipment installed in residents' units and common areas to enable residents to manage energy use and emissions. However, this is not consistent across all villages and we are working to gain greater visibility over energy use to inform future energy targets.

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

Stockland's 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.

At several villages (including Gowanbrae and Oak Grange), resident led groups devote their time to help village clubhouse and other common areas operate as efficiently as possible. This includes 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 commercial 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 new 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

Development activity in our Residential and Retirement Living businesses is predominantly undertaken by contractors and constitutes the most significant portion of our annual scope 1 emissions. Given that contractor activity on our residential and retirement living developments falls within our operational control boundary (as defined by NGER Act), we are required to include our contractors' energy and emissions data for these asset classes in our annual reporting. For this reason, our emissions profile is always higher when we are actively developing assets. As such, we focus on identifying opportunities to reduce the emissions profile of our contractors. While we do not regulate the way our contractors undertake their work on site, we can work with them to identify opportunities to improve efficiencies, reduce fuel consumption and ultimately minimise their overall emissions. See the [Supply Chain Management DMA](#) for further information on how we partner with our suppliers.

Development activity in our Commercial Property business is not within our operational control boundary, as ultimate control of our commercial property developments lies with our principal contractors. As such, emissions from these developments are not captured in our annual reporting; however, we work with our contractors to identify and implement energy efficiency improvements.

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. In FY16, we completed ratings on 22 out of 23 eligible retail assets (excluding developments) and we set a portfolio target of 4.3 stars for FY17. One location could not be rated due to energy utility billing issues, which will be rectified for the next rating cycle.

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. An example is the Switched on Homes trial delivered at our Newhaven project in collaboration with three Western Australian councils and the Department of Industry, Innovation and Science. Switched on Homes aims to help households reduce their electricity use and reduce their bills by delivering energy efficiency information in a weekly text message to participants. The program will monitor energy use in real time, helping to understand what drives energy use in Western Australia.



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 FY16, we constructed our second sustainability hub at Willowdale in NSW to help customers understand opportunities for improved energy efficiency in their homes. We now have two sustainability hubs (the other is at Selandra Rise in Victoria) within or adjacent to our display villages that achieve high environmental performance such as 8 Star NatHERS. The homes offer an opportunity for our customers to understand how more sustainable features can be integrated into a home, whilst also offering community services such as cooking classes or playgroups.

We are working towards our first Green Star school on our Highlands project in Victoria and anticipate the rating being achieved in FY17. The purpose of the rating is to drive design that better responds to environmental issues and improves the quality of indoor environments, providing a healthier learning environment for students.

In Retirement Living, we have operational control of our clubhouses and common areas. In FY16, 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.

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. We have a portfolio renewable energy target of 3% of our FY13 base building electricity consumption within retail. Our current solar PV projects include installations at Shellharbour, Green Hills and Nowra in NSW and Jimboomba in Queensland. 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.

In FY16, we completed business case assessment following the feasibility analysis assessments conducted at 15 shopping centres and two business parks to identify new retail solar projects in FY17. We have committed to installing a 900 kW system at Stockland Wetherill Park in FY17, which will take our installed capacity to 2.27 MW or 5.37% of FY13 retail electricity consumption. This will exceed our target by 70%.

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 National Sustainability Manager 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 DMA Series, [click here](#).

Climate and community resilience

FY16

Why this is important to Stockland

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

Future climate change impacts will place greater demands on our assets and communities and influence the actions and behaviours of our stakeholders. Extreme weather 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 and communities that can endure severe weather impacts and operate without disruption. Understanding where events are likely to occur and how well our assets and communities are able to respond enables us to improve the resilience of our assets and reduce risks to business continuity. It also potentially reduces the risk to human life and community safety.

Maintaining an active focus on climate change adaptation and resilience assists us to:

- 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 ability to understand and effectively respond to current and predicted climate change aims to:

- Minimise increases in operating and maintenance costs;
- Enable informed decisions to be made 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 is provided on page 5.

Our key achievements

- Developed a new climate and community resilience assessment methodology for our Residential and Retirement Living portfolios, based on the successful methodology developed for our Commercial Property portfolio. The expanded methodology allows us to assess the resilience of buildings and infrastructure as well as our residents' ability to respond to significant climatic events. We have piloted the climate and community resilience assessments at six retirement living villages, two shopping centres and six residential masterplanned communities in FY16.
- Completed a national review of our retirement living villages and residential masterplanned communities to identify those individual villages and communities that have the greatest exposure to climate extremes including heat waves, drought, flooding, storms, cyclones, coastal inundation and bushfires.
- Completed cyclonic wind vulnerability assessments at Sugarland Bundaberg and Stockland Hervey Bay in conjunction with James Cook University.
- Awarded innovation points for climate resilience in our Green Star – Performance portfolio rating for the 22 shopping centres where climate resilience assessments have been undertaken.

In this document you will find:

FY16 Priorities and Performance Overview	2	FY16 Performance & Case Studies	3
Future priorities	3	Management Approach	5



FY16 priorities and performance overview

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Undertake climate resilience assessments in three new locations and implement initiatives from action plans on all sites assessed.	Achieved	Completed climate resilience assessments on two shopping centres in Bundaberg, Queensland and Nowra, NSW. Completed two cyclonic wind vulnerability assessments (in conjunction with James Cook University) at our shopping centres in Bundaberg and Hervey Bay, Queensland. The purpose of these assessments was to investigate the vulnerability of roof cladding and the building envelope in terms of potential for wind/rain entry and subsequent damage.
Improve the regional average resilience score for North Queensland shopping centres from 5.9 to 5.5 by FY17 (as more resilient assets receive a lower score).	In Progress	Climate resilience action plans are being implemented for the 19 sites that have been assessed. The target score will be recalculated and reported in FY17.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
All active residential projects in high risk locations (climate risk) to complete a climate resilience assessment by the end of FY17.	In Progress	Climate and community resilience assessments were undertaken on six new residential projects. Adaptation and resilience plans have been prepared for each project. We will focus our assessments on projects in high risk locations in FY17.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Retirement living villages in development (that have received approval to start construction for the reporting period) to complete a climate and community resilience assessment.	In Progress	A climate and community resilience assessment was conducted for our Willowdale Retirement Village, NSW, as part of our Green Star – Communities review.
All development villages in potential high risk locations (climate risk) to complete a climate and community resilience assessment by the end of FY17.	In Progress	Six climate and community resilience assessments were completed at villages in high climate risk locations. These include The Cove, Maybrook, Patterson Lakes, Salford Waters, Hillsview and Walnut Grove.
Undertake climate resilience assessments at Cardinal Freeman and Willowdale retirement living villages.	In Progress	A climate and community resilience assessment was undertaken at Willowdale as part of our Green Star – Communities review. The assessment will be completed at Cardinal Freeman during FY17 once development is complete.
Embed the climate resilience and vulnerability criteria into the operational risk procedures.	Not Achieved	The priority in FY16 has been to complete six climate and community resilience assessments in high climate risk locations. In FY17, we will look to embed the key findings from those assessments into operational risk procedures.



Future priorities

Commercial Property

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

Residential

- Prepare climate and community resilience plans for priority residential projects identified through our climate risk mapping project conducted in FY16.
- All active residential projects in high risk locations (climate risk) to complete a climate resilience assessment by the end of FY17.

Retirement Living

- 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 effective compliance and risk management.
- All development villages in potential high risk locations (climate risk) to complete a climate and community resilience assessment by end of FY17.
- Complete five climate and community resilience assessments during FY17 at villages identified as in higher climate risk locations (including Cardinal Freeman and Oceanside).
- Retirement living villages in development (that have received approval to start construction for the reporting period) to complete a climate and community resilience assessment.
- Develop best practice resilience guidelines in FY17 to be implemented across the Retirement Living portfolio, particularly villages in low to medium climate risk locations.

FY16 performance and case studies

Climate resilience assessments in Commercial Property

We are focused on understanding the regional variances and unique vulnerabilities to help prepare each of our assets for climatic events. In FY16, climate resilience assessments were undertaken at Stockland shopping centres at Bundaberg in Queensland and Nowra in NSW. We have also engaged the centres that have been assessed over the last four years to review progress on the range of climate resilience actions that have been implemented across the portfolio.

In addition, 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. We worked with the Cyclone Testing Station at James Cook University to complete two cyclonic wind vulnerability assessments at our shopping centres at Bundaberg and Hervey Bay in Queensland. 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.



Rooftop of Stockland Nowra

CASE STUDY

Stockland Nowra – our most climate resilient shopping centre

We undertook a climate resilience assessment on Stockland Nowra in May 2016. This was the first time we had undertaken an assessment on a shopping centre in the Shoalhaven region and an exciting opportunity to understand climate vulnerability in a new climate scenario.

The Nowra region can expect increases in mean temperature and the number of days above 35 degrees Celsius each year, as well as an increase in the frequency of extreme rain events. Climate changes of this nature typically put pressure on a building's stormwater drainage systems, air conditioning and roofing systems as well as local energy and water utility infrastructure.

While the centre is not exposed to cyclones, land at the rear of the centre does experience regular flooding. While the centre is not impacted directly by the frequency and intensity of flooding, this is an issue to be monitored for the future.

When measured against criteria for Climate Effects, Property Elements and Climate Impacts, and Climate Risks, the centre scored well, making this our most resilient shopping centre assessed to date (refer to Table 1 for a comparison of scores).

The attributes of Stockland Nowra that make it climate resilient include:

- Constructed above flood level from weather resistant materials;
- Sound roof structure and roof drainage with little or no leakage;
- Air conditioning systems recently upgraded with supplementary systems used only on days of extreme heat;
- Duplex power supply to the centre that can be switched to provide alternate supply in the event of grid failure;
- Highly energy efficient LED lighting throughout the centre and the National Australian Built Environment Rating System (NABERS) Energy rating of 4.5 stars;
- A 50kW solar PV system that reduces demand from the grid and provides an alternate power supply; and
- No cooling towers, keeping water demand and consumption low and a NABERS Water rating of 4.5 stars.

Climate and community resilience assessments in Residential

We assessed six new communities using the new climate and community resilience methodology, including The Grove and Cloverton in Melbourne, Calleya in Perth, Newport in Brisbane, and Willowdale and Altrove in Sydney. The assessments and plans were used to support Green Star – Communities submissions during the year, and we have commenced the delivery of key actions highlighted in the plans.

We have also remapped all of our residential projects against a revised risk assessment matrix. Over the next 12 months, we will focus our attention on preparing plans for priority projects identified as being in high risk locations.

Climate and community resilience assessments in Retirement Living

In our Retirement Living portfolio, we have undertaken a national scan to identify those individual villages that have the greatest exposure to climate extremes including heat waves, drought, flooding, storms, cyclones, coastal inundation and bushfires. From this scan, high priority villages were identified for a detailed climate and community resilience assessment. 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.

We selected six retirement living villages for climate and community resilience assessments based on their climate risk exposure – Maybrook, The Cove, Patterson Lakes, Salford Waters, Hillsvie and Walnut Grove. For details of their performance, refer to Table 2 on page 7.



Management approach

Management approach overview

Extreme weather events may potentially damage assets and bring about potential losses. For this reason, we have included climate change risks and the potential financial implications in our enterprise risk framework. By implementing initiatives that improve the resilience of our assets, we reduce the risk of business disruption to our customers and residents and mitigate potential future costs associated with maintenance, upgrade and emergency response initiatives. 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.

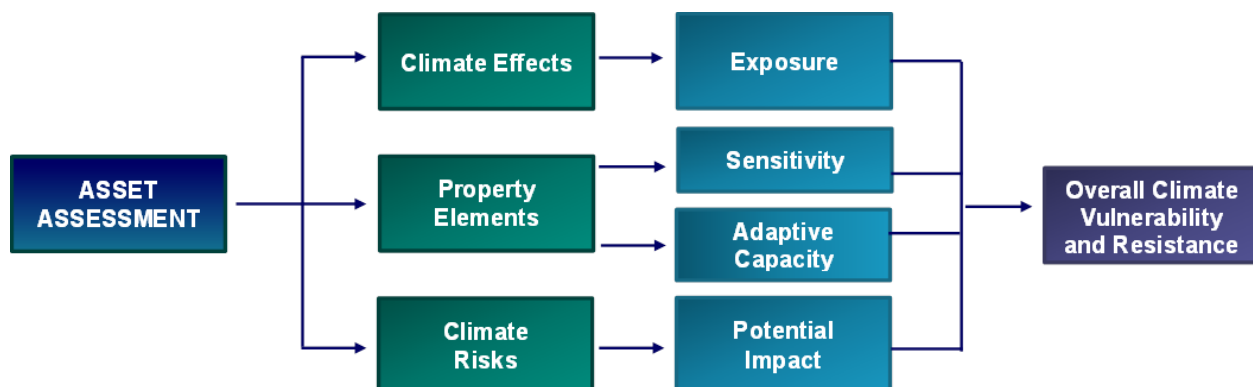
Our Climate Change Action Plan articulates our overall approach to climate change and outlines our response to addressing vulnerability and resilience in exposed regions. Consistent with our Group-wide management approach, minimum performance standards have been included in our sustainability policy and design guidelines for each of our business units. The policy sets the requirements for climate resilience in the design, development and operation of our communities and assets. We also ensure the inclusion of climate resilience improvements across our assets in the annual capital expenditure allocation and budgeting program.

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

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

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

FIGURE 1: ASSET CLIMATE RESILIENCE ASSESSMENT METHODOLOGY



In response to our corporate resilience commitment, a Climate Adaptation and Resilience Assessment Framework was developed that sets out criteria to assess the resilience of our individual residential, commercial and retirement living properties and their communities. It has been designed to cover all types of properties within our portfolio and across the D-Life cycle, including existing and planned properties. The assessment framework covers the climate adaptation, community resilience and emergency response attributes of a property. The results of these assessments help us to better understand the resilience of our communities and assist with tailoring individual action plans across our portfolio.



We have a comprehensive portfolio-wide approach to assessing and managing the physical risks of climate change:

- We select assets that are located in vulnerable regions or have a perceived exposure to climate vulnerability based on recent experiences, and carry out climate and community resilience assessments.
- Action plans are developed for each asset and include the implementation of operational responses, maintenance regimes and emergency response plans with a view to improving the resilience score of the asset.
- 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 cyclone and 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. 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.
- Our climate resilience approach helps us achieve greater points in the Green Building Council of Australia's Green Star ratings. All new commercial property and retirement living developments are required to achieve a minimum 4 Star Green Star rating. As part of our commitment under Green Star – Communities, we have prepared climate adaptation and resilience plans which will inform project teams on how to create resilient communities throughout the life of the development.
- Assets also consider and plan for climate resilience initiatives through annual sustainability and asset / business planning processes. We continue to review climate scenarios in new regions, taking into consideration the new data contained in the IPCC AR5. With this information, we will undertake new assessments in a systematic way across our portfolios, ensuring we maintain diversity in the selection of assets in different climatic regions.

The table below summarises the climate resilience scores for Stockland's shopping centres that have undergone a climate and community resilience assessment. Using the 1 to 9 rating scale developed as part of our assessment methodology, each asset is assigned an overall rating, with the less resilient assets receiving a higher score. For assets considered to be in lower risk locations, we focus on compliance with regulatory standards and respond accordingly to specific issues.

TABLE 1: ASSET CLIMATE RESILIENCE SCORE – RETAIL

LOCATION	CLIMATE EFFECTS	PROPERTY ELEMENTS	CLIMATE RISKS	OVERALL RATING
Stockland Cairns	2.60	1.90	1.80	6.30
Stockland Rockhampton	2.40	1.76	1.97	6.13
Stockland Hervey Bay	2.40	1.80	1.80	6.00
Durack Centre	2.50	1.90	1.50	5.90
Townsville Kmart	2.30	1.89	1.66	5.85
Stockland Gladstone	2.20	1.91	1.73	5.84
2 Victoria Avenue	2.50	1.80	1.50	5.80
Stockland Townsville	2.30	1.68	1.74	5.72
Stockland North Shore	2.40	1.55	1.74	5.69
Stockland Bull Creek	2.18	1.54	1.78	5.50
Stockland Wetherill Park	1.75	1.93	1.73	5.41
Point Cook Town Centre	1.90	1.90	1.50	5.30
Stockland Green Hills	1.90	1.72	1.65	5.27
Stockland Wendouree	1.44	1.70	1.55	4.69
Stockland Traralgon	1.62	1.44	1.53	4.59



LOCATION	CLIMATE EFFECTS	PROPERTY ELEMENTS	CLIMATE RISKS	OVERALL RATING
Stockland Forster	1.77	1.29	1.42	4.48
Sugarland Bundaberg	2.10	1.71	1.88	5.69
Stockland Bathurst	1.50	1.34	1.39	4.23
Stockland Nowra	1.60	1.25	1.36	4.21
Average All				5.39
Average Qld¹				5.93
Average Retail				5.34

Community resilience scorecard

Following our extensive work on the climate resilience of our retail buildings and infrastructure, we developed a community resilience scorecard in FY16 with a specific focus on our Retail portfolio. The purpose of the scorecard is to understand underlying issues in communities around social cohesion, economic viability and connectivity and to identify opportunities to contribute further to community resilience through our community development planning process.

The community resilience scorecard has since been adapted and integrated into the climate resilience strategies for our Residential and Retirement Living businesses (called climate and community resilience assessments and scorecards). This allows us to assess the resilience of buildings and infrastructure as well as our residents' ability to respond to significant climatic events. The scorecard has been used for a number of residential developments seeking Green Star – Communities certification.

Table 2 summarises the scores of Stockland's retirement living villages and residential masterplanned communities that have undergone a climate and community resilience assessment. Community resilience scores are not available in the table where assessments were undertaken prior to a community resilience scorecard being available.

For assets considered to be in lower risk locations, we focus on compliance with regulatory standards and respond to specific issues accordingly.

TABLE 2: CLIMATE AND COMMUNITY RESILIENCE SCORES – RESIDENTIAL AND RETIREMENT LIVING

LOCATION	CLIMATE RESILIENCE RATING	COMMUNITY RESILIENCE RATING
RESIDENTIAL COMMUNITIES		
Marsden Park (NSW)	5.2	–
Aura (Qld)	5.4	–
Murrays Beach (NSW)	6.1	–
Willowdale (NSW)	5.4	5.7
Cloverton (Vic)	5.6	5.6
The Grove (Vic)	5.6	5.9
Altrove, Schofields (NSW)	5.8	4.7
Newport (Qld)	5.5	4.7
Calleya (WA)	5.3	4.9
Average Residential	5.5	5.3

¹ This excludes Stockland Bundaberg as we did not own Bundaberg when we set the climate resilience target and it is not included in the average for Queensland.



LOCATION	CLIMATE RESILIENCE RATING	COMMUNITY RESILIENCE RATING
RETIREMENT LIVING VILLAGES		
Highlands (Vic)	4.8	–
The Village Swansea (NSW)	6.1	–
Farrington Grove (Qld)	4.6	–
The Cove (NSW)	6.6	4.8
Maybrook (NSW)	5.4	5.0
Patterson Lakes (VIC)	5.7	4.6
Salford Waters (Qld)	5.4	4.0
Hillsview (SA)	5.8	5.1
Walnut Grove (SA)	5.8	4.9
Average Retirement Living	5.6	4.7

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. Stockland's 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 National Sustainability Manager, reporting to the COO, has responsibility for ensuring the effective implementation and evaluation of Stockland's climate resilience approach and is supported by a team of sustainability specialists. This team guides the residential, retirement living and commercial property asset teams in effective delivery of the sustainability policy for each business unit. Our Development and Asset Managers are responsible for ensuring that a climate resilient approach is effectively delivered and managed at the project and asset level.

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 Table 1). For our most vulnerable assets in North Queensland (prone to extreme weather events), we have set a regional improvement target to be achieved by FY17. We aim to improve the regional average resilience score for our North Queensland shopping centres from 5.9 to 5.5 through the implementation of recommended actions.

In our retirement living villages and residential communities, we will track and evaluate the implementation of recommendations. 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.

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.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Waste and materials

FY16

Why this is important to Stockland

Stockland is committed to 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 have an impact on the environment.

Waste treatment and disposal can have a major impact on the surrounding environment, with nutrients released during waste breakdown potentially polluting groundwater and waterways, incineration leading to air quality issues and landfills contributing to the world's total greenhouse gas emissions. 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 6.

Our key achievements

- We identified two projects in South East Queensland where there were opportunities to support their respective earthworks requirements in terms of fill and export. This significantly reduced the need for virgin fill materials and the transportation and disposal of materials. Refer to the case study on page 5 for more information.
- Exceeded our waste diversion target for residential and retirement living, with 96% diverted from landfill in FY16.
- Exceeded our retail waste diversion target of 36% of waste to be diverted from landfill by end of FY17. This was 39% in FY16 and we will continue to monitor and improve on this in FY17.
- Conducted a Life Cycle Assessment for the clubhouse at the Lightsview retirement living village in South Australia, which resulted in a 38% improvement in life cycle impacts over the life of the building.

In this document you will find:

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FY16 priorities and performance overview

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
90% construction waste diverted from landfill by FY17.	In Progress	Construction waste diverted from landfill is currently 83% for the current portfolio of projects, which is a reduction from 92% in FY15. Recycling rates can vary from project to project depending on the project demolition stage and the types of materials recovered during demolition or used during construction. Whilst we can sometimes exceed 90%, we believe that a long term target of 80% is more achievable for retail construction. We will focus on achieving the 80% diversion target by the end of FY17 and will track key projects such as Stockland Green Hills in the NSW Hunter Valley to support this.
36% of retail waste diverted from landfill by the end of FY17.	Achieved	Waste diverted from landfill in FY16 is 39%. While we have achieved our target ahead of schedule we will continue to monitor and improve on this in FY17.
Maintain 70% of office and business parks waste diverted from landfill by the end of FY17.	In Progress	FY16 waste diversion in our Office and Business Parks portfolio was 42% which is a 4% improvement against FY15. This diversion rate is lower than anticipated due to the closure of an offsite sorting facility. Further, the Better Business Partnership (BBP) has identified that there is no industry standard for waste reporting and has introduced the BBP Operational Waste Reporting Guidelines. Stockland will adopt the bronze standard for FY17 and reset our target to 45% of waste diverted from landfill.
Work with consultants to provide education to both tenants and cleaners that will help improve diversion rates by the end of FY17.	In Progress	Tenant education sessions were completed with four NSW assets in FY16 and will continue where appropriate in FY17.
Conduct a minimum of one Life Cycle Assessment (LCA) on a retail development project.	In Progress	An LCA is included in the scope for the Stockland Green Hills retail redevelopment in the NSW Hunter Valley. Due to a delay in project commencement, the LCA was not completed in FY16, however the assessment is currently underway and will be completed in FY17.

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Achieve a minimum 60% waste diversion from landfill for all new residential construction contracts by FY17.	Achieved	We achieved 96% waste diversion from landfill in FY16.
Develop and embed sustainable timber and concrete specifications into new civil/landscape contracts.	In Progress	Timber and concrete specifications and contract clauses have been drafted. We will consult with contractors early in FY17 before embedding the schedule in all new contracts.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Identify opportunities for waste initiatives to divert further waste from landfill in operational and development sites.	In Progress	We have surveyed all retirement villages to understand current practices and activities undertaken by village waste management contractors. This information provided a baseline from which we can identify waste improvement opportunities.
Trial an LCA on a retirement living development, review applicability and identify opportunities for further use.	Achieved	An LCA Pilot was completed for the clubhouse at the Lightsview retirement living village, which resulted in a 38% improvement in life cycle impacts over the life of the building.



Future priorities

Commercial Property

- 80% of construction waste diverted from landfill by the end of FY17.
- 36% of Retail waste diverted from landfill by the end of FY17.
- 45% of Office and Business Parks waste diverted from landfill by the end of FY17.
- Provide education to both tenants and cleaners to help improve diversion rates by the end of FY17.
- Conduct a minimum of one LCA on a commercial property development in FY17 as a design tool to support Green Star.

Residential

- Achieve a minimum 60% diversion from landfill for all new residential construction contracts by FY17.
- Adopt earthworks and spoil management strategies on our developments in relation to spoil generation and cut to fill balancing and quantify the volume of savings to be achieved through earthworks and spoil management strategies.
- 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.

Retirement Living

- 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.
- Complete two pilot sites for alternative waste management practices including village compost bins and worm farms to feed into village community gardens.
- Conduct a minimum of one LCA on a retirement living development project in FY17.

FY16 performance and case studies

Development

In FY16, we reviewed the list of materials that we mandate in our business units to identify a more comprehensive Group-wide list and ensure a consistent approach across the business. For example, whilst we have targeted reduced volatile organic compounds at a retail project level, we developed a more comprehensive Group-wide approach to using volatile organic compounds. We will incorporate this refined list of materials into our procurement processes in FY17.

Commercial Property

We have set a minimum construction landfill diversion target of 80% for all projects and we require our builder partners to submit quarterly waste reports for the duration of the project. We use these reports as evidence for our Green Star ratings.

Our combined landfill diversion rate for retail construction projects in FY16 is 83%, which exceeds our Green Star target by 3%. However this represents a reduction on our FY15 diversion rate of 92% and our FY17 target of 80%. 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 by the end of FY17 and will track key construction projects such as Stockland Green Hills in the NSW Hunter Valley to support the achievement of this target.

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

- Stockland Green Hills, NSW (Builder - Brookfield Multiplex);
- Stockland Wetherill Park, NSW (Builder - Brookfield Multiplex); and
- Stockland Harrisdale, WA (Builder - Doric).

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

**TABLE 1: RETAIL DEVELOPMENT WASTE PROFILE (TONNES)**

Our combined landfill diversion rate for retail construction projects in FY16 is 83%, which exceeds our Green Star target by 3%. However this represents a reduction on our FY15 diversion rate of 92% and our FY17 target of 80%. 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 by the end of FY17 and will track key construction projects such as Stockland Green Hills to support the achievement of this target.

TONNES	FY16	FY15	FY14	FY13	FY12
Total Waste	3,253	6,428	4,453	7,230	8,596
Waste Recycled	2,684	5,940	3,778	6,526	6,971
Waste to Landfill	569	487	924	707	1,625
Diversion from Landfill (%)	83%	92%	85%	90%	81%
Percentage of Retail Developments Included (%)	100%	100%	100%	100%	100%

Residential and Retirement Living

The table below summarises the waste streams from our greenfield residential and retirement living developments.¹ 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.

We maintained the diversion from landfill rate from FY15 at 96%, which exceeds the target rate of 60%. For FY16, the total waste generated has significantly reduced due to a number of large residential projects not needing to export large amounts of debris from site.

The table below provides an overview of our waste profile for residential and retirement living. 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.

TABLE 2: RESIDENTIAL AND RETIREMENT LIVING DEVELOPMENT WASTE PROFILE (TONNES)

TONNES	FY16	FY15	FY14	FY13	FY12
Total waste	35,424	82,033	80,135	82,503	137,748
Waste diverted from landfill	33,881	78,514	78,149	80,148	131,270
Waste sent to landfill	1,542	3,617	1,986	2,355	6,478
Diversion from landfill	96%	96%	98%	97%	95%

Initiatives implemented in FY16 to reduce the impacts of materials include:

- We undertook our first LCA on a retirement living development for the clubhouse at the Lightsview retirement village in South Australia. The LCA highlighted that our minimum design standards resulted in a 50% improvement in life cycle impacts, mainly due to the energy efficient design which reduced energy consumption over the life of the asset. This result was certified by an independent party, E-Tool. We are planning to undertake further LCAs on specific development projects in FY17 and the outcomes will assist in the design process to reduce the environmental impacts of future projects.
- We developed standard sustainability requirements to be included in contracts for all new residential civil and landscaping contracts. Focus areas for the sustainability schedule include sustainable material requirements such as timber, concrete, steel and PVC. We will pilot this in early FY17 with at least two contractors.
- In the development of our Vale residential community in South East Queensland, we undertook a survey of trees recovered from the project with a view to reuse as landscape elements within our South East Queensland projects. It was identified that approximately 600 trees or 500 tonnes could be recovered from the Vale project, which is equivalent to 145m³ in landscape timber elements once milled.

¹ Data on construction waste generated by the 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

Efficient earthworks program at Pallara and Augustine Heights

The delivery of our residential communities often involves moving significant quantities of soil or unformed rock. Achieving flat lots, walkable grades, drainage and landscaping elements are all essential elements in delivering a new residential community.

Historically, civil contractors are generally responsible for the disposal and import of fill material and manage this in isolation of our other projects.

In July 2015, we reviewed our earth works activities across a number of our South East Queensland projects to ascertain whether there were opportunities to support the fill and export requirements across our projects. We reviewed the volume of material either proposed to be excavated or required as fill material at our sites.

We identified one particular site at Pallara requiring around 600,000m³ of fill material to protect it from flooding. We also identified another site Augustine Heights that required approximately 86,000m³ of material to be exported to either another site or to landfill.

The fill material from the Augustine Heights project was considered to be of high quality and rather than the contractor disposing of the material, we were able to transfer it to Pallara. This delivered multiple benefits including cost and landfill savings and reduced delays in delivering residential lots to the market. In addition, high quality material helps to achieve savings through reduced pavement thickness requirements where roads are constructed.

Operations

In FY16, we continued to engage with our tenants, retailers and customers to further improve the levels of recycling at our retail sites. Retail waste diverted from landfill in FY16 was 39%, exceeding our waste diversion target of 36% by the end of FY17. In our Office and Business Parks portfolio, our FY16 waste diversion from landfill was 42% which is a 4% improvement against FY15. This diversion rate is lower than anticipated due to the closure of an offsite sorting facility. Further, the Better Business Partnership (BBP) has identified that there is no industry standard for waste reporting and has introduced the BBP Operational Waste Reporting Guidelines. Stockland will adopt the bronze standard for FY17 and reset our target for the Office and Business Parks portfolio to 45% of waste diverted from landfill.

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 developed by the City of Sydney into our waste contracts. This ensures consistency in the quality and standard of the data being reported across our portfolio. We will engage a specialised waste consultant in FY17 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 FY17.

OPERATIONAL WASTE (TONNES)

	RETAIL					OFFICE AND BUSINESS PARKS				
	FY16	FY15	FY14	FY13	FY12	FY16	FY15	FY14	FY13	FY12
Total Waste	17,895	16,717	16,809	14,890	13,808	1,182	1,298	1,607	1,810	2,697
Total waste to landfill	10,858	11,537	11,549	10,443	9,793	680	806	763	538	972
Total waste recycled	7,038	5,181	5,260	4,446	4,015	502	491	944	1,272	1,725
Diversion from landfill (%)	39	31	31	30	29	42	38	53	70.3	64
% portfolio reporting	95	95	95	95	95	100	80*	100	100	100



CASE STUDY

Mernda Retirement Village sustainable materials

In recognition of our efforts to incorporate sustainable materials selection in our developments, we received a commendation in the 'International Green Interior Awards' for our Mernda retirement village clubhouse in Victoria.

The 800 square metre clubhouse was opened in 2015 and incorporates the use of sustainable materials which were either recycled, reused or sustainably sourced and accredited by the Green Building Council of Australia (GBCA).

The clubhouse features natural and healthy building materials that are designed for durability including timber, cement, steel, plywood, brick and fabric. The rammed earth walls, made by compacting a mixture of gravel, sand, silt, clay (and often cement) between formwork in a series of layers approximately 100mm thick, also add to the building's environmental credentials and are an effective use of natural materials to increase the internal thermal mass of the clubhouse.

The village and clubhouse also feature low emission products used for paints, flooring and wood to improve the indoor environment quality within the spaces. More than 60% of the demolition and construction waste was recycled, reducing the waste going to landfill.

Mernda has been recognised for incorporating a wide range of environmentally sustainable features throughout the village to reduce energy and water usage and minimise operating costs.



Mernda clubhouse

Key features include:

- the use of energy efficient and water saving appliances and fixtures;
- energy efficient LED and compact fluorescent light fittings;
- natural gas heating;
- reduced flow water efficient tap and shower fittings and toilets;
- solar powered hot water systems;

- each home in the village also has an energy monitor to allow real-time tracking of electricity used; and
- All homes are designed to provide cross flow ventilation to each living room and bedroom, improving indoor air quality and comfort.

The village and clubhouse achieved a 4 Star Green Star Custom Tool rating from the GBGA in August 2015.

In FY16, we continued phasing out the traditional treatment of terrazzo flooring across our shopping centres by replacing the use of acrylic sealers with penetrating sealers (manufactured by 3M). Where possible, most of our centres with terrazzo flooring have now been treated with the 3M product.

We also validated the benefits of the earlier 3M projects rolled out across FY14 and FY15. We found that there was a demonstrated reduction in the number of slip and falls across our centres and evidence of reduced water consumption and chemical use. We are continuing to review opportunities to extend the application of 3M products across our portfolio.

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.

To ensure waste is appropriately segregated, stored and disposed of in accordance with regulatory requirements, we have a national approach for each asset class. 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 Stockland employees promoting good waste management habits.

The waste management plan outlines how various waste streams should be managed including:

- Communal waste areas and recycling points;
- Solid waste;
- Liquid waste;
- Waste water;
- Hazardous waste;
- Special waste (e.g. clinical, pharmaceutical, drug or medicine waste); and
- Construction and demolition waste.

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

Development

Materials selection

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

Green Star Materials credits aim to address and improve the environmental impacts of building products and materials by taking into consideration issues pertaining to the lifespan, lifecycle and end-use of these resources². The Green Star Materials category consists of credits that facilitate and recognise the efficient use and management of building and fitout materials. Materials credits reward overall reductions to the amount of materials used, the reuse of building materials and the specification of recycled and recyclable materials wherever possible.

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, we ensure that 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 to ensure adherence to Sustainability Plans throughout development. The contract specifications also include the Sustainability Plans and standards set in the business-specific sustainability policies. Upon project completion, the contractor is required to submit the project for a Green Star – As-Built rating.

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

- At least 95% (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.

² Green Star – Design & As Built v1.1 Submission Guidelines



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. For commercial property development, at least 80% of waste is to be diverted from landfill. In residential, we have a target to reduce waste to landfill by 60% by the end of FY17 (which encompasses retirement living contractor reporting). We collect waste data from our commercial, residential and retirement living development contractors to help us better understand volumes of waste sent to landfill and/or recycled.

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 which 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 Stockland to better understand how waste is being managed and therefore develop appropriate strategies to increase diversions.

The minimum recycling target across our retail assets is 36% waste diversion from landfill by the end of FY17 and the minimum recycling target across our office and business parks assets is 45% waste diversion from landfill by the end of FY17. 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 in Queensland, 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 streams and are exploring options with waste contractors that service some of our clubhouses.



Roles and responsibilities

Waste management has been a strategic focus since 2006 and 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 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 Stockland 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 – As Built rating.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Water management and quality

FY16

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 fluctuating climate can lead to long term drought, water scarcity (often resulting in water restrictions) and severe flooding. As a responsible property developer, Stockland constantly considers 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.

Ensuring effective water management systems are in place to minimise consumption and manage 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 6.

Our key achievements

- Completed 10 comprehensive water audits at our high water intensive retail assets. The audits identified 188,000kL of water saving opportunities, which are currently being assessed for implementation in FY17.
- Upgraded the HVAC system at Stockland's Bathurst shopping centre in NSW from a chilled water system to an air cooled plant, which has resulted in approximately 29% of water savings for this centre against FY15.

FY16 priorities and performance overview

Commercial Property

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Rectify utility billing and metering issues that are preventing NABERS ratings being completed for some retail sites.	In Progress	We did not achieve NABERS water ratings at three retail assets because we are still unable to obtain consistently accurate billing and sub meter data. We expect to rectify these issues and obtain ratings in FY17. Further information on our sustainability ratings can be found in the Asset Rating and Certification DMA .
Conduct NABERS water ratings on all eligible retail assets by FY17.	In Progress	Completed water ratings on 20 out of 23 eligible assets. As above, we did not achieve NABERS water ratings at three retail assets because we are still having issues with billing and sub meter data. Further information on our sustainability ratings can be found in the Asset Rating and Certification DMA .
Conduct water audits at ten large water consuming retail assets in FY16.	Achieved	We conducted water audits at 10 retail centres and several recommendations were made, amounting to an estimated annual water saving of 188,000kL across the 10 sites. These are currently under review for implementation in FY17.

In this document you will find:

FY16 priorities and performance overview	1	FY16 performance and case studies	3
Future priorities	3	Management approach	6



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
5% improvement in retail FY14 water intensity by FY17.	In Progress	In FY16 our Retail portfolio maintained its FY14 intensity. 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 FY17.
Retail NABERS Water portfolio average target of 3.0 stars by the end of FY17.	In Progress	Current portfolio average 2.85 stars (up from 2.6 in FY15).
Maintain FY14 water intensity levels for Office and Business Parks by FY17.	In Progress	Office and Business Parks saw a 12% increase in intensity against FY15 and a 3% increase against FY14. The main drivers for the increase were increased irrigation and various water leaks through taps and toilets.
Achieve 4.0 star NABERS Water portfolio average for Office and Business Parks by the end of FY17.	In Progress	<p>Current combined Office and Business Parks portfolio average is 3.66 stars (down from 3.8 stars in FY15). This is due to the sale of Waterfront Place which had a 4 star rating and a large Net Lettable Area which, on an area weighted basis, has a major impact on the portfolio average and may impact our ability to meet our target commitments in FY17.</p> <p>The current Office portfolio average is 3.71 stars and the current Business Parks portfolio average is 2.85 stars.</p>

Residential

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
All new residential masterplanned projects to achieve a 40% 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.	In Progress	3 out of 6 projects achieved a 40% reduction in potable water use. We continue to support this target, however acknowledge it may take the business longer than anticipated to achieve this on all projects. All projects will continue to review options for potable water demand reduction.
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. <ul style="list-style-type: none"> 45% reduction in nitrogen 65% reduction in phosphorus 85% reduction in suspended solids 	Achieved	5 out of 5 projects achieved water quality targets.

Retirement Living

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Measure baseline performance for water consumption and set water efficiency targets across the Retirement Living portfolio.	In Progress	We implemented a water sub metering and monitoring pilot at selected villages to baseline water performance, identify opportunities to reduce consumption, improve efficiency and promote operational savings. We will continue the pilot through FY17 and will develop targets once we have a complete 12 month dataset.
All new Stockland developed retirement villages to achieve a modelled (using CCAP Precinct) 20% reduction in potable water use on a per unit basis.	Achieved	<p>We achieved over 20% at all new retirement village developments as follows:</p> <ul style="list-style-type: none"> Willowdale in NSW - 61% reduction Oceanside in Queensland - 29% reduction Selandra Rise in Victoria - 38% reduction Affinity in WA - 62% reduction Calleya in WA - 63% reduction Mernda in Victoria - 27% reduction
Update CCAP Precinct modelling for all developments that were new for FY15 to demonstrate progress against the target through the development process.	Achieved	CCAP was used to model Willowdale Retirement Village in Sydney which achieved a 41% reduction against its baseline 20% target.



Future priorities

Commercial Property

- Conduct NABERS Water ratings on all eligible retail assets by the end of FY17.
- 5% improvement in Retail FY14 water intensity by the end of FY17.
- Retail portfolio average target of 3.0 stars by the end of FY17.
- Maintain FY14 water intensity levels for Office and Business Parks by the end of FY17.
- Achieve 4.0 star NABERS Water portfolio average for Office and Business Parks by the end of FY17.
- Rectify utility billing and metering issues that are preventing NABERS ratings being completed at three retail sites by the end of FY17.
- Install and commission approximately 200 additional water submetering points across 60% 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.

Residential

- Complete a feasibility study for at least one recycled water partnership to be delivered into a master planned community in FY17.
- All new residential master planned projects to achieve a 40% 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 the end of FY17. We will review this future target in light of regulatory changes to minimum standards.
- 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 the end of FY17.
 - 45% reduction in nitrogen
 - 65% reduction in phosphorus
 - 85% reduction in suspended solids

Retirement Living

- Complete a water submetering and monitoring pilot at two retirement living villages in FY17 for potential roll-out across other villages.
- 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.
- All new Stockland developed retirement living villages to achieve a modelled (using CCAP Precinct) 20% reduction in potable water use on a per unit basis.

FY16 performance and case studies

Commercial Property

In FY16, we conducted water audits at 10 of our large water consuming retail centres. The main areas of interest for the water efficiency audits were:

- Locating and eliminating water leaks on site;
- Understanding water use activities and areas;
- Understanding water processes and fixtures; and
- Reviewing operational and maintenance procedures.

Following these audits, several recommendations were made amounting to an estimated annual water saving of 188,000kL across the 10 sites. These are currently under review for implementation in FY17.

The table below outlines our year on year water consumption over the last five years.

Water consumption decreased in our Office and Business Parks portfolio in FY16 due to the divestment of Waterfront Place. While water consumption increased in retail, this is predominantly due to redevelopments at Stockland Wetherill Park in



Sydney and Stockland Baldivis in Perth. The continuing shift in our retail tenant mix toward more high water intensity food retailers, gymnasiums and car washes, and the extended operating hours has further contributed to the increase.

COMMERCIAL PROPERTY WATER CONSUMPTION (kL)

	FY16	FY15	FY14	FY13	FY12
Office, Business Parks and Logistics	220,704	232,249	271,905	299,122	347,865
Retail	1,153,565	1,096,808	1,077,563	928,198	818,058
Commercial Property	1,374,269	1,329,057	1,349,468	1,227,320	1,165,923

Water consumption intensity (kL/m²)

We track our water consumption on a per square meter intensity basis as a means to understand our water impacts while taking divestments and investments into account. The table below outlines our year on year water intensity progress over the last five years.

	FY16	FY15	FY14	FY13	FY12
Office and Business Parks	0.65	0.58	0.63	0.63	0.63
Retail	1.11	1.10	1.10	1.03	0.94
Commercial Property	1.00	0.96	0.98	0.91	0.82

Water consumption intensity reductions (%)

In FY15, our Commercial Property business committed to a five per cent retail water intensity reduction by FY17. Our Office and Business Parks portfolio target is to maintain the same water intensity figures as FY14.

In our Office and Business Parks portfolio, water consumption intensity has increased by 12% against FY15. The increase is due to irrigation of new landscapes in our business parks, installation of additional cooling towers in office and various major toilet and tap leaks across the portfolio. These results were not replicated in retail which saw water consumption held at almost the same level as FY14 and FY15.

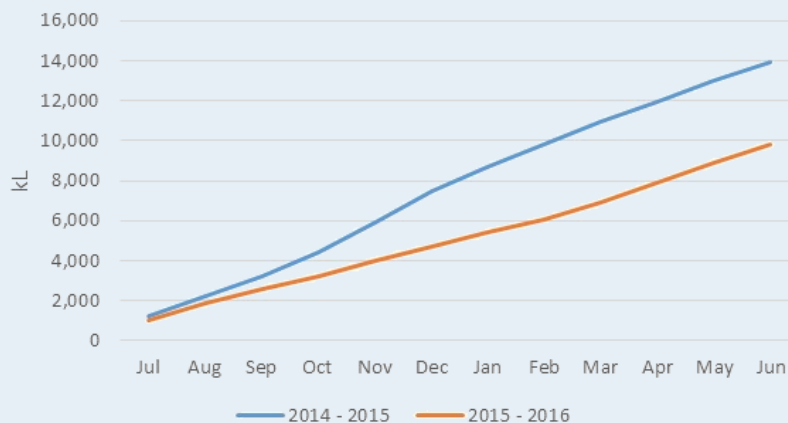
The table below outlines our year on year water intensity reductions over the last five years. We will report each year on our progress against our FY17 targets.

ANNUAL WATER INTENSITY CHANGE FROM PRIOR YEAR

	FY16	FY15	FY14	FY13	FY12
Office and Business Parks	12%	-8%	0%	0%	-13%
Retail	0%	0%	7%	10%	-1%
Commercial Property	4%	-2%	7%	10%	-3%



Bathurst Annual Water Consumption



CASE STUDY

Air conditioning upgrade at Stockland Bathurst

In FY14, the HVAC system at Stockland Bathurst in NSW was beyond its end of life and was struggling to meet the demands of the shopping centre. Rather than simply replacing the plant like-for-like, Stockland took the opportunity to implement a more efficient plant to deliver substantial energy and water savings. This review resulted in the centre moving the local plant servicing each area, which can be quite resource intensive, to a far more efficient central plan with additional efficiency features, such as a heat pump.

Additionally, water benefits were realised by using the chiller in an air cooled system, rather than water cooled. Energy evaluations undertaken at the same time endorsed this as the right selection due to the plant size.

The installation was completed during the first quarter of FY16, therefore providing a complete 12 months of energy and water consumption reduction.

The graph illustrates the water savings achieved by moving from a water cooled chiller system to an air cooled chiller system. These savings equate to 3,800 kL or \$14,300 annually.

The energy savings were also impressive, resulting in a 32% electricity reduction against FY14. This equates to approximately \$50,000 annually, showing that plant projects frequently demonstrate enhancements across multiple resource usage areas.

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. In FY16, we upgraded our contractor templates to enhance reporting processes and to notify contractors if water usage falls outside an expected range.

Retirement Living

Due to the diversity of our Retirement Living portfolio, we have limited visibility over the water usage profiles across our villages. We are working to improve our visibility of water consumption in common areas such as clubhouses, pools and gardens by running a water submetering and monitoring pilot. This will also inform future water efficiency targets.

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 Gowanbrae and Oak Grange in Victoria, 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 which are not in use.



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 price of water, our office and retail programs have been focussed primarily on leak capture and management.
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 assure quality of water supply to our residents, as well as the quality of water which 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 ¹ 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, we are piloting water submetering and monitoring at two villages with the view to apply the strategies to the wider Retirement Living portfolio.

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



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. This is determined, monitored and enforced by the regulatory authority. As a minimum requirement for environmental approval on all projects, we have to reduce the pollutant load of any stormwater runoff before discharging water to receiving water bodies.

Water Sensitive Urban Design (WSUD) is also considered in all our developments. WSUD ensures sustainable management of water in urban areas through integration with the urban design and takes into account all of the elements of the urban water cycle including potable water, wastewater, rainwater, stormwater and groundwater. Many approval jurisdictions across 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 to be taken as part of their specific environmental plan. At our Birtinya project on the Queensland Sunshine Coast 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 project in Sydney, 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.

Operations

In Commercial Property operations, we undertake NABERS Water ratings to benchmark the performance of our assets against industry standards and to measure the effectiveness of the initiatives and actions we implement. In our Office portfolio, we undertake NABERS ratings annually and have a long standing portfolio average target of 4.5 stars.

In FY16 we have undertaken ratings on 20 out of 23 eligible retail assets (excluding developments) and our portfolio average target is 3 stars by the end of FY17. Several locations could not be rated due to utility billing issues, faulty metering or the absence of metering on bore water supplies. These issues will be rectified for the next rating cycle and we anticipate that we will rate all eligible assets in FY17.

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. We have therefore committed to install and commission an additional 400+ submetering points across our Retail portfolio in FY17. This will provide improved clarity on where water is being consumed and assist 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 project in Townsville, Queensland, we use rain sensors which can be controlled remotely to operate a drip irrigation system. The benefit of the system is that landscaped areas are only provided with the required amount of water and therefore reduce water wastage. At Willowdale in Sydney we have been designing no irrigation landscaping, and McKeachies Run in the Hunter region of NSW included a 100kl tank to service irrigation needs.



We generally hand operational control (i.e. maintenance of public spaces) to Councils following project completion or as stages of our projects are completed. We retain operational control in some cases, such as our Vale project in Western Australia. We are responsible for maintaining the parks and public spaces at Vale and hold an historical license for a number of water bores from which we draw down water for the purposes of landscape maintenance. This explains why water consumption at our Vale project is always considerably higher than our other residential projects. We sometimes collect water for reuse in watering and maintaining parks and public spaces, however do not record the total volume captured before handing over control to Council.

In our Retirement Living business, upgrades to operational village clubhouses 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 also refit with water efficient appliances and fittings to improve the 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 National Sustainability Manager, reporting to the COO and supported by the business unit National Sustainability Managers, has responsibility for ensuring the effective implementation and evaluation of our water management and quality approach. This team guides the residential, retirement living and commercial property asset teams in effective delivery of the sustainability policy and supporting toolkits. Our Development and Asset Managers are responsible for ensuring that water management and quality is effectively delivered and managed at the project and asset level.

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



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Diversity and inclusion

FY16

Why this is important to Stockland

Stockland values diversity and aims to create an inclusive workforce which is reflective of the communities in which it operates. Building a more inclusive workplace enables greater diversity of thought, more informed decision making and better business outcomes.¹

Diversity and inclusion, including flexible working arrangements, continues to be a key driver of engagement and wellbeing for our employees.

Increasing the diversity of our workforce and the inclusiveness of our culture is also a strategic business imperative. The communities in which we operate have a rich mix of cultures, and building a workforce that is reflective of our customer base will help us understand what our current and potential customers want from our communities and assets and provide us with greater opportunities for customer satisfaction and competitive advantage.

An overview of our management approach is provided on page 7.

Our key achievements

- Implementation of a company-wide flexibility campaign, Flexibility@Stockland, to give all of our employees the opportunity to openly discuss and access flexible work options. Since the launch of this campaign, we have seen a further 36% of employees introduce a flexibility arrangement into their working week on top of the 25% of employees with an existing flexible working arrangement.
- Recognised as a Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality in FY16 for the second year in row. We were one of two property firms and one of only 100 Australian corporates to achieve this challenging citation.
- Employee feedback indicates diversity and inclusion is a key driver of our high engagement level and we continue to perform above the global and Australian high performing norm for diversity and inclusion. In the 2016 Our Voice survey, 95% of our people felt that Stockland provides a working environment that is accepting of differences in cultural background or lifestyles.
- We have introduced a new employee led diversity and inclusion governance structure called Employee Advocacy Groups (EAGs). There are four EAGs focused on Gender Equality, Parents and Carers, Wellbeing and Cultural Inclusion, and Disability and Flexibility. The EAGs are responsible for setting diversity and inclusion objectives, ensuring initiatives are resourced and guiding implementation.

¹ Why Diversity Matters, McKinsey, January 2015.

In this document you will find:

FY16 priorities and performance overview	2	FY16 performance and case studies	3
Future priorities	2	Management approach	7



FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Increase the percentage of women in management roles towards target of 50% by 2020.	In Progress	<p>We continue to evolve our processes, programs and leadership behaviours to work towards equal gender representation. In FY16 we have:</p> <ul style="list-style-type: none"> • 44.6% of women in management roles, declining slightly from 44.7% in FY15; and • 36% of senior management are women, which is above our target of 34.6%.
Increase employee awareness of our diversity and inclusion commitments and FY16 priorities through a targeted communication strategy.	Achieved	<p>We ran a company-wide diversity and inclusion communication campaign in September 2015, with a particular focus on flexibility.</p> <p>We continue to focus on increasing awareness via communication of achievements (such as WGEA Employer of Choice for Gender Equality recognition).</p> <p>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.</p> <p>We have established an employee led governance structure for diversity and inclusion through our EAGs, which support the communication of diversity and inclusion initiatives across the business.</p>
Refresh our focus on flexibility through enhanced support for managers and a campaign encouraging mainstreaming of flexibility.	Achieved	<p>Flexibility@Stockland was launched in FY16 as a company-wide initiative to encourage mainstream flexibility. The program centres around managers working with each individual to identify 'One Simple Thing' that would support greater flexibility. Reporting is also embedded in the performance process.</p> <p>Through the campaign we have seen 36% of employees introduce a new informal flexible work arrangement, on top of the 25% of employees with existing flexible working arrangements.</p> <p>Additional resources and guides provide ongoing support for managers.</p>
Implement an Indigenous hiring strategy.	In Progress	<p>The strategy has been drafted and will be approved and implemented in FY17. A recruitment pilot was run in our Townsville shopping centre in partnership with the National Rugby League (NRL) North Queensland Cowboys football team. We will expand the pilot to other assets and validate other recruitment sources to finalise our preferred strategic direction.</p>
Hire two employees with disabilities per annum from FY16 to FY18.	In Progress	<p>We have recruited and on-boarded one employee with a disability into an operations role in FY16.</p> <p>We continue to partner with the National Disability Recruitment Coordinator to source candidates with a disability for existing roles.</p>
Recruit one graduate per graduate intake through the Stepping Into program run by the Australian Network on Disability.	Achieved	<p>A previous intern was offered and accepted a permanent graduate position in FY16.</p>
Ensure gender pay equity ratio of 97-103%.	Achieved	<p>As at 30 June 2016, our gender pay equity ratio is 97.4%.</p>

Future priorities

- Increase the percentage of women in management roles towards the target of 50% by 2020.
- Increase the percentage of female general managers to 36% by the end of FY17.
- Implement an Indigenous hiring strategy in FY17 as part of our Reconciliation Action Plan.
- Recruit one graduate per graduate intake in FY17 through the Stepping Into program run by the Australian Network on Disability.
- Hire two employees with disabilities per annum from FY16 to FY18.
- Achieve a gender pay equity ratio of 97-103%.



FY16 performance and case studies

Our FY16 employee engagement results reinforced that diversity and inclusion continues to be a key driver of employee engagement and retention. The Diversity and Inclusion Index from our 2016 Our Voice survey has remained steady against 2015 at 87%, continuing to be above the global and Australian high performing norm for diversity and inclusion.

The three priorities set by the Diversity and Inclusion Steering Committee for FY16 included:

- Increasing the focus on women in management positions;
- Mainstreaming flexibility and demonstrating more examples of senior managers working flexibly; and
- Increasing employee awareness and participation in diversity and inclusion.

Increasing the focus on women in management positions

Seven male Executive Committee members sponsored high potential females from the senior manager job band. The program had the dual focus of supporting the career development of high potential females through greater exposure to the Executive Committee and enhancing our male leaders' understanding of corporate life from a female perspective.

Our female general managers continue to host quarterly informal lunches or breakfasts in Sydney and when they travel to our state offices. These sessions provide an additional network for females within the organisation and are a further source of feedback on diversity progress and challenges.

We were successful in securing Employer of Choice for Gender Equality status from the Workplace Gender Equality Agency (WGEA) during FY16. We were one of only two property firms and one of only 100 Australian corporates and organisations to achieve this challenging citation. We are currently applying for FY17 accreditation.

Our Managing Director and CEO, Mark Steinert, is a founding member of the Property Male Champions of Change (PMCC) group. This group is focused on improving gender equity and addressing barriers that exist in the Australian property industry. It involves the male CEOs of the largest property organisations working on six key areas to support improved gender equity in the industry:

- Have a personal leadership action plan;
- Establish best practice measurement and reporting;
- Develop innovative approaches to recruitment and retention;
- Mainstream flexible work practices;
- Break the boys' club culture in the industry; and
- Enable workers to be carers.

As can be seen in the table below, women represent 44.6% of Stockland's management team and our target is to achieve 50% by 2020.

Gender specific metrics and performance

WOMEN IN MANAGEMENT (%)

JOB BAND	FY16		FY15		FY14		FY13		FY12	
	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN
Management	536	44.6	515	44.7	464	45.4	454	43	523	43
Executive Committee	9	11	9	11	7	–	5	–	7	14
Senior Management	151	36	138	36	132	35	125	33	147	36
Manager	376	49	368	49	325	50	324	47	369	47
Employee	1,010	67	1,012	66	938	66	913	66	1,001	66
Stockland	1,546	60	1,527	59	1,697	59	1,711	64	1,857	63

**RATE OF RETURN FROM PARENTAL LEAVE**

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

GENDER	TOTAL LEAVE	WITHIN 6 MONTHS				WITHIN 12 MONTHS			
		RETURNS	RETURN RATE	EXITS	EXIT RATE	RETURNS	RETURN RATE	EXITS	EXIT RATE
Male	38	36	94.74%	2	5.26%	34	94.44%	2	5.56%
Female	82	75	91.46%	7	8.54%	61	79.22%	16	20.78%
Overall	120	111	92.50%	9	7.50%	95	84.07%	18	15.93%

GENDER PAY EQUITY RATIO

The limitation of measuring pay equity based solely on average fixed pay by job band is that it ignores different market values placed on different jobs. Stockland aims 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% plus or minus 3% 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.

	FY16	FY15	FY14
Stockland	97.4%	97.2%	96.9%

AVERAGE FIXED REMUNERATION RATIO BY JOB BAND²

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 Stockland pays 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	FY16	FY15	FY14	FY13	FY12
Executive	0.59	0.60	NA	NA	0.51
Senior Management ³	0.85	0.93	0.89	0.88	0.85
Management	0.83	0.85	0.83	0.84	0.84
Employee/Professional Technical	0.86	0.86	0.86	0.86	0.83
Total employees ⁴	0.64	0.66	0.65	0.64	0.64

² Provided for the following job bands: Executive Committee, General Manager, Senior Manager, Manager and Employee/Professional Technical.

³ Senior Management includes Senior Manager and General Manager job bands.

⁴ The ratio is a function of total pay and employee number by gender.



Mainstreaming flexibility

Flexibility@Stockland was launched in FY16 to give all our employees the opportunity to access flexible work options.



CASE STUDY

Flexibility@Stockland

At Stockland, flexibility is not only supported, it's encouraged.

External studies have shown more workers around the world are working flexibly to balance their work and life commitments, leading to higher levels of engagement, productivity and wellbeing.

Stockland recently launched a flexibility program called Flexibility@Stockland to give all our employees the opportunity to openly discuss and access flexible work options.

As explained by Mark Steinert, Stockland Managing Director and CEO: "All roles at Stockland can be flexible, and this initiative is aimed at ensuring there is no stigma associated with flexible work arrangements. As a company we are focused on outcomes, not hours at the desk."

This could mean doing 'One Simple Thing' such as starting later to drop kids off at school, taking a longer lunch break once or twice a week to go to the gym or working from home once a fortnight. Or it may mean making more formal flexibility arrangements such as working part time or job sharing to improve wellbeing.

Recently, each member of the Stockland Executive Committee shared the 'One Simple Thing' that they have introduced to improve their work-life quality. This ranged from leaving early a couple of days a week to share dinner with the family to taking time out at lunch to exercise.

Employees were encouraged to discuss and document their 'One Simple Thing' or their existing flexible arrangements with their manager at their mid-year performance reviews. Approximately 25% of our employees utilised some form of flexibility arrangement prior to this initiative, and we have now seen a further 36% of employees introduce a flexibility arrangement into their working week.

Teams regularly share examples of flexibility options that have been adopted by employees to promote the mainstreaming of flexibility and encourage others to explore flexible work options.

Increase employee awareness and participation in diversity and inclusion

To help enhance our diversity and inclusion program, we introduced a new governance model in FY16 based on four EAGs covering the areas of

- Disability and flexibility;
- Gender equity;
- Parents and carers; and
- Wellbeing and cultural inclusion.

Our EAG mission is to assist Stockland achieve its diversity and inclusion targets and positively influence each of our EAG focus areas.



Embedding diversity and inclusion in our leadership programs

Leading in an inclusive way is a key capability targeted through our leadership development programs. Our gender guide is part of our induction process for all people leaders and further discussed during our foundation leadership program. In FY17, we will launch our senior manager training program in which a significant component will address inclusive leadership behaviours. This will leverage our work with the Diversity Council of Australia, published in 2015 in "Building Inclusion: An evidence based model of Inclusive Leadership".

CASE STUDY

Mainstreaming diversity and inclusion through storytelling

To help employees connect with diversity and inclusion, we have used a combination of storytelling and online case studies to showcase employees who have taken primary care givers parental leave.

Simon Newton, Commercial Manager Portfolio and Planning, and father of three, is one of the growing number of employees who seized the opportunity to take paternal parental leave.

We chatted to him to find out what influenced his decision, the highlights and what he learned from the experience.

"I was motivated to take parental leave, partly to help my wife transition back into work and partly to get some quality time with the kids. When we had our first child, we didn't have any family around so it was difficult for my wife to go back to work without worrying about child care and other things.

"The experience taught me so much. I got a whole new appreciation for how hard it is to be a stay at home parent. It is way harder than anything I expected. We have three kids now, so when I go home and see my wife, I can empathise more with what her day has been like.

"It also gives you an opportunity to get perspective. You can get caught up in the day to day work-life, and everything else becomes so de-prioritised that you can lose sight of the other really important things – to actually spend time focused on your family. I found that when I came back to work, it was a positive thing. I could really see the value of trying to balance my work and home life.

"What made it easier was the support I got from my team and the business. We were given additional resources, which was important for the team. I've taken parental leave twice while at Stockland, in two different roles, and both of my managers were very supportive. That support makes a big difference.

"Monday to Friday you don't really get a lot of opportunity to spend time with your kids, so it was nice to have that extended, uninterrupted time. I'd definitely recommend taking parental leave if you're given the opportunity. Even if you can't do it for the full three months, just using part of it is very valuable.

"Transitioning back to work was a bit of an adjustment. It took me a few weeks to get my head around what happened while I was away. Things move very quickly here so you can feel a bit out of the loop at first. It's good to stay a little connected if you can while you're away to make that process easier. Even if it's just checking Yammer or having a catch up with your team once a month.

"I still do take advantage of the flexibility we get here, and am doing my One Simple Thing. I do pickups from day care three days a week. I have to give my team a massive thanks, because on those days I need to leave at an exact time, and they're really understanding and supportive. I've had to walk out off Executive Committee meetings and other things that are running over because I need to get the kids and it's never been an issue."

Cultural diversity specific metrics and performance

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. Some respondents opt out of providing this information. Overall, the 'non Australian' responses to the cultural identification question in the FY16 Our Voice survey have decreased slightly. We cannot identify the specific reasons for the shift or validate these results against other data sources.

Our retail assets in culturally diverse communities have also determined which cultures they would ideally hire into Stockland to help create stronger links with their respective communities. Given our asset teams are quite small, we partner with our major tenants, as the cultural diversity of employees in the retailers is the main interface with our customers. An example of this is the Indigenous recruitment pilot underway in Townsville, in partnership with our tenants and the local National Rugby League (NRL) side, the North Queensland Cowboys.

**WORKFORCE BY CULTURAL BACKGROUND (%)⁵**

CULTURE	FY16	FY15	FY14	FY13	FY12
Australian	62.5%	56.2%	69.6%	64%	67%
Aboriginal and Torres Strait Islander	0.0%	0.4%	0.3%	0.3%	0.2%
European ⁶	22.8%	25.4%	14.6%	12.0%	13.0%
Asian ⁷	8.7%	9.3%	6.5%	6.0%	6.0%
Maori and New Zealand	2.3%	2.4%	2.3%	2.0%	2.0%
Middle Eastern	0.0%	0.8%	0.7%	–	1.0%
South African	1.2%	1.0%	0.9%	1.0%	1.0%
North American	0.0%	0.6%	1.2%	1.0%	1.0%
Other	2.5%	4.0%	3.9%	2.0%	4.0%

Management approach**Management approach overview**

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

Our diversity strategy and action plans seek to:

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

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



⁵ 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 and Stockland has no access to individual data points.

⁶ Includes north-west, central, southern, eastern, British, Irish and Scottish.

⁷ Includes south-east, north-east, southern and central.



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

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 be 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.

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. We are currently running an Indigenous employment pilot in Townsville, in partnership with the NRL North Queensland Cowboys and our tenants. Learnings from this pilot will feed into a broader Indigenous hiring strategy that will be implemented in FY17 in accordance with our Reconciliation Action Plan.

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.

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 and reward

Our performance management framework facilitates fair evaluation of employee performance and equitable remuneration decisions. Performance is measured against balanced scorecard objectives that employees set in conjunction with their managers each year. Calibration sessions are conducted with managers to ensure performance assessments have been applied consistently and fairly, thereby reducing any potential bias or subjectivity. Gender analysis is conducted on the calibrated ratings and promotions and reported annually to the Board. In advance of our annual remuneration review, existing fixed pay is analysed using a 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 at Stockland. 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.

We implemented a company-wide flexibility campaign in FY16 called Flexibility@Stockland to give all our employees the opportunity to openly discuss and access flexible work options. The program centres around managers working with each individual to identify 'One Simple Thing' that would support greater flexibility.

Support for parents and carers

Our leading edge parental transitions program provides support to employees preparing to commence or return from parental leave. Together with our Group-wide focus on embracing flexible working and inclusive leadership, the program has been instrumental in maintaining our parental leave return rate well above our target of 80%.

Treehouse, our 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.

Roles and responsibilities

Our Chief Operating Officer (COO) assumes operational responsibility for diversity and inclusion at a Group level, reporting directly to the Managing Director and CEO.

Our Group diversity and inclusion targets are built into our corporate scorecard and individual Executive Committee scorecards. Specific gender targets are also set for each business unit and built into leadership team scorecards accordingly.

We reviewed our diversity and inclusion governance structure in FY16 and introduced the EAGs. Each of the EAGs are sponsored by a member of Executive Committee.

The Diversity and Inclusion Steering Committee is chaired by Stockland's Managing Director and CEO, Mark Steinert, and is made up of the sponsors and leads of each of the EAGs in addition to the General Manager HR and the Manager, Diversity and Inclusion. The committee helps shape and monitor the diversity and inclusion strategy and resources the associated key projects and initiatives.

One full time and one part time resource are dedicated to diversity and inclusion within the Human Resources team.

Review and evaluation process

Diversity and inclusion forms an integral part of Stockland's people strategy, with progress against our objectives and targets reported to the Board. Our targets and metrics are monitored monthly and/or annually.

Our diversity and inclusion targets and/or metrics include:

- Targets for women in management, women in senior management and female GMs (from FY17);
- Parental leave return rates targeting greater than 80% return;
- Annual turnover targets;
- Gender pay gap analysis;
- Gender promotion rate;
- Gender diversity of our succession pipeline and talent population;
- Percentage of our workforce that works on a casual employment basis; and
- Diversity and inclusion related indices from our annual engagement survey.

We assess perceptions of our diversity and inclusion progress through our annual employee engagement survey, Our Voice. Feedback from the Diversity and Inclusion Steering Committee members is another key form of assessing how well our diversity and inclusion agenda is progressing. Our Managing Director and CEO, our COO, General Counsel and Company Secretary and our female general managers also host regular lunches with our female employees to build engagement, share learnings and check progress.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Employee engagement & development

FY16

Why this is important to Stockland

At Stockland we recognise that a key to sustainable competitive advantage is our people. We acknowledge that the ability to engage and retain our valuable 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.

Developing our employees' capabilities enables them to deliver on our business strategy and purpose, drive continuous improvement and enhance performance. It also supports other elements of our broader people strategy, such as diversity and inclusion, employee engagement, and the attraction and retention of talent.

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

We acknowledge that appropriately recognising and rewarding performance is critical to maintaining an engaged and high-performing workforce. Regularly reviewing (and providing opportunities to enhance) our employees' performance, skills and professional objectives also ensures that our people are empowered to continuously develop and realise their potential.

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

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

Our key achievements

- Launched a company-wide innovation program called Ideas@Stockland to help foster the innovation process and to facilitate the timely generation and implementation of employees' ideas.
- Achieved employee engagement score of 83%, 3 points above our target, 8 points above the Willis Towers Watson Australian National Norm and equal to the Global High Performing Norm.
- Launched the Core Systems Program in FY16 in response to our employee engagement survey findings, which identified existing system limitations and inefficiencies as a major area for improvement.
- Improved training days per employee by approximately 24%. We achieved this by expanding our technical training programs and continuing to roll out team effectiveness workshops and business partnering training.
- Delivered an additional 10 technical training modules, reaching 378 unique learners in development, marketing and sales.
- Launched a new on-boarding site in FY16 to improve the transition for new starters. The site includes additional information about Stockland, checklists on individual responsibilities and links through to relevant contacts.
- Improved the robustness and execution of development plans for key senior manager talent through external consulting support and regular debriefs and reviews.

In this document you will find:

FY16 priorities and performance	2	FY16 performance and case studies	3
Future priorities	2	Management approach	8



FY16 priorities and performance

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Improve Stockland's Wellbeing Index above our FY15 score of 78, as measured by the FY16 Our Voice survey.	Not Achieved	In 2016, the Wellbeing Index score declined two points to 75%, yet it remained 8 points above the Australian National Norm. Employees' frustrations with work systems and processes was the major driver of the decline in this score.
Continue to roll out and embed technical curriculum to Development Managers, Project Managers and Sales teams.	Achieved	Delivered 10 training modules (online and face-to-face) covering 378 unique learners across the targeted job families. An additional five modules are in design or development phase for delivery in FY17.
Maintain an employee engagement score of 80% or above, which is 5% higher than the Australian high performing norm of 75%.	Achieved	In 2016, Stockland achieved an employee engagement score of 83%. This result was 8 points above the Australian National Norm.
Maintain employee turnover (<1 year tenure) at 20% or lower.	Not Achieved	Employee turnover (<1 year tenure) was 22.6% in FY16, which is an increase on FY15 of 18.8%.
Reduce employee initiated turnover for employees with good performance or above to 12% or lower.	Achieved	Employee initiated turnover for employees with good performance or above was 11.8% in FY16.
Develop and conduct training as outlined in the training curriculum for Sales, Development and Project Management.	Achieved	Delivered 10 training modules (online and face-to-face) reaching 378 unique learners across the targeted job families. An additional five modules are in design or development phase for delivery in FY17.
Plan, recruit and implement a cross-business graduate program for at least 11 graduates.	Achieved	Program officially launched in March 2016, with 12 graduates recruited across Development, Finance, HR, Marketing and Research. In addition to on-the-job experience, graduates undertake a series of development days, innovation workshops, professional training, volunteering and mentoring.
Review and enhance our Leadership Development programs to meet the business needs and requirements of leadership for the future.	Achieved	Conducted a review and update of Leading@Stockland to ensure content is relevant and delivery is effective. Overall satisfaction (favourable rating) continues to trend at 90% and above.
Develop and pilot a senior manager program – Stockland Leadership Experience.	In Progress	The course outline has been developed and a provider selected. The training will be run October 2016.
Target an average of 3-4 training days per employee.	Achieved	Our average training days for FY16 was 3.1. This represents an increase of approximately 24% on FY15.

Future priorities

- Maintain an employee engagement score of 80% or above, which is 5% higher than the Australian high performing norm of 75%.
- Maintain employee turnover (<1 year tenure) at 20% or lower.
- Improve Stockland's Wellbeing Index to 78 or above, as measured by the FY17 Our Voice survey.
- Reduce employee initiated turnover for employees with good performance or above to 12% or lower.
- Launch an employee value proposition that builds employee advocacy for our customer brand.
- Deliver the first program of the Stockland Leadership Experience in FY17 to support senior managers to lead others through an increasingly diverse, collaborative and complex environment.
- 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.
- Target an average of 3-4 training days per employee for FY17.



FY16 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 more than 11 years 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 2016, we undertook our 12th annual Our Voice survey, achieving an engagement score of 83%. We remain above the Australian National Norm (ANN) and equal to Willis Towers Watson's Global High Performing Norm (GHPN), with 95% of employees indicating they fully support the values for which Stockland stands, 93% of respondents saying that they believe strongly in the goals and objectives of Stockland, and 94% of respondents indicating they are willing to work beyond what is required to help Stockland succeed. Stockland achieved strong performance across the following areas:

- Corporate responsibility and sustainability (87%), reflecting our employees' pride in the contribution we make to the community and society (92%) and the perception that we are a socially (95%) and environmentally responsible organisation (94%).
- Diversity and inclusion (87%) continues to be a key driver of employee engagement for our employees. As we continue to create a more diverse and inclusive workplace, it is encouraging to note the large proportion of employees who perceive the working environment to be accepting of differences with regard to gender and age (92%), cultural background and/or lifestyle and ethnic differences (95%), people with disabilities or psychological/physical impairment (85%) and working style (84%).
- Health and safety (92%), with employees indicating they are aware of their responsibilities to ensure that all areas under their control are safe (97%), that Stockland does a good job of ensuring workers' health and safety wherever we operate (95%), and prompt and effective action is taken when unsafe conditions are brought to management's attention (90%).
- Leadership. With a clear sense of direction from the Executive (83%) and a clear understanding of Stockland's goals and objectives (94%), we performed 17 points and 15 points respectively above the ANN. These results reflect our ongoing focus on employee communication and leadership team visibility in reinforcing priorities and strategic objectives.

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

- Work processes and systems (68%). Whilst remaining higher than the ANN, this is an area that requires ongoing focus to improve employees' perceptions of computerised management systems providing information to do their jobs (58%). We have subsequently launched the Core Systems Program to improve our processes and systems (see below for further information).
- Work-life quality (67%) saw a two point decline from FY15, but remains two points above both the GHPN and the ANN. This result reinforces the importance of continuing to build on several key projects that were launched in FY16, which aim to improve workload, increase operational efficiency and enhance the flexibility options provided to employees. The establishment of the Wellbeing and Inclusion Employee Advocacy Group (EAG), explained in more detail below, is also designed to help address this issue.

Key projects undertaken to enhance employee engagement in FY16 included:

- Stockland's Employee Value Proposition (EVP) – work is underway to align the Stockland EVP with the customer brand (launched in FY15) to strengthen Stockland's employment brand as an employer of choice in attracting and retaining high quality talent.
- Stockland Support Centre (SSC) – the SSC is an outsourced team piloted in November 2014 and made permanent in June 2015 that provides support to Stockland employees across a range of business activities. In FY16, we focused on embedding the SSC into business as usual activities (see page 6 for further information).
- Core Systems Program – we confirmed our approach to implementing the Core Systems Program and commenced the feasibility phase. This included a review of existing systems and processes to determine what needs to be changed to better deliver three of Stockland's strategic pillars: growing asset returns and customer base, support capital strength, and operational excellence. 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.
- Technical development – one of our key priorities for FY16 was to continue to develop and embed our technical training curriculum in key job families including Sales, Project Management, Development and Marketing. By supporting our people to perform the technical aspects of their role, we enhance organisational capability and further support our business strategy. Over the course of FY16, we delivered 10 training modules (online and face-to-face) covering 378 unique learners. We have also designed and developed five additional modules to be delivered in FY17.



- Employee Advocacy Groups (EAGs) – to build on our progress with diversity and inclusion, we have refreshed our governance model by establishing four EAGs. The purpose of these groups is to drive stronger employee advocacy and delivery for diversity and inclusion priorities and initiatives. The four EAGs are Parents and Carers, Wellbeing and Cultural Inclusion, Disability and Flexibility, and Gender Equity. Each of these EAGs has an Executive Committee sponsor and senior implementation lead, and is made up of a diverse group of employees in different roles and locations.
- Stockland's performance rating framework – the relabelling of our performance ratings and the definitions of each rating were updated in FY16. These changes were introduced to give better direction to managers in assessing performance outcomes and to clarify the different expectations of each rating.

CASE STUDY

Accelerating the development of high potential employees

Stockland launched the Accelerate program in August 2015 to accelerate the development of senior managers identified as high potentials and increase their readiness for broader or more senior roles.

The high potential individuals participated in a personality and 360 assessment against the Stockland leadership capabilities to identify their strengths and areas for development. Following a debrief, participants worked with their managers to create a targeted development plan.

Ahead of the annual talent and succession process in March 2016, Accelerate participants and their managers were asked about the effectiveness of the process in providing them with insights into their leadership strengths, identifying their development areas to build their capability, and their perceived ability to deliver on their plan. Participant and manager feedback has been positive across the Group.

Accelerate will be expanded in FY17 with additional participants and continued focus on and support for high potential individuals, and a specific focus on addressing the areas required to assume proposed succession opportunities.

Talent attraction and retention

Rolling turnover (%)¹

Stockland initiated turnover increased in the second half of FY16 as a result of redundancies that were a part of the formation of the Stockland Support Centre (SSC). Further information on the SSC is provided on page 6. Redundancies related to the SSC make up three percentage points of Stockland initiated turnover.

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

	FY16	FY15	FY14	FY13	FY12
Employee Initiated ²	14.9% (216)	13.8% (193)	15.0%	15.8%	13.6%
Employee Initiated turnover for employees with Good Performance or Above ³	11.8% (143)	12.2% (150)	12.6%	NA	NA
Stockland Initiated ⁴	5.6% (81)	3.0% (42)	5.2%	12.3%	8.9%
Total	20.5% (297)	16.8% (235)	20.2%	28.1%	22.5%

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

² Employee initiated turnover includes resignations and retirements.

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

⁴ Stockland initiated turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).



Turnover (%) by tenure group⁵

In early FY14, analysis of our employee turnover data revealed that a disproportionate amount of our employee initiated turnover was occurring in the first 12 months of service, as 31% of employees left within their first year of service in calendar year 2013 (29% employee initiated). A number of initiatives were undertaken to address this and ensure a consistent recruitment and on-boarding experience for new employees. As a result, there was a significant reduction in employee turnover in FY15 and a more uniform distribution of turnover by tenure group. However, employee initiated turnover in the first 12 months increased in FY16 due in part to concerns regarding the SSC. Employee initiated turnover is expected to stabilise as the SSC is further embedded into business as usual activities and its benefits are realised.

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

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

CASE STUDY

Ideas@Stockland

Stockland launched a company-wide innovation program called Ideas@Stockland in August 2015 to encourage and foster the commercialisation of innovation.

Rapid technology advancements and other converging mega trends are changing consumer behaviour. We are focused on creating opportunities from these changes and commercialising new ideas more rapidly.

"Stockland has a proud history of being very innovative: we invented one of the first underground shopping arcades in Sydney; we brought lifestyle retail centres to Australia; we created leasing on iPad; and we have set the benchmark in masterplanned community design for many years," said Mark Steinert, CEO and Managing Director.

"We need to be smart about how we work and how we create a better way to live for all our stakeholders including our customers and our employees. We are introducing support and tools to help facilitate innovation to make it easy to implement great ideas quickly," he said.

A core objective of the program is to build a culture across the organisation where new ideas can be more easily and effectively raised, prioritised, developed and implemented. The program utilises a design thinking approach and encourages employee collaboration to identify and assess 'disruptive' solutions to emerging matters facing the business.

In the first 12 months of Ideas@stockland, over 100 new ideas were submitted and over 800 people across the organisation participated in some way in an innovation challenge. Of those 100 ideas, nine were chosen to be developed and resourced and six ideas are progressing towards working pilots. In addition, 20 employees were selected to receive training on leading innovation methodologies and tools. These Innovation Champions are now assisting business units or functional teams with their own ideation or innovation initiatives.

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].



Stockland Support Centre (SSC)

Driving operational excellence is one of our three strategic business priorities. One initiative to support this is the SSC, an outsourced team that provides support to Stockland employees across a range of business activities. The objectives of the SSC are to drive process improvement and productivity, increase agility and enable our employees to deliver increased value to our customers and business.

In November 2014, we set up a pilot team to investigate how we might use an offshore team to create flexibility, provide us with additional capacity and capability and position us for growth. Key SSC employees visited our Sydney and Melbourne offices to learn more about our business and to be trained in their specific functions. The six-month pilot proved successful in supporting our employees and achieving the estimated benefits in the business case. In June 2015, we decided to establish the SSC permanently and since then, we have transitioned a number of finance and IT activities to the team.

As this change led to a number of redundancies, a key priority was to support our people through this transition. We mitigated the number of redundancies through the use of fixed term contracts and redeploying impacted employees. We were committed to open and honest communication throughout the process and provided employees with access to emotional and professional support options, including the Employee Assistance Program and career transition support.

Learning and development

We achieved an average of 3.1 training days per employee in FY16, representing an increase of more than [10%] from the previous year. This increase was largely due to the expansion of key training programs including technical training for core job families, compliance and operational risk training, safety training, business partnership and consulting training and ongoing delivery of team management system workshops.

ANNUALISED TRAINING DAYS PER EMPLOYEE

	FY16	FY15	FY14	FY13	FY12
Training Days per Employee	3.1	2.5	3.1	1.5	3.4

In FY16, we continued to review and revise our existing programs and curriculum. This included expanding our online training offering via the Stockland Learning Academy (Learning Management System), as well as a greater focus on on-the-job and experiential based learning and development opportunities.

Leadership development

We revised our leadership orientation program (Leading@Stockland) to ensure ongoing relevance and impact for participants. The program continues to receive favourable satisfaction ratings of 90% and above.

We have initiated the design and development of the first module of our Stockland Leadership Experience program. This module will support senior managers to lead others through an increasingly diverse, collaborative and complex environment and will be delivered via a three day immersive experience. The first cohort will include a combination of both general and senior managers.

Further supporting Stockland's diversity strategy, we continued to deliver our two female leadership development programs. Our Springboard program targets women in the first five years of their career and our Senior Women Leaders Program targets women with 10 years of experience who have been identified as key or emerging talent. Since the launch of these programs in 2010, we have seen an increase in the number of women taking up management roles from 35% in FY10 to 44.6% in FY16.

Graduate development

Stockland's graduate program officially launched in March 2016. There are 12 graduates taking part in the inaugural program, with placements across development, finance, human resources, marketing and research. Graduates are drawn from broad undergraduate disciplines, including property, construction management, business, engineering and commerce.

Over two years, graduates undertake a comprehensive training development program to supplement in-business experience. As part of the program, graduates participate in graduate-focused development days, work with a dedicated mentor, attend innovation workshops, 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, female graduates complete our Springboard program and attend quarterly breakfast sessions with our General Counsel and Company Secretary, who also sponsors our Gender Equity Employee Advocacy Group.



Supporting the graduate program are a number of entry level talent programs, including:

- Our one year Ervin Graf scholarship and intern program aimed at training and developing high performing property students;
- The Stepping Into program, which supports undergraduate students with a disability; and
- Our Lucy program, which supports female undergraduate students from disadvantaged backgrounds.

These intern programs serve as additional sourcing channels to the graduate program and support our broader diversity strategy.

For our 2016 graduate intake, 67% of roles were filled either through our intern program or through our existing relationships with the University of New South Wales, the University of Sydney and the University of Western Sydney. Other roles were sourced by our Careers@Stockland team, with just under 600 applications across four advertised roles.

CASE STUDY

Stockland's graduate program

Jannie Mai is one of the graduates in Stockland's inaugural graduate program, launched in FY16. Jannie first joined Stockland in 2013 as part of our Stepping Into program, a paid internship for university students with a disability. Upon finishing the program, Jannie continued to work at Stockland as she completed her studies before undertaking a research graduate role in the Strategy and Stakeholder Relations team.

Jannie's in-business experience has been supplemented by a comprehensive development program. "Since starting the graduate program, I've been provided with countless opportunities to work across various business groups and teams. It's given me a wonderful chance to not only pursue my passion of research, but also explore different areas I may want to delve into in the future," says Jannie.

As part of our Flexibility@ Stockland initiative, Jannie works from home 2 days a week and has flexibility in her start and finish work times. "Working from home and having a flexible arrangement takes the stress out of having to travel during peak hour periods," says Jannie. She adds, "What's so incredible about Stockland is that it's a place that supports you and the team around you are always willing to help you grow and become the best person you can be."

Performance and development

In FY16, all eligible employees received a performance review and had a career development plan in place or a career discussion. Employees are considered eligible for a performance rating after working with Stockland for three months.

During FY15 we reviewed our performance ratings in response to employee feedback through the Our Voice survey on our performance management process. The existing performance framework and rating system had been in place since FY12 and managers reported difficulty applying the ratings due to the naming of the labels and nature of descriptors. Managers also required greater flexibility and guidance.

Based on this feedback, a number of changes were implemented in FY16 to improve our performance ratings framework. This included changes to the rating labels as well as guidance on each level to provide greater clarity and differentiate performance.

Old Rating Framework		New Rating Framework
Exceptional		Outperformance
Outperformance		Strong Performance
Good Performance		Satisfactory Performance
Below Expectations		Unsatisfactory Performance



Management approach

Management approach overview

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 DMA](#)), giving and volunteering activities (refer to [Community DMA](#)), an inclusive workplace and flexible work arrangements (refer to [Diversity and Inclusion DMA](#)).

Monitoring and promoting employee engagement remains a priority for Stockland. As such, we have various mechanisms in place to create a desirable and productive workforce, the most prominent of which are our annual Our Voice employee survey, our internal communications strategy and our programs to develop leaders who are authentic, accessible, performance focused and a beacon for talent.

Our human capital strategic focus areas include building an aligned and accountable workforce, leaders who are authentic, accessible and performance focused, and a scalable and agile workforce. To deliver improvements in these areas, we undertake targeted learning and development initiatives and a rigorous performance and development review process.

Our Voice

Stockland measures 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 the Stockland workplace.

The survey helps us understand what is working well, where we can improve, and how our performance compares to that of our peers and leading international companies. The insights provided by employees through the survey results and subsequent action planning sessions, help guide our people strategy and subsequent activities aimed at improving the engagement of our people. 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.

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 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%) happens by doing, we focus on providing our managers with the skills they need to coach and develop their teams. We have a core leadership curriculum in place to support this, complemented by online training solutions, coaching, 360° leadership reviews and other assessments.

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.

Stockland's performance and development process is illustrated in Figure 1 and described below.

FIGURE 1: STOCKLAND'S PERFORMANCE MANAGEMENT PROCESS



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 which involves shadowing an experienced employee in another part of the business. The program is designed to facilitate cross divisional learning, provide a more comprehensive understanding of the key functions of different areas and to broaden and develop employee skillsets and awareness of potential career opportunities.
- Leadership – we have several programs to provide leaders with the knowledge and skills to facilitate career conversations. This includes Leading@Stockland, Coaching For Success, Springboard, and our Senior Women Leaders 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 Stockland offers for employees undertaking further study, depending on the relevance to their current or next role.
- Professional development – Stockland encourages 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 Stockland or externally. Outplacement services are offered to employees whose roles have become redundant, with the type and level of support offered varying in accordance with the individual's career stage.

Stockland's outplacement providers are available to employees and provide services such as career goal setting, job search strategy development, access to office support and comprehensive research facilities, group workshop and seminar programs, small business advisory services and expert advice on money matters.

Roles and responsibilities

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, everyone at Stockland has a role to play in ensuring internal communication is effective, engaging and responsive and that it contributes to the achievement of optimal business outcomes.

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

Our corporate Human Resources (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 Stockland-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, an alignment survey is undertaken by the Leadership team, 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 good performance or above. We set annual targets for turnover and report on these regularly to our Executive Committee and Board. All senior managers receive monthly updates on their respective turnover progress.

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

Internal communications

We measure the reach and impact of our 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.

Human capital

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

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 degree 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 DMA Series, [click here](#).

Health and safety

FY16

Why this is important to Stockland

At Stockland, the health, safety and wellbeing of our employees and our customers is very important. 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.

Our vision is to foster a culture where health, safety and wellbeing are considered 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 commercial property centres, residential communities and retirement living villages each year and rely on us to keep them safe. Each of our assets presents unique security and safety risks. They are easily accessible environments with a dense concentration of people, which makes these assets 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

- Continued to improve health and safety compliance across all business units through the Operational Risk Assurance Program, with a combined average score of 94% in the FY16 health and safety audits. This is up from 78% in FY14 and translates to a reduction in required audit actions from 2,869 in FY14 to 563 in FY16.
- Continued to enhance emergency response preparedness with the launch of Emergency Response and Business Continuity Plans (ERBCP) across the Retirement Living business. This process is already in place for Commercial Property and will be rolled out to the Residential business in FY17.
- Achieved the lowest lost time injury (LTI) metrics in the last five years, including 11 LTIs and the associated Lost Time Injury Frequency Rate (LTIFR) of 4.0. Various remedial activities implemented progressively throughout the year have contributed to this reduction, including refresher training in workers' compensation and injury management, manual handling training, an increased focus on incident reporting and the engagement of injury management specialists to assist in the management of work related injuries (including stress).
- Launched a new terrorism escalation plan across our retail centres in FY16 following the introduction of a new National Terrorism Threat Level rating system by the Australian Government in November 2015.
- Established a security think tank and working group to facilitate a Group-wide approach to the management of customer safety and security across all asset classes.
- Developed minimum security standards across all asset classes in relation to monitoring systems, physical controls, emergency and crisis management plans and administrative systems.

In this document you will find:

FY16 priorities and performance overview	2	FY16 performance and case studies	3
Future priorities	2	Management approach	6



FY16 priorities and performance

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Implement health and wellbeing strategy.	Achieved	<p>Our health and wellbeing strategy was developed based on three pillars: personal wellbeing, mental wellbeing and physical wellbeing.</p> <p>We launched pilot programs under the mental wellbeing pillar (Mates in Construction and eMindfulness training) and the physical pillar (City Run program).</p> <p>Refer to the Human Rights DMA for further information.</p>
Continue to embed the WHS (Workplace Health & Safety) Management System through the Operational Risk Assurance Program (i.e. full systems audit), targeted training and internal/external communication strategies.	Achieved	<p>The Operational Risk Assurance Program is progressing well with audits undertaken across all business units in FY16. Compliance scores have progressively improved since the inception of this assurance model in FY14. Our FY16 national compliance scores are:</p> <ul style="list-style-type: none"> • Residential – 96%; • Retirement Living – 92%; and • Retail – 96%. <p>Targeted training programs continue to be delivered across all business units in line with our training needs analysis.</p>
Develop the operational risk training needs analysis and deliver targeted training using face-to-face and online mediums.	Achieved	<p>The operational risk training needs analysis is complete and has informed the development of a Group-wide training calendar. The training calendar provides a structured and targeted training program across key risk areas using both face-to-face and online mediums. This has been supported by role specific training and development workshops across key roles including Village Management, Logistics and Business Parks, Project and Development Managers, and Retail operations teams.</p>
Develop and implement security and loss prevention management strategy including CCTV review.	In Progress	<p>The security think tank and working group is in the process of developing a Group-wide security and loss prevention strategy, which will include a national CCTV strategy. This will be delivered in FY17.</p>
Create a public safety and security framework for implementation across all asset classes.	In Progress	<p>The security think tank and working group continues to build a Group-wide public safety and security framework, which will be deployed across all asset classes in FY17.</p>
Review safety in design processes and further embed risk management protocols into design standards.	In Progress	<p>Safety in design continues to be a priority area with security minimum standards and guidelines to be incorporated into Stockland safety in design protocols in FY17.</p>
Implement a security management framework to ensure robust preventative strategies are consistently applied across our asset portfolio.	In Progress	<p>Security minimum standards have been established across all asset classes. The second phase of this program is currently underway and involves developing guidelines and specifications across all other security elements.</p>

Future priorities

- 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.
- Continue to develop and enhance our operational risk training framework by implementing health and safety training in FY17, including workers' compensation and injury management training, emergency management training, incident management training and contractor management training.
- Enhance our training records management process in FY17 to improve the way we capture, retain and report on WHS training.
- Implement a vehicle impact mitigation guideline across all asset classes in FY17 to minimise the likelihood and consequence of accidental or malicious incidents caused by a motor vehicle impact.
- Develop guidelines in FY17 to support Stockland's minimum security standards across all business units.
- Develop and implement emergency response and business continuity plans across all residential projects in FY17.
- Develop and implement security and loss management strategy including CCTV review.
- Create a public safety and security framework for implementation across all asset classes by the end of FY17.



FY16 performance

Employee health, safety and wellbeing

Operational Risk Assurance Program

The annual 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.

The assurance program has been designed as a continual improvement model with each audit building on the previous (see Diagram 1). FY16 marked the first year that full systems audits were undertaken across our retail and retirement living assets.

Diagram 1: Phased Audit Process



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 FY16, the Residential, Retail and Retirement Living businesses completed their respective operational risk audits with the following results:

- Retirement Living – national compliance average of 92% (a 26% improvement on the previous year);
- Retail centres – national compliance average of 96%; and
- Residential – national compliance average of 96%.

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

Reviews and training

Various workplace health and safety reviews and training initiatives were undertaken during FY16, including:

- Legal review of Workplace, Health, Safety & Environment (WHS&E) Management System – we engaged an external law firm to complete a legal review of our integrated WHS&E in FY16. This review confirmed that Stockland's WHS system is comprehensive and does not present material WHS&E compliance issues.
- WHS training – we delivered our annual Responsible Officers WHS training in December 2015. The training briefed all personnel deemed Responsible Officers under WHS legislation on their legal obligations and revisited the systems and processes available to assist them in discharging these obligations. An operational risk training module was also developed for employees involved in organising marketing and special events. The training was delivered online and was designed to make people aware of the potential risks associated with such events as well as reinforce the risk management processes in place to mitigate these risks.
- Residential operational risk KPI review – quarterly operational risk key performance indicator reviews were introduced to the Residential business in FY16 to provide oversight and monitor compliance with ongoing operational risk activities. Compliance is monitored and reported on a quarterly basis and improvement opportunities shared transparently with the business.
- Ergo Assess – is an online ergonomic assessment and training tool launched nationally across the organisation in May 2016. The tool has been designed by physiotherapists to identify and reduce ergonomic risks when using computers. All Stockland employees are in the process of completing the assessment which will identify individual ergonomic issues and provide strategies to manage.

Wellbeing initiatives

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

We also launched our Flexibility@ Stockland program in FY16 to mainstream flexible work arrangements with the promotion of One Simple Thing. This involves employees discussing with their managers the One Simple Thing they can introduce to their work to support greater flexibility. Refer to the [Diversity and Inclusion DMA](#) for further information on this program.



Employee health and safety metrics

Wellbeing

Our wellbeing score (as measured in the Our Voice survey) was 75% in FY16. Whilst this represents a 2 point decline on FY15, our score remains 8 points above Willis Towers Watson's Australian National Norm (ANN). We also scored 13 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 2 points in FY16 to 67%, but remains above the ANN by 2 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 and Development DMA](#) for further information on the Core Systems Program.

The launch of the Flexibility@Stockland initiative also seeks to improve work-life quality and wellbeing. Refer to the [Diversity and Inclusion DMA](#) for further information on this program.

Lost time injuries

We reported a total of 11 lost time injuries (LTIs) in FY16. The number of LTIs and the associated Lost Time Injury Frequency Rate (4.0) represents the lowest LTI metrics we have achieved over the last five years. This reduction can be attributed to various remedial activities implemented progressively throughout the year, including refresher training in workers' compensation and injury management, manual handling training, an increased focus on incident reporting and the engagement of injury management specialists to assist in the management of work related injuries (including stress).

HEALTH AND SAFETY METRICS¹

	FY16	FY15	FY14	FY13	FY12
Total average workforce ²	1,507	1,438 ³	1,695	1,736 ⁴	1,384
Total hours worked (million)	2.75	2.53	2.97	3.03	2.42
Contractor lost time injuries ⁵	12 ⁶	5	10	14	11
Number of lost time injuries (LTIs) ⁷	11	12	18	17	18
Lost time injury frequency rate (LTIFR) ⁸	4.0	4.7	6.1	5.6	7.4
Number of injuries requiring medical treatment (MTI) ⁹	12	14	14	11	13
Medical treatment injury frequency rate (MTIFR) ¹⁰	4.4	5.5	4.7	3.6	5.4
Frequency rate (LTI and MTI) ¹¹	8.4	10.2	10.7	9.2	12.8
Occupational diseases instances	0	0	0	0	0
Fatalities	0	0	0	0	0
Lost days (total for the recorded lost time injuries)	599 ¹²	267	817	417	257
Average lost day rate ¹³	27.1 ¹⁴	22.2	45.3	24.5	14.3

¹ With the exception of contractor lost time injuries, all health and safety metrics include Stockland employees only.

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

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

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

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

⁶ Stockland has experienced an increase in the amount of built form development works over FY16 which may have attributed to the increase in contractor LTIs reported over the same period.

⁷ An injury resulting in the loss of one or more shifts. Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.

⁸ Number of LTIs / total hours worked during Financial Year x 1,000,000 hours. Excludes contractors as we do not measure total hours worked by our contractors.

⁹ An injury resulting in the injured person receiving further treatment from a medical practitioner, i.e. GP, physiotherapist, hospitalisation etc. Not including lost time injuries.

¹⁰ Number of MTIs / total hours worked from July 2014 to June 2015 x 1,000,000 hours.

¹¹ Number of LTIs + MTIs / total hours worked from July 2014 to June 2015 x 1,000,000 hours. Not including injuries requiring first aid treatment only.

¹² The increase in lost days has been largely attributed to two longstanding injuries from previous financial years accounting for 301 days.

¹³ Number of Lost Days / number of LTIs.

¹⁴ This figure is derived from 298 days lost attributed to 11 LTIs recorded in FY16. The balance of 301 days was attributed to two LTIs from previous years.



BREAKDOWN BY GENDER AND REGION

	MEN	WOMEN	NSW	ACT	QLD	VIC	WA	SA
FY16								
Number of lost time injuries	9	2	5	0	2	3	0	1
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days	557	42	306	0	36	249	0	8
FY15								
Number of lost time injuries	9	3	7	0	2	3	0	0
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days	231	36	249 ¹⁵	0	13	5	0	0
FY14								
Number of lost time injuries	6	12	9	1	3	4	1	0
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days	299	518	220	1	4	591 ¹⁶	1	0
FY13								
Number of lost time injuries	9	8	4	0	4	8	1	0
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days	289	128	44	0	99	272	2	0
FY12								
Number of lost time injuries	6	12	10	1	0	7	0	0
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days	156	101	220	2	0	35	0	0

¹⁵ FY15 metrics include 105 lost days related to the re-aggravation of a previous lost time injury reported in FY14 but continued to lose time in FY15.

¹⁶ FY14 metrics include 558 lost days related to three longstanding lost time injuries reported in FY13 but continued to lose time in FY14. All three employees have since ceased employment with Stockland.



Customer safety and security

Emergency management

The establishment of robust emergency response and business continuity processes across our operating assets was a key focus in FY16. This 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 of an 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. Plans for the Residential business are being developed currently and will be deployed in FY17.

Further information on our Group-wide crisis management approach can be found in the [Governance and Risk DMA](#).

Security management framework

In FY16, we continued to enhance our security management framework through the establishment of a dedicated security think tank and working group. This group is focused on the consistent application of robust preventative strategies across our asset portfolio to help prevent security incidents, manage insurance liabilities and costs, and support the ongoing safety of our employees, customers and visitors.

Slip resistance

We continue to work closely with 3M to maintain the non-slip penetrating sealer which was applied to the vast majority of terrazzo flooring across our retail centres in FY16. Stockland's Group Risk team and our insurance broker continue to monitor the effectiveness of this treatment in reducing slip and fall incidents, public liability exposure and maintenance costs. Early indications show a progressive reduction in the number of slips at retail centres where the slip resistant coating has been applied.

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 launched our 'Flexibility@ Stockland' program in FY16 which aimed to mainstream flexibility with the promotion of 'One Simple Thing'. This involves employees discussing with their manager the 'one simple thing' they can introduce to their work to support greater flexibility. Refer to the [Diversity and Inclusion DMA](#) for further information on this program.

In FY16, we formalised Stockland's wellbeing strategy based on the three pillars of personal, mental and physical wellbeing. We piloted and launched a number of programs such as Flexibility@Stockland as well as programs focused on mental wellbeing such as Mates in Construction for our Project Managers and eMindfulness with our Marketing team.

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

- Work-Life Links – an independent national telephone information and resource service that assists employees to balance work-life commitments by providing information and support regarding any type of dependent care, health and lifestyle service; 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)

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.

Contractor safety and performance

As our construction activities are conducted by our contractors, we also 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. All 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.

Customer safety and security at projects and assets

In the design phase, all major projects in Commercial Property, Retirement Living and Residential undergo safety in design reviews to identify and mitigate potential health and safety impacts. In construction and operations, regular audits and inspections are carried out across all 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 villages varying from those for residential communities, retail centres and industrial assets. Health and wellbeing initiatives and objectives form part of each business unit's sustainability policy, which sets standards and objectives for each phase in project development.

In Residential, we are committed to delivering communities where our residents and visitors feel safe at all times and recognise that feelings of safety contribute to resident satisfaction, enhance our community value proposition and drive customer referrals. Residents' perceptions of safety were surveyed as part of our Liveability Index in FY16, which was completed by 1,490 residential customers at 29 communities.



When asked to quantify how comfortable residents were in the following situations, the following results were reported:

- 96% feel safe or very safe alone at home during the day;
- 94% feel safe or very safe at home during the evening;
- 96% feel safe or very safe walking alone within their community during the day; and
- 80% feel safe or very safe walking alone within their community during the evening.

We have a range of measures in place in regards to public safety and security. The current security and loss prevention methodologies within Commercial Property include traditional security measures of monitoring (CCTV and security guards) supplemented with emergency management procedures that continue to be reviewed and improved. The residential and retirement living assets generally have different control measures due to their risk profile; however, they still face some common risks including uncontrolled or unauthorised access that may present risks to residents and property damage.

Customer safety and security – Group-wide activities

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 DMA](#).

Roles and responsibilities

Our Chief Operating Officer assumes responsibility for health and safety and customer safety and security at an executive level and oversees the work of both the Human Resources (HR) and Operational Risk teams.

HR manages our employee health and wellbeing activities, while Operational Risk oversees the active management of all classes of operational risk, including the development, implementation and monitoring of workplace health and safety for our employees and contractors.

The General Manager Project Management and Direct Procurement manages relationships with our key contractors to promote a focus on customer safety and security in project construction (see [Supply Chain Management DMA](#)), while the General Manager of Operations and Process Improvement provides oversight for processes which manage security of customer information.

Our People and Asset Risk Specialists conduct spot checks of the risk self-assessments conducted by each asset.

Review and evaluation process

Employee health, safety and wellbeing

Our externally administered Our Voice employee engagement survey is completed by our employees 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 5%), 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 gap analysis audits and external insurance property and general liability audits are undertaken on an annual basis to measure compliance with operational risk policies and procedures. 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. Spot checks of the self-assessment checklists are then undertaken by our People and Asset Risk Specialists.



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Human rights

FY16

Why this is important to Stockland

In accordance with the UN Guiding Principles on Business and Human Rights, Stockland is committed to respecting and promoting human rights consistent with the International Bill of Rights (including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and with the eight fundamental Conventions of the International Labour Organisation.¹

Stockland operates 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 is provided on page 6.

Our key achievements

- Updated our Code of Conduct to make it more accessible and better align with our purpose and values, followed by communication to all employees.
- Completed our first cycle of a Reconciliation Action Plan with progress on all 22 commitments. We have achieved 18, with another four longer-term projects well underway, including the continued development of our Indigenous employment strategy and ongoing employee cultural awareness training.
- Undertook a desktop audit of existing amenities across our retail portfolio and completed an amenities upgrade at Stockland Nowra in NSW, which included the installation of a 'Changing Places' accessible toilet with a hoist to assist visitors with mobility impairments and an adult sized changing table.
- Conducted a design review of our baby feeding rooms at Stockland Shellharbour in NSW to convert them into 'quiet rooms' for parents and carers of children with autism.

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:

FY16 priorities and performance overview	2	FY16 performance and case studies	2
Future priorities	2	Management approach	6



FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Continue to focus on the delivery of our Reconciliation Action Plan. This includes increasing our cultural awareness training, cultural recognition at retail assets and Indigenous supply chain programs.	Achieved	Stockland completed 18 activities from our first Reconciliation Action Plan 2014-16, with four longer-term activities well underway. We have also drafted our second Reconciliation Action Plan 2016-18.
Further enhance our understanding of human rights by completing at least two workshops with the UN Global Compact (UNGC).	Achieved	The UNGC participated in our sustainability strategy workshop in February 2016. We subsequently completed an external review of our activities against the UNGC's framework, in conjunction with the UNGC.
Further enhance our understanding of the human rights risks and impacts along our value chain by implementing our new What Stockland Expects from Our Suppliers guideline.	Achieved	Our What Stockland Expects of our Suppliers guideline was issued to all suppliers outlining our expectation that suppliers operate in a manner consistent with our corporate, social and environmental values.

Future priorities

- Commence our second Reconciliation Action Plan 2016-18 in FY17 and complete activities referenced in this plan by FY18.
- 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 in FY17.
- Incorporate accessibility audit plans into operational procedures for our commercial property assets in FY17.
- Complete the delivery of a quiet room pilot at our Stockland Shellharbour shopping centre in FY17.
- Commit to two new display homes in all new residential developments to display the Liveable Housing Australia (LHA) Silver standard in FY17.
- Work towards a minimum LHA Silver standard (Design and As Built certified and registered) for 50% of our medium density and completed homes by FY19.
- Explore feasibility and market demand for all new retirement living developments to achieve LHA Gold standard by the end of FY19.
- Embed LHA principles into retirement living unit refurbishment standards in FY17.
- Upskill residential and retirement living sales professionals in FY17 to ensure teams can promote the benefits of LHA design features.

FY16 performance and case studies

Indigenous rights

FY16 marked the completion of our first Reconciliation Action Plan 2014-16. We have made good progress on all 22 commitments. We have achieved 18 commitments, with another four longer-term projects well underway, including the continued development of our Indigenous employment strategy and ongoing employee cultural awareness training.

Some of our key achievements include:

- The introduction of our first traineeship for Aboriginal and Torres Strait Islander school children 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;
- Cultural awareness training for our Executive Committee and our Diversity and Inclusion Steering Committee;
- Significant adjustments to our procurement policies to encourage more engagement with and support for First Nation businesses; and
- Commencement of a 3 year sponsorship of Jamie's Ministry of Food (JMOF) Mobile Kitchen Program in Queensland. JMOF, in partnership with the Good Foundation. The program has deployed a mobile kitchen to deliver 5 week cooking classes in Queensland communities and extends into Far North Queensland, where the cooking classes are 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.

We will launch our second Reconciliation Action Plan 2016-18 in FY17.



CASE STUDY

Reconciliation plaques

In line with our Reconciliation Action Plan (RAP) commitment to 'acknowledge and promote respect for Aboriginal and Torres Strait Islander cultures at significant sites', many of our shopping centres unveiled new plaques to recognise the traditional owners of the land upon which our centres stand.

Our Burleigh Heads centre was the first to officially launch its plaque, hosting a Welcome to Country performed by Rory O'Connor, a descendent of Jackey-Jackey, who helped unveil the plaque with Centre Manager, Kent Druery. The crowd were treated to performances of 'Night Bird Dreaming' by Shaun Davies and traditional songs performed by the Yugambeh Youth Choir.

Our Wendouree centre hosted Uncle Bryon Powell, who performed a Welcome to Country and a traditional Smoking Ceremony before unveiling the plaque with Centre Manager, Stevie Wright.

After the unveiling ceremony, the centre held a one hour education session with Uncle Bryon, with ochre face painting, emu feather hair clips, boomerang throwing demonstrations and storytelling.



Stockland Shellharbour team with the Illawarra Flame Tree Dance Group

Stevie said: "The event was a great success and an important example of our commitment to reconciliation. By respecting and acknowledging the traditional owners of the land, we have forged the beginnings of a great relationship and we look forward to working with the Wadawurrung people in the future."

Stockland Shellharbour also hosted an event to officially unveil its plaque, with traditional dance and songs performed by the Illawarra Flame Tree Dance Group and speeches from the Mayor of Shellharbour and Jodie Edward, a representative from the local Indigenous community.

In total, Stockland will launch 29 reconciliation plaques within Stockland retail centres by the end of FY17.

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 (including LHA and Changing Places) across our portfolio.

In FY16, we completed the following accessibility initiatives:

- Integrated accessible and inclusive principles into our Better Places Manual and Retirement Living Design Guidelines;
- Expanded our delivery of inclusive playspaces and social enterprise cafes, in partnership with the Touched by Olivia Foundation;
- Achieved the following LHA certifications:
 - LHA Silver standard design for Willowdale House, our sustainability and community hub at the Willowdale residential community in Sydney;
 - Willowdale Retirement Village in Sydney designed to LHA Gold Standard with the first stage delivered; and
 - Our first Stockland vertical village, Oceanside in Queensland, designed to LHA Silver standard
- Maintained our approach to achieve a target of 20% of medium density homes to be developed in accordance with LHA guidelines;
- Updated and relaunched our Retirement Living Design Guidelines to reflect LHA principles;
- Committed to 100% Silver LHA in new greenfield retirement villages;
- Commenced an evaluation at Macarthur Gardens Retirement Village in Sydney to explore how our residents perform daily tasks and functions within their homes, with the objective of influencing design, development and operational principles;
- Undertook a desktop audit of existing amenities across the retail portfolio and completed an amenities upgrade at Stockland Nowra in NSW, which included the installation of a Changing Places accessible toilet with a hoist to assist visitors with mobility impairments and an adult sized changing table; and



- Conducted a design review of our baby feeding rooms at Stockland Shellharbour in NSW to convert them into quiet rooms for parents and carers of children with autism requiring a retreat before resuming their shopping trip.

UN Global Compact (UNGC)

In FY16, Stockland continued to explore our understanding of the UNGC. We reviewed our activities against the UNGC's framework and identified an opportunity to extend our whistleblowing channel to contractors, which we will explore in FY17.

We also completed a preliminary review of our human rights approach against the emerging Corporate Human Rights Benchmark frameworks in FY16 and will continue this review in FY17.

Stockland is a signatory to the UNGC and supports the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. 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; and
- Goal 15 – Life on land (biodiversity).

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 FY16, approximately 10% of our employees were covered by collective bargaining agreements (CBAs).

Consultation requirements regarding notice periods for significant operational changes are set by modern Awards which apply to certain staff. While the CBAs do not specify a minimum timeframe, 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

Stockland launched its wellbeing strategy in FY16 in response to feedback received through the FY15 Our Voice employee engagement survey. Mental wellbeing and physical wellbeing were identified as the two key pillars of this strategy and programs were piloted for each of these pillars, including Mates in Construction training (refer to case study below), e-Mindfulness training and the City Run program.

We also launched the Flexibility@Stockland initiative in FY16 to ensure all employees have access to informal arrangements that allow them improved work-life quality. Refer to the [Employee Engagement and Development DMA](#) for further information.



CASE STUDY

Mates in Construction

Mental health on construction sites is now accepted as an industry safety concern. Construction workers in Australia are more than twice as likely to suicide than other people. Further, construction workers are six times more likely to die by suicide than through a workplace accident.

In response to the heightened mental health risks of the industry, we recently ran a workshop with our national project management team, which oversees the development of our assets and works in a high pressure environment with multiple stakeholders, dependencies and deadlines.

The workshop included a general awareness training session by Mates in Construction, an independent charity working on suicide prevention in construction.

The training is based on the premise that greater awareness of suicide signs by people on a construction site will increase the chance of intervention and prevention. The training therefore focused on raising awareness of the causes or triggers of suicide, signs to look out for and guidance as to what to do if you suspect someone may be suicidal.

In addition, eight Project Management representatives attended Connector Training, which is the next level of training to provide our team with further support on mental health and suicide prevention.

Adam Plunkett, Stockland's National Supply Chain Manager, said: "The training was such an eye opener for the team and really drove home the importance of looking out for your mates on a construction site before it's too late".

Supply chain management

Our What Stockland Expects of our Suppliers guideline was issued to all suppliers in FY16 outlining 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 also developed our 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. Refer to the [Supply Chain Management DMA](#) for further information.

Corporate policies breaches and grievances

Stockland monitors compliance with its corporate policies and reports any breaches, as outlined below:

- Code of Conduct – there were five substantiated breaches of our Code of Conduct in FY16 involving inappropriate behaviours in the workplace. Consequently, two formal warnings were given and three terminations resulted.
- Fraud and Corruption – there were two isolated fraud matters reported and investigated in accordance with the Fraud and Corruption Policy in FY16. The result was that there were no substantiated breaches of our policy.
- Discrimination – we had no substantiated incidents of discrimination in FY16. In addition to our internal anti-discrimination and harassment initiatives (see [Diversity and Inclusion DMA](#)), all our security contractors are required to undertake tailored online training modules in non-discrimination and security practices as part of their formal induction.
- Privacy – there were no substantiated breaches of our Privacy Policy in FY16 and consequently no formal warnings or terminations. In FY16, our Group Compliance team developed and rolled out general online privacy training to all Stockland employees. The training was well received and further strengthened and raised employee awareness over the importance of privacy.
- Grievances – in FY16, we had three grievances raised through the whistleblowing channel, of which two were anonymous. Two matters have been closed and one is still being resolved. Additionally, we had one formal grievance raised through the whistleblowing channel in FY15, which due to its nature was referred to Human Resources as part of our employee grievance procedure. This was raised in FY15, but resolved in FY16 with conciliation with all parties. There were no human rights related grievances raised through our dispute resolution mechanism and none through our customer complaints handling procedure.



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 DMA).
Right to family life	Providing flexible working conditions for our employees (see Diversity and Inclusion DMA).
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 DMA).
Right to education	Supporting and delivering lifelong learning opportunities (see Community DMA).
Right to physical and mental health	Supporting and delivering programs to promote health and wellbeing (see Community DMA and Health and Safety DMA).
Right to participate in cultural life of the community	Supporting and delivering community programs that enhance a sense of belonging and vitality (see Community DMA).



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 and Development DMA](#)) and our Liveability Index survey with residents (see [Customer Engagement DMA](#)).
- 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 DMA](#)).
- 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 Management DMA](#) for further information on supply chain qualification criteria.
- Investments – our Investment Review Group considers human rights and stakeholder impact as part of our investment analysis and decision making processes, as well as our ownership policies and practices (see [Governance and Risk DMA](#)).

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, the employee 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.
- Whistleblowing policy – a whistleblowing channel is available for reporting any improper conduct. This channel can be used if the normal business channels are not appropriate or if the employee wishes to report the improper conduct anonymously.
- Dispute resolution policy – this policy ensures that investor grievances are dealt with in the most appropriate manner, and that senior management 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 complaints procedure – any member of the community may raise a concern about the way their information has been handled through our Privacy Officer. This procedure is outlined in our Privacy Policy available on our website.

Roles and responsibilities

Stockland's Chief Operating Officer (COO) assumes responsibility for human rights at a Group level. This responsibility is shared by the Executive 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 National 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 Human Resources is responsible for ensuring the effective implementation and evaluation of policies and programs to promote labour related human rights within our direct workforce, and reports directly to the COO.



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

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

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 benchmarked our Human Rights Policy and approach against the UN Global Compact Principals in FY16 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 measures for evaluating our human rights performance include:

- Incidents of non-compliance with the Human Rights Policy and associated policies during the reporting period;
- Number of stakeholder grievances relating to human rights raised and percentage remediated during the reporting period through formal grievance mechanisms;
- Progress against the initiatives in our Reconciliation Action Plan;
- Supplier management in relation to 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 DMA Series, [click here](#).

Governance and risk

FY16

Why this is important to Stockland

Sustainability governance at Stockland serves to guide sustainability leadership, responsibility and accountability across all our business activities. 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.

We adopt a rigorous approach to understanding and proactively managing the risks we face in our business. We recognise that making business decisions which involve calculated risks, and managing these risks within sensible tolerances, is fundamental to creating long-term value for all our stakeholders. As an investor of capital, we conduct risk assessments at critical decision points during the investment process to 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.

An overview of our management approach is provided on page 3.

Our key achievements

- Improved our organisational resilience by enhancing our crisis response processes and training key stakeholders on how to respond in the event of a crisis situation.
- Enhanced risk awareness and capability via the delivery of a national employee roadshow focused on risk management, and engagement sessions with various internal stakeholder groups.
- Delivered significant improvements in compliance scores achieved across our portfolio through our operational risk assurance program. Compliance scores measure compliance with our Operational Risk Management System requirements and all asset classes scored above 90% in FY16, with Retirement Living improving by 27% from FY15.

FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Delivery of a risk master class platform to enhance broader risk awareness and capability among our employees.	Achieved	Risk management was the lead theme of a national employee roadshow delivered across the business in FY16. This roadshow provided an opportunity to engage with all employees on key risk management processes and expectations, contributing to improved risk awareness and capability. This roadshow was supported by a series of information sessions, discussions and presentations to various stakeholder groups throughout FY16.
Complete phase 2 of the Stockland Crisis Management Capability test in FY16 to assess broader crisis management provisions.	Achieved	We conducted two crisis management desktop scenarios to test the effectiveness of our response processes and educate key stakeholders in the processes to be adopted in the event of a crisis situation. We continue to refine our crisis management processes and will conduct further scenario exercises in FY17.

In this document you will find:

FY16 priorities and performance overview	1	FY16 performance and case studies	2
Future priorities	2	Management approach	3



FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Undertake a complete review of the insurance management and renewal processes to establish a framework and enhance processes, awareness and understanding across the business.	Achieved	The insurance renewal process was mapped to identify improvement opportunities which have been embedded into the FY17 renewal process. A series of information sessions have been conducted across the business to raise awareness of the insurance program of our assets, coverage obtainable and cost structures. We will continue to review and refine our insurance program and associated processes so that they remain appropriate.
Embed the Operational Risk Management System through a national training program.	In Progress	We have developed a training needs analysis to guide the risk management training and development requirements of key roles across the business. This has been supported by 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 and key risk training will be delivered in FY17.

Future priorities

- Establish a cyber risk management plan in FY17 to guide our cyber security provisions and further protect our systems and data from cyber risks.
- Continue to embed and enhance organisational resilience in relation to crisis management and emergency response plans in FY17. This will include conducting further desktop exercise scenarios and refining our crisis management processes.
- Deliver key risk training and additional role specific training in FY17, with a focus on work, health and safety obligations, contractor management, and incident and injury management.

FY16 performance and case studies

Sustainability governance

Board Sustainability Committee

The Board Sustainability Committee met three times in FY16: November 2015, and March and June 2016. The key areas explored in FY16 included our Green Star ratings, progress with our supply chain management strategy and our Reconciliation Action Plan. Further information on these initiatives can be found in the [Human Rights DMA](#) and [Supply Chain Management DMA](#).

Risk management

A new Group Risk structure was established in FY16 with responsibility for corporate risk, assurance, insurance, operational risk, compliance and internal audit.

Corporate risk, assurance and insurance

In FY16, we repositioned our risk profiling to focus on risk across a broad spectrum of strategic, operational and financial related business matters. Annual risk workshops were conducted with each business unit and corporate functional 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 3), the updated risk profiles also inform the key areas of focus for our internal audit partners. A Stockland high risk register was updated and reviewed quarterly with leadership teams.

We also further refined our crisis management processes in FY16 by creating a guideline to assist the crisis management team and crisis response team in managing and responding to a crisis event. 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 adopted in the event of a crisis situation.

We conducted a business risk review across the newly established medium density product in FY16. The objective was to identify material risk exposures associated with the business (both strategic and operational delivery) and identify improvement opportunities to further enhance the success of this business.



We completed a mapping exercise of our insurance renewal process and identified improvement opportunities, which have been embedded into the FY17 insurance renewal. A series of information sessions have been conducted across the business to raise awareness of the insurance program of our assets, coverage obtainable and cost structures. We will continue to review and refine our insurance program and associated processes so that they remain appropriate.

Compliance

In FY16, 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.

We developed and implemented various compliance training programs including Compliance at Stockland, Online Privacy and Trust Accounting. These training programs further strengthened and increased staff awareness and knowledge of respective compliance areas.

The Policy Management Policy was established to provide guidance and structure for how Stockland policies and guidance documents should be managed and maintained across Stockland. Partnering with all relevant business units, the Group Compliance team has also refreshed our Stockland online policy library to further improve policy access.

Internal audit

In FY16, we completed seven key internal audits across the business in areas such as development and construction projects, our acquisition and divestment process and our delegation of authority framework. In addition, we continued with audits in our Retail and Retirement Living portfolios. Progress is tracked and reported to our leadership team on a regular basis, with progress reports submitted to the Board Audit Committee on a quarterly basis.

We continue to proactively work with the respective business units and key stakeholders to action the findings contained within audit reports.

Management approach

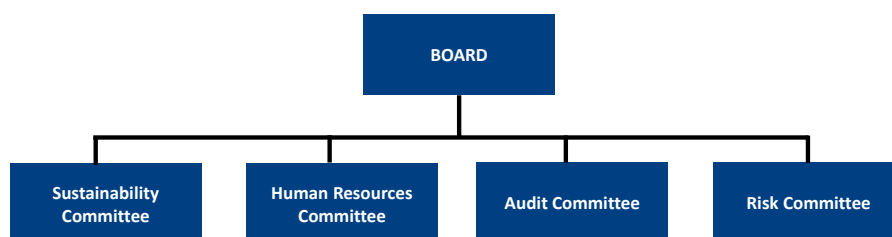
Management approach overview

Sustainability governance

The Board

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

FIGURE 1: STOCKLAND'S GOVERNANCE STRUCTURE



All Directors of the Board are members of the Sustainability Committee, reflecting the integral role that sustainability plays in Stockland's business operations and brand value. This enables Directors to be well informed and engage in policy and decision making relating to our economic, social and environmental performance. The Sustainability Committee meets three times a year. The Board Sustainability Committee's Charter is available [here](#).

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

The Financial Services Compliance Committee was incorporated into the Audit Committee from February 2016.



Executive Committee

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

Ultimate responsibility for sustainability at a Group level sits with our Chief Operating Officer (COO) who reports directly to our Managing Director (MD) and CEO.

FIGURE 2: STOCKLAND'S EXECUTIVE COMMITTEE



Sustainability Steering Committee

Our internal Sustainability Steering Committee shapes, guides 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 on a quarterly basis, or more frequently as circumstances dictate, and invites other key internal and external stakeholders to attend meetings as required.

The Committee's key responsibilities include:

- Informing our sustainability strategy;
- Sharing knowledge and reporting on the 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.

CARE Foundation Board

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 and the members include:

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



The Stockland CARE Foundation programs and partnerships are managed by the CARE Foundation and Community Partnerships Manager. We have also established a Foundation Employee Network, which consists of employees across NSW, 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 DMA](#).

Sustainability management

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

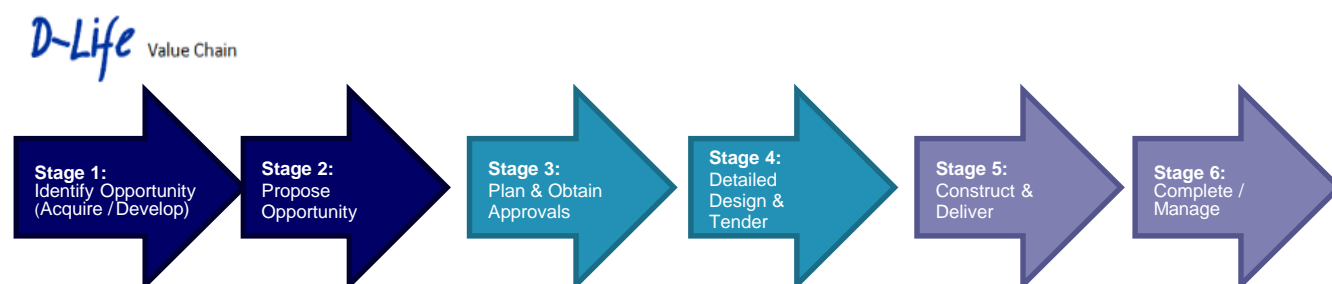
Development

We incorporate social and environmental considerations into our design and development processes so that our assets are resilient and capable of delivering value 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 the Commercial Property, Residential and Retirement Living 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



Operations

We have an annual approach for the planning and management of our operating assets. We do this by establishing asset plans that are aligned with our sustainability strategy for all retirement living and commercial property assets. These plans are updated annually and 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 and the teams provide an update on progress bi-annually.

FIGURE 4: OPERATIONS PROCESS





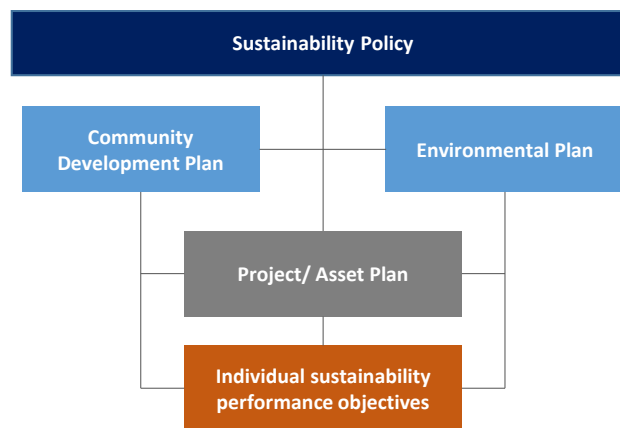
Sustainability policies

We have a proactive framework in place to support the implementation of our sustainability strategy across our communities, villages and assets. This framework (see Figure 5) has been in place for a number of years and includes:

- Business specific sustainability policies, which set minimum standards and requirements;
- Sustainability plans that help guide site specific actions and initiatives;
- Project or asset specific action plans, which determine operating and capital expenditure; and
- KPIs and individual performance objectives, which drive the commitment and performance of all employees to support delivery of action plans at asset and project level.

The sustainability policies and plans are embedded into Stockland's operations process, as outlined in figure 4.

FIGURE 5: SUSTAINABILITY POLICY FRAMEWORK



Balanced Scorecard

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

- Business performance;
- Customer, stakeholder and sustainability performance;
- People management; and
- Operational excellence and risk management.

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

Ethics and conduct

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 Stockland 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.



Risk management

Stockland's 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, will enable us to build a resilient, risk aware culture.

First Line Of Defence

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

Second Line Of Defence

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

- Strategy – leading Group-wide strategic risk reviews and conducting independent risk assessments on capital investments. Environmental and social risks and opportunities (particularly those associated with regulatory changes, physical impacts on operating environments and changing consumer behaviours) and their potential impact on corporate strategy in the short, medium and long term are considered within the strategic review process.
- Corporate risk and assurance – providing advice to management and the Board on significant risks, including leading Group-wide risk reviews. This includes the systematic identification of risks, embedding risk systems, reporting, conducting verification activities and managing the Group insurance program.
- Operational risk – overseeing the active management of all classes of operational risk, including the development, implementation and monitoring of management systems and processes for risks relating to the environment, workplace health & safety (WHS) and public and physical asset safety. The team provides oversight and assurance through establishing common practices and standards, the systematic identification of risks and the integration of operational risk systems, frameworks and reporting.
- Compliance – overseeing the operation and suitability of the compliance framework and its review and continuous improvement. This includes advising on the adequacy of proposed controls, developing and implementing policies and associated procedures, training and periodic monitoring and reporting to assist in compliance with obligations under law, regulation, policies and governance expectations.

The Group Risk function reports regularly to the Executive Committee and to the Board via the relevant Risk Committee and Audit Committee.

Third Line Of Defence

Our Third Line of Defence involves independent oversight and verification by:

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



Investment review procedure

As an investor of capital, we conduct risk assessments at critical decision points during the investment process to monitor 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.

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

Roles and responsibilities

The Risk Committee assists the Board to fulfil its risk governance responsibilities. The Committee provides a Board level forum to oversee Stockland's risk culture and review the effectiveness of risk identification and management including the structures, processes and management systems within Stockland's Risk Management Framework.

Our COO assumes ultimate responsibility for governance at a Group level and reports directly to Stockland's Managing Director and CEO. Stockland created the role of Group Risk Officer in FY16 (reporting to the COO) to oversee the active management of all classes of operational risk.

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

Review and evaluation process

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

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 DMA Series, [click here](#).

Stakeholder engagement

FY16

Why this is important to Stockland

Millions of people engage with our commercial property centres, residential communities and retirement living villages each year. Across our diverse business, we engage with stakeholders on important life decisions, whether it be deciding where to shop, buying a first home, an investment property or deciding where to live in retirement.

We have a commitment to developing and maintaining strong relationships with a broad range of stakeholders across our diverse business and understanding and responding to their unique perceptions, needs and concerns.

We practice open, honest, two-way communication and recognise the mutual benefits that result from genuine engagement for both our business and our stakeholders.

We understand the importance of engaging regularly and directly with all our stakeholder groups to ensure we understand their expectations, issues and concerns. We achieve this by encouraging regular dialogue with:

- Securityholders and the investment community through our Investor Relations team;
- Customers and community partners through our Commercial Property, Residential, and Retirement Living businesses;
- Employees through various internal communication mechanisms (see [Employee engagement and development DMA](#));
- Media through our Stakeholder Relations team; and
- Governments and agencies at all levels through both our Government Relations team and our project and asset teams.

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

Our key achievements

- Rolled out our new stakeholder engagement plan template and training guide to improve the stakeholder engagement capability of project teams across the business.
- Building on our 6 Star Green Star Communities rating for Aura in 2015, we registered seven new projects under the Green Star - Communities tool in FY16 at our residential communities in Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We subsequently received a combination of 5 and 6 Star Green Star – Communities ratings for these communities in August 2016, with the exception of Stamford Park, for which we expect to receive a rating later in FY17. Our comprehensive stakeholder engagement program for each asset was key to achieving these ratings.
- Conducted more than 430 investor meetings with stakeholders from eight countries (16 cities), enhancing our profile in the global market and providing securityholders with direct access to management.
- Participated in almost 100 engagements with state and federal government representatives, discussing issues including urban planning and productivity, liveability, sustainability, infrastructure and the ageing population.

In this document you will find:

FY16 priorities and performance overview	2	FY16 performance and case studies	2
Future priorities	2	Management approach	4



FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Deliver stakeholder engagement workshops for employees in Victoria and Queensland with external government stakeholders.	In Progress	Preparation and planning for workshops in Victoria and Queensland is complete and dates are scheduled for later in 2016. This is a rolling priority, with training workshops planned and run annually around Australia.
Deliver approximately four tailored education sessions on stakeholder engagement for Stockland's operational and asset managers.	In Progress	Preparation and planning for these sessions is underway. Scheduling has been put on hold while we refresh our stakeholder engagement framework and supplement it with a policy tailored for operational and asset managers that complements existing development processes. These education sessions will be delivered in FY17.
Embed the stakeholder engagement training module within technical learning and development training.	Achieved	The stakeholder engagement training module has been incorporated into the Stockland learning and development program.
All active development projects to have stakeholder engagement plans in place.	Achieved	This priority has been achieved but is always ongoing, reflecting the way in which projects frequently become active or inactive. As projects become active work begins on relevant stakeholder engagement plans. So while all active projects will eventually have detailed stakeholder plans, they may still be in progress for projects that have recently become active.
Implement rigour testing and roll out the new stakeholder engagement template across the Commercial Property and Retirement Living business units.	In Progress	A new stakeholder engagement template has been completed and provided to teams for their use on active projects requiring stakeholder engagement. Rigour testing has been put on hold while we consider a more holistic way to measure the qualitative outcomes of stakeholder engagement plans.

Future priorities

- Deliver stakeholder engagement training workshops in Victoria and Queensland with external government stakeholders in FY17.
- Update our stakeholder engagement framework through the development of a stakeholder engagement policy that is tailored for operational and asset managers.
- Finalise and deliver two tailored engagement education sessions for Stockland's operational and asset managers.
- Continue to ensure all active development projects have stakeholder engagement plans in place.
- Refresh our investor engagement plan in FY17, identifying and engaging with prospective securityholders to broaden our investor base and diversify our sources of capital.

FY16 performance and case studies

We introduced a number of initiatives in FY16 to further boost the stakeholder engagement capacity of our teams across the business. This included:

- Rolling out our new stakeholder engagement plan template across the business, benchmarked at industry standards. This template improved on previous versions and enhanced the teams' capability to prioritise stakeholders, proactively identify interests or concerns and engage accordingly.
- Working with senior managers, the template was slightly tweaked to reflect each business unit's specific stakeholder engagement requirements. It was also accompanied by a 'how to' document to assist in understanding stakeholder requirements.
- Developed a template for brownfield redevelopment. Teams working in this space are provided with regular assistance and guidance from the Stakeholder Relations team to implement plans that are often in complex environments.

These initiatives have helped to build the capability of project teams, which is particularly important in the brownfield space, where project teams face complex stakeholder engagement problems.

In FY16, we registered seven new projects under the Green Star – Communities tool for our residential communities in Cloverton, The Grove, Calleya, Newport, Willowdale, Altrove and Stamford Park. We subsequently received a combination of 5 and 6 Star Green Star – Communities ratings in August 2016 for all communities except for Stamford Park, for which we expect to receive a rating later in FY17. This builds on our 6 Star Green Star rating received for our Aura project in 2015.



For each of these projects, the teams prepared and implemented stakeholder engagement plans in accordance with the International Association of Public Participation (IAP2) core values. The teams implemented early and ongoing stakeholder engagement programs and produced evidence of effective engagement outcomes to the Green Building Council Australia (GBCA), contributing to the Green Star ratings.

In FY16 we also continued to review best practice engagement tools and techniques. We identified that we needed to refresh our stakeholder engagement framework and supplement it with a policy that is tailored for project and asset managers and that complements existing development processes. This will be completed in FY17.

Investor relations

In FY16, our investor engagement was 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 America. We met with over 370 investment groups, enhancing our profile in the global market and providing securityholders with direct access to management. In addition we hosted a tour of some of our Sydney assets for members of the Australian Shareholders Association as part of their national conference.

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 54 different investors, enabling them to deepen their understanding of our business.

In FY16 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 20,000, up 29% from FY15.

Government and industry

Our key areas of engagement with government and industry in FY16 included:

- Dialogue between Stockland and all levels of government to contribute to public policy in relation to the planning and delivery of homes and infrastructure across the urban and regional environments in which we operate. We are also involved in a range of industry forums and events, enhanced by our Managing Director and CEO's appointment as President of the Property Council of Australia (PCA).
- Continuing to take a key role in the development of voluntary tools and standards for the industry, most notably:
 - Our contribution to the National Australian Built Environment Rating System (NABERS) Retail Energy and Water tools;
 - Our contribution to the GBCA Green Star – Communities Framework; and
 - Championing the Liveable Housing Design Guidelines.
- 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.

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

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

Through the PCA and the GBCA we have advocated for the harmonisation and streamlining of reporting and regulatory requirements. Over the year, we have also engaged with government on urban planning, energy, transport, climate change and wider environmental policy development.

Media relations

In FY16, our key areas of media engagement focused on:

- 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;
- Communicating our residential strategy and demonstrating our progress in broadening our business to incorporate medium density, completed homes and apartment projects;



- Successfully communicating the launch of a number of major residential projects, including Altrove in NSW; Aura, Newport and Pallara in Queensland; Cloverton, The Grove and Arve in Victoria;
- Increasing the quality and quantity of our trade and consumer coverage for retail, with a particular focus on our development and redevelopment pipeline;
- Announced the acquisition and integration of five new villages into our Retirement Living portfolio in South Australia and conducted media activities to support the redevelopment of Cardinal Freeman in Sydney;
- Sharing Stockland's sustainability credentials and major milestones and achievements (such as our GBCA ratings); and
- Positioning Stockland as an equal opportunity employer that encourages diversity and inclusion at every level of our organisation.

Throughout FY16, 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 ensured consistent communications across all relevant social media platforms.

Management approach

Management approach overview

Stakeholder groups

Stockland has 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 <i>We have 1,498 employees in Australia.</i>	<p>Our annual Our Voice employee survey measures employee engagement across the organisation. Employees are also provided with opportunities to provide feedback on specific issues throughout the year. Our intranet, stockXchange, is a key source of business news, activities and policies, and is updated each business day.</p> <p>Our bi-annual roadshows¹ 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.</p> <p>For more information on our engagement with employees refer to our Employee Engagement and Development DMA.</p>
Government and regulators <i>Federal, state and local governments set the regulatory environment in which we operate.</i>	<p>We engage regularly with all levels of government in New South Wales, Victoria, Queensland, Western Australia, South Australia and the Australian Capital Territory, both directly and through industry associations. We also engage with the federal government.</p> <p>For more information on our engagement with government and regulators see the Government and Industry Relations update below.</p>
Securityholders and the investment community <i>We have over 51,000 securityholders in Australia and overseas.</i>	<p>We provide investor briefings on our strategy and financial results. At our Annual General Meeting, retail securityholders can engage with our Board of Directors and are updated on our strategy and performance. Our management also meet regularly with institutional investors.</p> <p>For more information on our engagement with securityholders and investors see the Investor Relations update below.</p>
Customers <i>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.</i>	<p>We regularly seek feedback from customers through surveys and research, and we incorporate feedback into our product design and service offerings.</p> <p>Customer Relations Management Systems are in place across all of our businesses to support regular, effective and responsive engagement with our customers.</p> <p>For more information on our engagement with our customers refer to our Customer Engagement DMA.</p>

¹ Moving to annual in FY17.



OUR KEY STAKEHOLDERS

HOW WE ENGAGE

Suppliers

We procure services and products from over 3,500 active suppliers with the top 100 suppliers representing approximately 75% of our spend.

Spend associated with the development of our assets accounts for approximately 80% of our annual direct procurement spend, with operational and corporate procurement each representing approximately 10% of annual procured spend.

We actively monitor and engage with our suppliers. Our strategic suppliers (predominately 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 Management DMA](#).

Communities

The people that reside, work or engage in the areas where we operate.

Our engagement with communities includes community and consultation forums, one-on-one meetings with community groups and local leaders, as well as surveys and research.

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

Media

We interact with journalists across a wide spectrum of local, regional, metropolitan and national print and electronic media outlets.

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

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

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

In addition to a Group-wide stakeholder engagement policy and strategy, Stockland has state-wide stakeholder engagement strategies and asset and project-specific stakeholder engagement plans, which are adapted to specific operating contexts and focus on local issues.

At the start of every project, teams are required to identify key government and community stakeholders, the objectives of their engagement approach and any issues which might impact on the project in the future. Based on this, project-level stakeholder engagement plans are developed 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.

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

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

This engagement is guided by a Board-endorsed government 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 regularly engages with journalists at national, state, regional and local media outlets to communicate the strategic objectives of our business. We proactively engage with the media to communicate and respond to the issues that are important to our stakeholders, including our customers.

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

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

Roles and responsibilities

Stockland's Group Executive Strategy and Stakeholder Relations assumes ultimate responsibility for stakeholder engagement at a Group level and reports directly to the Managing Director and CEO.

Stockland's General Manager Stakeholder Relations and Group Strategy manages internal communications as well as the media and government relations functions within the organisation, each of which is responsible for managing strategic Group level engagement with our key stakeholders.

Investor relations and corporate communications is managed by Stockland's National Manager Investor Relations and reports directly to Stockland's Group Executive Strategy and Stakeholder Relations.



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

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.

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 DMA Series, [click here](#).

Supply chain management

FY16

Why this is important to Stockland

We are committed to developing and maintaining effective working relationships with our supply chain, as we believe these relationships are fundamental to improving the way we do business and ensuring our suppliers provide us with goods and services in a manner consistent with our culture and objectives.

Effective management of our supply chain enhances our long term business performance as it enables us to identify and address key environmental, social and governance risks and opportunities associated with our developments which are beyond our operational control.

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

An overview of our management approach is provided on page 5.

Our key achievements

- Awarded 'Best Process Improvement' at the coveted 2015 Chartered Institute of Procurement and Supply (CIPS) Australasian awards. This award recognised our leading procurement and supply chain processes, including our continued focus on capability, risk management, procurement processes and strategic supplier engagement.
- Launched the 'Connectivity Centre' at our Green Hills development in the NSW Hunter Valley to connect local residents with construction and retail job opportunities related to the development and operation of the retail centre.
- Developed minimum requirements for the quality and sustainability of materials to be used in the development of our assets.

FY16 priorities and performance overview

FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Implement our supply chain framework and communicate Stockland's supply chain requirements.	Achieved	We have implemented our supply chain framework and actively engaged with our suppliers regarding our supply chain requirements.
Develop our Sustainable Supply Chain Charter to provide guidance on setting and delivering specific supply chain initiatives.	Achieved	We have developed our guideline 'Sustainability in our Development Supply Chain - What Stockland Expects' which we plan to launch in FY17. This complements our existing supplier policy, known as 'What Stockland Expects from its Suppliers'.
Undertake a materials supply chain mapping program to inform the materials sourcing and specification process for new developments.	In Progress	This is underway. We are actively engaging stakeholders, including materials suppliers, to develop minimum material quality and sustainability requirements in the development of our assets.

In this document you will find:

FY16 priorities and performance overview	1	FY16 performance and case studies	2
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FY16 PRIORITIES	STATUS	FY16 PERFORMANCE
Undertake a survey of our critical suppliers to gain a greater understanding of our suppliers and seek feedback to inform improved ways to work together.	Achieved	<p>We conducted a survey of critical suppliers in FY16, with the following results:</p> <ul style="list-style-type: none"> 80% of respondents reported that they are satisfied with their relationship with Stockland; More than 78% of critical suppliers have been working with Stockland for more than 5 years. <p>The key supplier feedback was that Stockland is a skilled organisation and one which is professional and approachable. Noted areas for increased focus were open communication and partnering to deliver sustainable outcomes.</p>
Undertake annual compliance assurance of service contractors.	Achieved	We undertook annual compliance assurance of our critical service contractors with no non-conformances identified.

Future priorities

- Launch our guideline 'Sustainability in our Development Supply Chain – What Stockland Expects' with strategic suppliers in FY17 to communicate our sustainability expectations.
- Embed the minimum materials quality and sustainability requirements to be used in the development of our assets in FY17.
- Run a Supplier Roadshow in FY17 with our strategic suppliers to outline our planned development pipeline and our sustainability, supply chain and health and safety strategies and initiatives.

FY16 performance and case studies

Supply chain framework

In FY16, we developed our supply chain framework which provides clear guidance on what we expect from our suppliers and their supply chain in meeting commitments in regards to governance and management, environmental impact, health and safety, social value, human rights and capability and capacity. Further information on this framework is provided in the Management Approach on page 5.

The initial priorities of the supply chain framework are:

- Materials - we are seeking greater understanding of the source of goods and services utilised in our developments. It is intended that this focus will enable us to source and specify more sustainable products and materials in our developments.
- Earthworks and spoil management - reducing our reliance on virgin materials and reducing spoil to landfill and carbon dioxide emissions in the development of our projects.
- Local employment and procurement – we have been working with our strategic suppliers to identify opportunities for local employment and encourage local procurement opportunities in the delivery of our assets, particularly in regional communities. By committing to source labour and goods and services from the local communities in which we operate, Stockland seeks to provide a positive and lasting impact on these communities.
- Capability and capacity - partnering with industry to help the development and construction sector to improve their knowledge of sustainability practices and provide training and skills development opportunities that increase sustainability awareness, education and industry skills and capability.

Promoting employment and skills

As part of our Green Hills development, Stockland participated in the Hunter Business Matching Event 2016, which was sponsored by the NSW Department of Industry. The event was part of the Hunter's Strategic Procurement Initiative and consisted of Stockland meeting with local suppliers, contractors and companies to discuss opportunities aimed at sourcing locally produced goods and services, providing a positive impact on the local community and economy.



CASE STUDY

Supporting enduring employment and economic development

As one of Australia's leading sustainable property companies, we aim to enhance the value we create through positive relationships with our employees, suppliers and other key partners in the community. By working together, we are able to address key environmental, social and governance risks and opportunities and achieve more sustainable outcomes for all.

The Stockland Green Hills Connectivity Centre is one example of how we are working with our business and community stakeholders in this way.

The \$372 million redevelopment of Stockland Green Hills in the New South Wales Hunter Valley is expected to be complete by April 2018. The centre will more than double in size to around 70,000 square metres and will feature the first new format David Jones department store in the Hunter, and around 225 specialty shops with a vibrant new dining and entertainment precinct. The redevelopment will generate more than 1,350 direct jobs during construction and over 1,250 permanent, full time jobs in retail and hospitality once completed.

Recognising that unemployment is a major issue for local youth, in June 2016 Stockland joined with construction partner, Brookfield Multiplex and undertook extensive discussions with community stakeholders about what kind of assistance would be of most enduring value.

The resulting Stockland Green Hills Connectivity Centre is a whole-of-community response. For the first time in the Hunter region, jobactive providers, led by youth not-for-profit yourtown, along with Maitland City Council, local employers and community groups, have come together to support and assist those most disadvantaged by unemployment, linking them to job opportunities generated by the Green Hills redevelopment.

Importantly, the Connectivity Centre is focused on finding jobs today as well as creating the pathways and training so that people will be job ready for years to come. The centre provides a space for candidate screening, training and job-matching to support the employment of local people in construction and retail jobs. It will also host programs designed to instil vocational skills, build confidence and provide exposure to business culture and mentoring.

The Connectivity Centre is located next to the Stockland Green Hills construction site at 4 Molly Morgan Drive and is currently permanently staffed by yourtown, five days a week from 9am to 5pm. The centre has been built by Stockland and Brookfield Multiplex with site sub-contractors donating the fit out. Additional funding has been secured from the NSW Department of Industry for resourcing the centre. As at 30 June 2016, more than 200 Expressions of Interest had been received from people seeking employment across a range of fields and 34 referrals had been made to contractors with vacancies.

Supply Chain Sustainability School

The Supply Chain Sustainability School is a collaborative, not-for-profit, industry-led initiative aimed at helping suppliers in the construction sector assess and improve their knowledge of sustainability issues facing our industry. Following our involvement in the development and launch of the School in 2015, we are proud to report that the school membership has grown to over 580 registered members with over 250 free resources. In addition, Stockland (in conjunction with the supply chain school) participated in a forum of global sustainable supply chain thought leaders and practitioners to discuss the new International Standard for Sustainable Procurement, ISO 20400.

Supply chain awards

For the second year running Stockland held our VIBE Builder awards in Queensland. The awards specifically recognise Partner Builders whose product demonstrated value for money, design excellence, quality and innovative design concepts. In addition there were specific awards for Partner Builders who demonstrated sustainable building and responsible supply chain practices, including energy and water efficiency in home design, site environmental management and best use of recycled materials.



CASE STUDY

Australia's largest single rooftop solar system

In recognition of efforts to implement leading procurement and supply chain processes in asset delivery, Stockland was awarded 'Best Process Improvement' at the coveted Chartered Institute of Procurement and Supply (CIPS) Australasian awards.

CIPS is the world's largest procurement and supply professional organisation and it is the worldwide centre of excellence on procurement and supply management issues.

We implemented processes focusing on capability, risk, procurement strategies and supplier engagement and have increased risk management and compliance, improved vendor engagement and produced leading sustainability results, as well as realising cost savings to our business.

The judges noted that the team "presented a broad and well-planned development of procurement process and capability which has provided significant and enduring outcomes for the business with procurement as a cornerstone".

The team was also commended for their disciplined approach and innovative supply chain management practices.



Stockland secures CIPS Australasian award.

Partnering with First Nation suppliers

In line with our Reconciliation Action Plan (RAP) commitment to explore opportunities to increase Stockland's Aboriginal and Torres Strait Islander suppliers, we have procured over \$740,000 in goods and services from 24 Indigenous suppliers in 2016. We continuously seek opportunities to source goods and services from Indigenous suppliers and are committed to work with strategic partners and suppliers who have a RAP to enable such opportunities.



NOW First Nation Stationery and Office Supplies

CASE STUDY

Nallawilli Office Wares (NOW)

Stockland is committed to working with its suppliers to create more sustainable outcomes and working together to make a positive contribution towards a more just, equitable and reconciled Australia. In recognition of this we have recently formed an exciting new partnership with Nallawilli Office Wares (NOW), which is a 100% privately owned First Nation Stationery and Office Supplies business supplying Australian made, 100% recycled and Indigenous branded office paper and tissues.

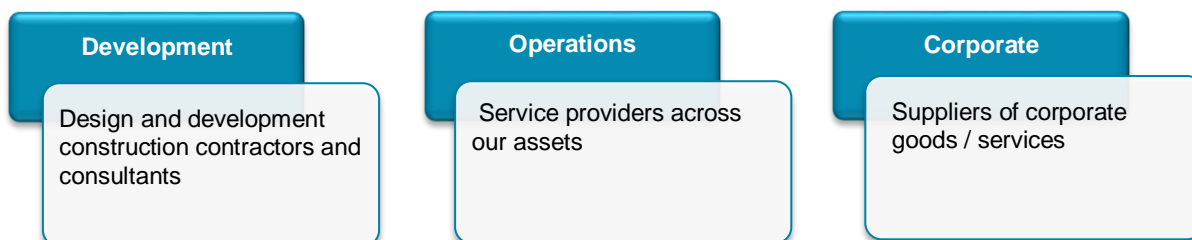
We will purchase NOW paper through our partnership with Staples who, along with NOW and Stockland, are members of Supply Nation and are committed to protecting the environment. Supply Nation, its members and Certified Indigenous business suppliers aim to build a vibrant and prosperous Indigenous business sector by incorporating Indigenous owned, controlled and managed businesses into the supply chain of Australian companies and government agencies.



Management Approach

Management approach overview

Stockland adopts 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.



This approach enables us to leverage best practices and effective management of risk and 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

Our supply chain framework outlines six key focus areas for our supply chain to help us deliver sustainable outcomes:

- Governance and management - ensuring suppliers conduct business in an honest and responsible way;
- Environmental impact - managing environmental risks and impacts associated with supplier activities and across their supply chains;
- Health, safety and quality - implementing health, safety and quality standards across supplier operations;
- Social value - engaging with communities to make positive contributions to society;
- Human rights - respecting and promoting human rights in the workplace and our value chain; and
- Capability and capacity - ensuring suppliers have proven capability and capacity to deliver sustainable outcomes and collaborate with us on environmental, community and other initiatives.

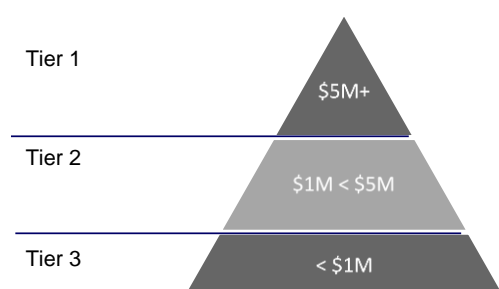
This is supported by our guideline 'What Stockland Expects of our Suppliers', which is provided to our suppliers as part of our annual supplier update.

Supply chain procurement

Stockland's supply chain consists of over 3,500 active suppliers with the top 100 suppliers representing approximately 75% of our spend. Spend associated with the development of our assets accounts for approximately 80% of our annual direct procurement spend, with operational and corporate procurement being approximately 10% respectively of annual procured spend.

We actively monitor our suppliers and undertake an annual spend analysis, categorising supplier spend by tiers. Our Tier 1 suppliers are classified as those who 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.

FIGURE 1 – SUPPLIER SPEND CATEGORISATION BY SPEND





Supplier management systems

Stockland seeks to work with suppliers who have demonstrated sustainability capability and have certified management systems, ensuring optimal sustainability outcomes in the delivery of our assets.

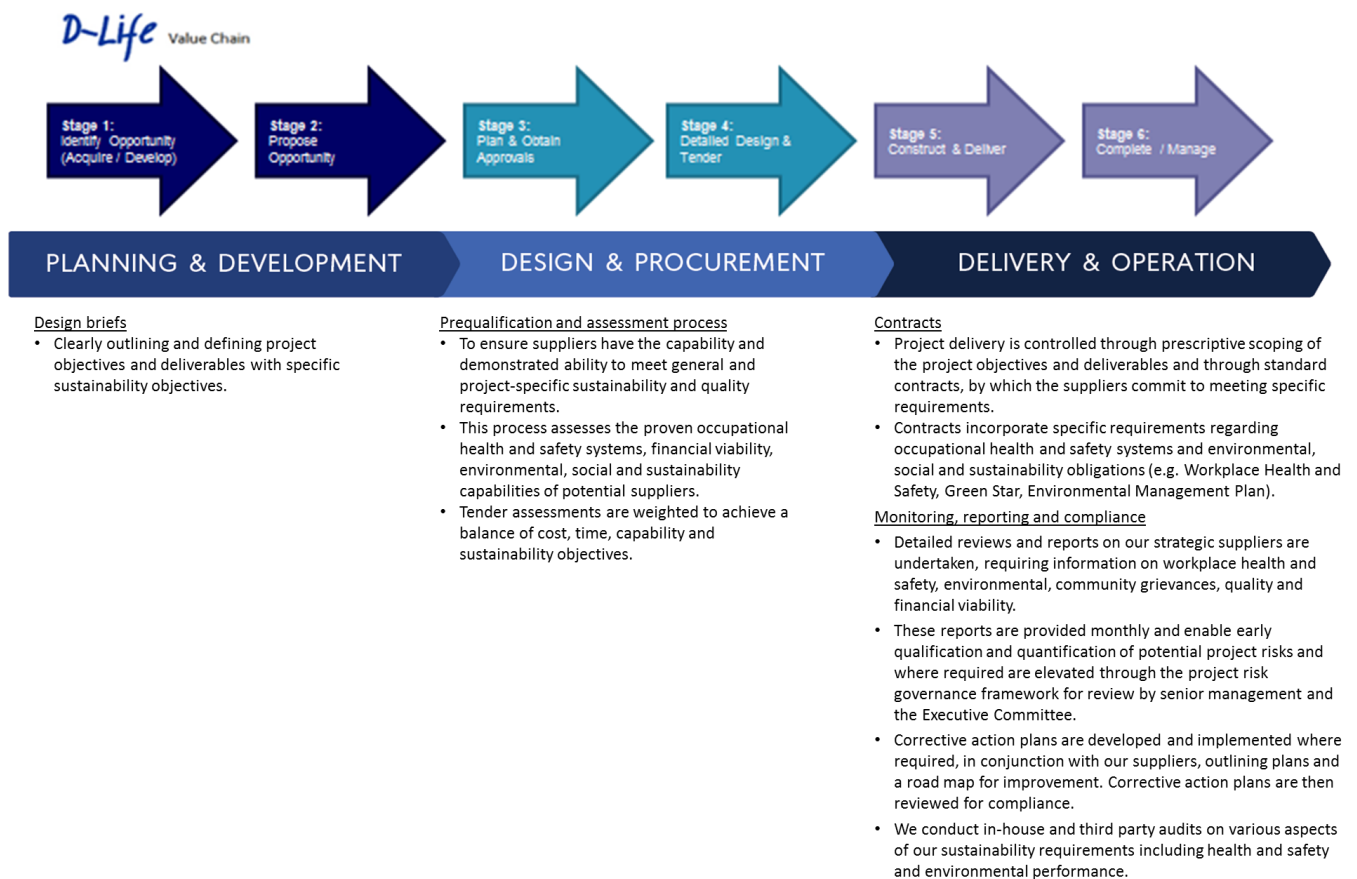
All of our contractors on projects seeking a Green Star rating with contracts over \$5 million (for Green Star – Communities) or \$10 million (for Green Star – Design & As Built) are required to have a valid ISO14001 Environmental Management System accreditation prior to and throughout the duration of 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, Stockland applies 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, Stockland sets minimum sustainability, environmental and social requirements of our suppliers during the tendering and project delivery processes, as outlined in Figure 2.

FIGURE 2 – CRITICAL CONTROL POINTS WITHIN THE PROJECT LIFECYCLE



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, practical toolkits and shared best practices.



The General Manager Project Management and Direct Procurement, reporting directly to the Chief Investment Officer (CIO) and indirectly to the CEOs of the three business units, 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 Operations and Process Improvement, reporting directly to our Chief Operating Officer, 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 DMA](#)).



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

Community data

FY16

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 FY16 sustainability reporting more broadly, has been externally assured.

In FY16, we streamlined the London Benchmarking Group (LBG) and sustainability reporting processes to ensure we are able to disclose one set of consistent and assured community data each year.

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 Stockland assets.
- Community Investment – our long-term strategic involvement in community partnerships and programs that address social issues and opportunities through employee engagement programs.
- Stockland CARE Foundation – a charitable trust established for the purposes of improving the health, wellbeing and education of Australian communities.

In FY16, we invested over \$10 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		
		FY16	FY15	FY14
National partnerships	Financial contributions made to not-for-profit organisations that are national community development partners of Stockland.	\$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.	\$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.	\$3,435,802	\$2,136,776	\$1,317,342
Total community development		\$4,052,189	\$2,562,026	\$1,711,057

In this document you will find:

Stockland's community partnerships, programs and resources

3

National partnerships

8

Community development

5

National community development projects

17

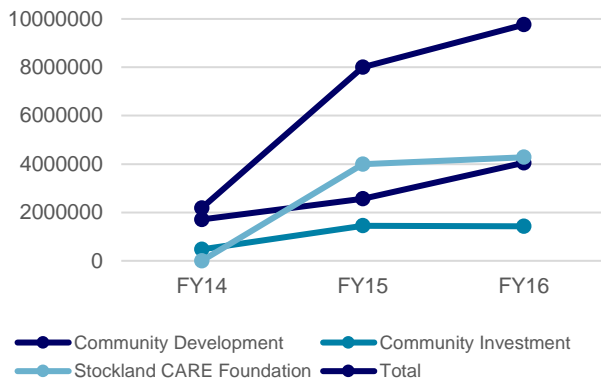


COMMUNITY INVESTMENT	DEFINITION	INVESTMENT		
		FY16	FY15	FY14
Workplace giving	Total matched donations made by Stockland through Stockland's workplace giving program.	\$87,584	\$84,988	\$64,378
In-kind donations	Total donations of non-financial goods to not-for-profit organisations including land, property and casual mall leasing space.	\$708,926	\$1,043,493	Not reported
Corporate donations	Ad-hoc community donations made on behalf of Stockland Development and/or Stockland Trust.	\$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.	\$104,500	\$71,500	*Reported in National Community Development Partnership for FY14
Volunteering	Total number of hours logged from personal volunteering, team volunteering and student mentoring.	\$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.	\$4,200,000	\$4,000,000	NA
	Total donations made to Stockland CARE Foundation partners Redkite and Touched by Olivia as a result of sponsorships, fundraising and events.	\$80,095	NA	NA
Total community investment		\$5,708,666	\$5,447,468	\$474,649
Management costs ¹	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.	\$659,973	\$421,614	\$188,677
Total community contribution		\$10,420,828	\$8,009,494	\$2,185,706
Total value of community contribution as verified by LBG		\$10,420,828	\$6,300,383	\$1,185,144

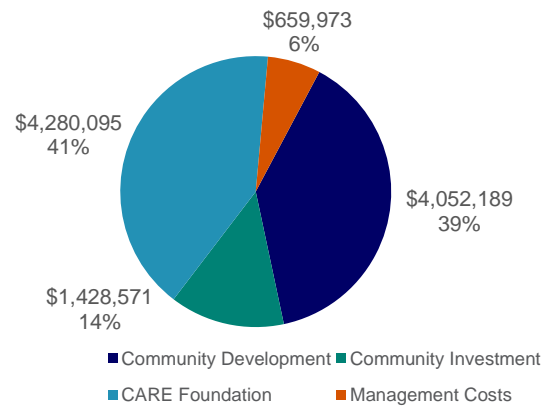
¹ Prior to FY16, we reported community development and community investment contributions separately and did not include management costs. Management costs have therefore not been included in the total community contribution for FY15 and FY14. Management costs are included in the FY16 total community contribution and will be included going forward.



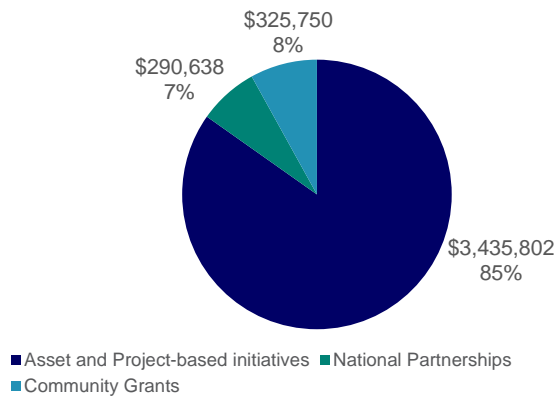
TOTAL COMMUNITY CONTRIBUTION FY14 – FY16 (\$)



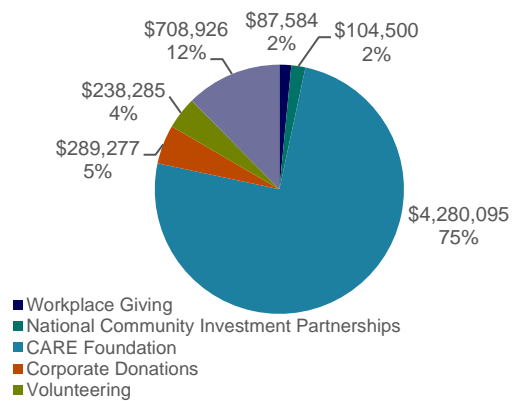
BREAKDOWN OF TOTAL COMMUNITY CONTRIBUTION AT STOCKLAND (TOTAL = \$10,420,828)



TOTAL COMMUNITY DEVELOPMENT SPEND (TOTAL = \$4,052,189)



TOTAL COMMUNITY INVESTMENT SPEND (TOTAL = \$5,708,666)



Stockland continues to use the LBG to measure and benchmark our community activities. LBG captures all data relating to our community investments and allows us to put a dollar figure on our time, monetary support and in-kind donations to charities and community groups.

In FY16, the total amount of community investment made by Stockland and verified by LBG was \$10,420,828.



1. Stockland's community partnerships, programs and resources

FOCUS AREA	PARTNER OR PROGRAM NAME	PARTNERSHIP OR PROGRAM CATEGORY	NEW OR EXISTING	DESCRIPTION
Health and Wellbeing	Bowls Australia	National	New	Active lifestyle, learning opportunities and community connection.
	Jamie's Ministry of Food	National	Existing	Provides onsite cooking school at Stockland Wetherill Park and healthy eating education through mobile kitchen program.
	Live Life Get Active	National	New	Weekly, community fitness classes provided free of charge to local Stockland residential communities.
	National Heart Foundation	National	Existing	Walking groups held in and around Stockland retail, residential and retirement living assets.
	Redkite	Foundation	Existing	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	National	Existing	Provides Stockland employees with opportunities to provide facilitated mentoring in high needs' schools around Australia.
	Australian Retailers Association	National	New	Training program for local community members to deliver retail ready accreditation.
	National Theatre for Children	National	New	Student education program focused on sustainability.
	Stockland Inspirations	National	Existing	Structured work experience program for local school students run and supported by local Stockland asset teams.
	The Song Room	National	New	Student education program focused on engagement through the arts.
	Yourtown and Brookfield Multiplex	National	New	Training and employment program for local jobseekers.
Community Connection	Conservation Volunteers Australia	National	New	Supported volunteering for Stockland employees to take part in conservation programs across Australia.
	Reconciliation Action Plan	National	Existing	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	National	Existing	Provision of one-off financial grants to local community organisations that deliver programs and initiatives in and around Stockland assets. Also provides Stockland with wellbeing and education.
	Touched by Olivia Foundation	Foundation	Existing	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.



1.1 Community development

1.1.1 Asset and project based initiatives

The following results have been recorded as part of each project's community development or village asset plan. The results provide a comprehensive review of all the community development initiatives successfully implemented at project and asset level throughout FY16. Results are recorded by business unit (Commercial Property, Residential, and Retirement Living) and against our three key community focus areas.

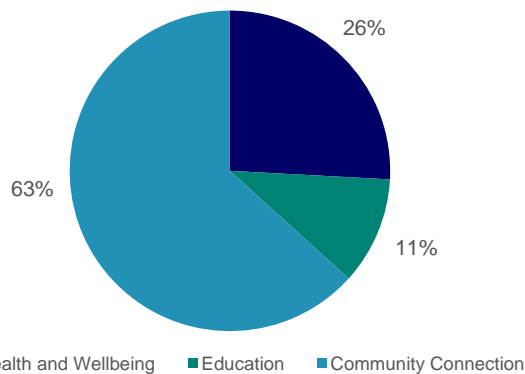
Selected assets and projects across Stockland's Retail, Residential and Retirement Living businesses complete a community development plan (incorporated into the sustainability plan for residential and village plan for retirement living) using the community development toolkit to plan community activities and initiatives for the upcoming financial year. All approved residential projects that have forecast their first lot sale within the ensuing financial year complete a sustainability plan for that asset. This includes addressing 'whole of life' minimum standards for the project, as well as identifying specific deliverables for the forthcoming financial year across the community development and environmental focus areas. All city, regional, sub-regional and neighbourhood Stockland retail centres with a Gross Leasable Area (GLA) of under 10,000 m², non-branded Stockland retail assets and joint ventures are generally not required to complete a community development plan.

The Stockland Community Development team and Stockland retail centre teams may determine that a community development plan is needed for a particular Stockland retail asset with a GLA of less than 10,000m² due to one or more of the following factors:

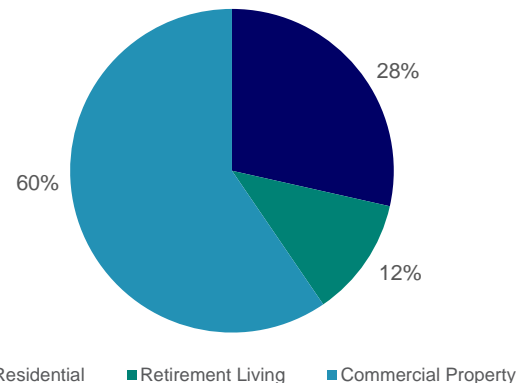
- The community need of surrounding area;
- The proximity of the asset to a Stockland retail, residential or retirement living asset;
- The availability of financial resources that would enable community development activities; and
- The availability of Stockland resources to administer the community development plan and associated activities.

Historically, Retirement living community development data has been collected in a village plan. In FY16, the village plans were not updated and were carried over from FY15. A sustainability survey was undertaken in June 2016 to confirm which villages had current sustainability plans and to quantify the sustainability initiatives that were completed across Stockland owned and managed villages. The datasets reported in this community data pack for FY16 for Retirement Living originate from the sustainability survey, CARE Foundation and community grants, not the FY14/15 village plans. The FY16 sustainability plans and datasets will now form the baseline for future planning, analysis and reporting of all sustainability initiatives across the Retirement Living business.

INITIATIVES BY FOCUS AREA (TOTAL = 561)



TOTAL INITIATIVES BY BUSINESS UNIT (TOTAL = 561)



NUMBER OF COMMUNITY DEVELOPMENT / SUSTAINABILITY / VILLAGE ASSET PLANS

	FY16	FY15	FY14
Residential	37	30	29
Retirement Living	14	53	53
Commercial Property	40	34	32



Asset and project based initiatives implemented in FY16

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.

	FY16	FY15	FY14
Residential	160	118	215
Retirement Living	67	812	812
Commercial Property	334	294	336

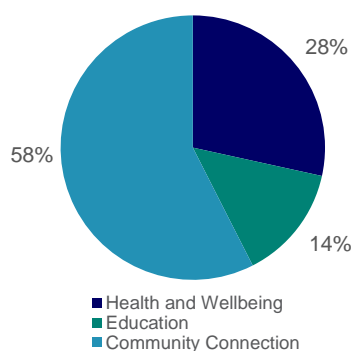
Asset and project based initiatives by focus area

The table below outlines the asset and project based initiatives by community development focus area.

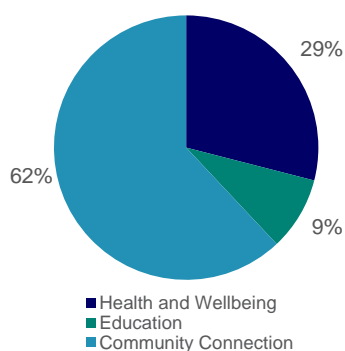
	FY16	FY15	FY14
Health and Wellbeing	145	399	453
Education	61	107	178
Community Connection	355	718	732

Asset and project based initiatives by focus area and business unit

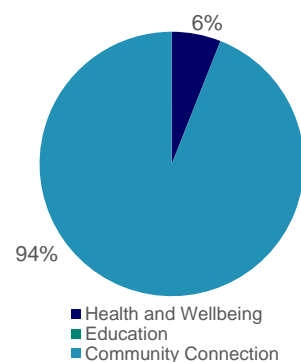
**COMMERCIAL PROPERTY INITIATIVES
BY FOCUS AREA (TOTAL = 334)**



**RESIDENTIAL INITIATIVES
BY FOCUS AREA (TOTAL = 160)**



**RETIREMENT LIVING INITIATIVES
BY FOCUS AREA (TOTAL = 67)**





EXAMPLES OF PROGRAMS AND INITIATIVES DELIVERED AT PROJECT AND ASSET LEVEL

HEALTH AND WELLBEING	EDUCATION	COMMUNITY CONNECTION
COMMERCIAL PROPERTY		
<ul style="list-style-type: none"> • 5-star parents/family room • Accessible & inclusive playground • Active & public transport • Active Living Facilities/Programs • Centre hosted community programs • Community health and wellbeing services • Community room • Connect community to information • Education training for retailers and customers • End of trip facilities • Fresh food program • Green Travel/Active Transport program • Indigenous Health Program • Interactive Open Space Program • Safety and Accessibility Plan • Local community group support (infrastructure) • Transport Access Guide • Universally accessible community facilities 	<ul style="list-style-type: none"> • Indigenous Education Program • Community information sessions • Co-located community facilities • Co-working spaces • Cultural heritage programs • ELC/childcare within centres • Employment program • Environmental program • Learning facilities • Local community program • Multi-purpose facilities • Retail education program • School/tertiary partnerships • Small business access • Social enterprises • Supply Nation procurement program • Long Term Vacant Tenancy Activation Program 	<ul style="list-style-type: none"> • Reconciliation Program • Community events/festivals • Community Emergency Assistance Planning • Community managed facilities • Cultural diversity • Entertainment/leisure precinct • Place-making initiatives • Public art • Regular customer engagement • Social engagement facility • Social engagement programs • Stockland Community Grants • Stockland Exchange use • Youth Forum • Youth Protocol
RESIDENTIAL		
<ul style="list-style-type: none"> • Adult fitness programs • Children's fitness programs • Cooking classes • Dog training • Playspace designed for varying levels of abilities, risk and challenge • Park launch events encouraging use • Integrated pedestrian and cycle network delivery and way-finding 	<ul style="list-style-type: none"> • Resident energy saving education • Schools based engagement • Collaborative design workshops for education infrastructure design and delivery • Sustainability hubs activation 	<ul style="list-style-type: none"> • Community engagement and visioning • Community engagement for design • Welcome program • Social and seasonal events' calendars • Social enterprise cafes • Inclusive and accessible playspaces
RETIREMENT LIVING		
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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



1.2 National partnerships

We contributed our time and financial investment of over \$310,000 to our national community partnerships throughout FY16. An overview of our key national partnerships is provided below:

parkrun

FY16 was the fourth year of our partnership with parkrun.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Annual partnership fee. Over 100 hours volunteering time for co-ordination of events. Focus Area <ul style="list-style-type: none"> Health and Wellbeing 	COMMUNITY	<ul style="list-style-type: none"> Weekly runs at 11 of our residential communities and 4 shopping centre locations. 741 runs held across our sites in FY16. 32,399 total registered runners and over 1741 finishers per week (as at July 2016). 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Expand partnership to include more retail, residential and retirement village parkrun events. Parkrun looking to work with other Stockland partners including Heart Foundation Walking and Touched by Olivia Foundation. Conduct the Health, Happiness & Habits survey in late 2016/early 2017.
	BUSINESS	<ul style="list-style-type: none"> Marketing Local media Website Industry recognition of alignment to partner. 	<ul style="list-style-type: none"> Generates greater number of referrals and new leads in Residential. Increases foot traffic in our centres, generating more business for our retailers. Enhances satisfaction of residents and customers 	



Heart Foundation

FY16 was the sixth year of working with the Heart Foundation nationally.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Administration of walking groups at each site. Some Stockland marketing and customer care employees administer and facilitate walking groups, while others participate. Focus Area <ul style="list-style-type: none"> Health and Wellbeing Community Connection 	COMMUNITY	<ul style="list-style-type: none"> Weekly walking groups through 20 of our retail centres and 2 retirement living villages/residential communities (5 days a week in some shopping centres). Total of 123,362 walks completed as of 30 June 2016. 1126 walkers from our local communities. 	<ul style="list-style-type: none"> 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. An increase of 1% in the proportion of active adults walking could result in 122 fewer premature deaths and 1764 years of life gained [per year](Heart Foundation). Daily walking could result in a 38% lower risk of dementia in men.² 	<ul style="list-style-type: none"> Expansion of partnership to include more retail, residential and retirement village walking groups, including a pilot in the South Australian Retirement Living portfolio. We will be surveying walkers' wellbeing in FY17 to understand its actual impact upon our communities.
	BUSINESS	<ul style="list-style-type: none"> Media coverage. Walkers volunteer time to assist centres with events and community engagements. Co-branded marketing materials and information on benefits. Industry recognition of alignment to partner. 	<ul style="list-style-type: none"> Increased foot traffic in our centres, generating more business for our retailers. Greater exposure of retailers to walkers led to increased sales. Increased brand recognition Increased customer and community engagement. 	

² <https://www.mja.com.au/journal/2006/184/2/lifestyle-factors-and-risk-dementia-dubbo-study-elderly>.



Live Life Get Active

FY16 was the second year of our partnership with Live Life Get Active (LLGA).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Free outdoor activity camps to promote fitter, healthier and happier communities. \$193,600 in financial contributions. Focus Area <ul style="list-style-type: none"> Health and Wellbeing Community Connection 	COMMUNITY	<ul style="list-style-type: none"> 1650 hours of outdoor activity. 2813 residents from the direct and surrounding suburbs engaged. 12 LLGA fitness camps in Stockland communities across NSW, Queensland and WA including Deebling Heights, Waterford, North Lakes, Birtinya, Harrisdale, Aveley, Brabham, Eglinton, Landsdale, Denham Court, Horsley, Aberglasslyn. 	<ul style="list-style-type: none"> Participants' health and wellbeing improvements include: <ul style="list-style-type: none"> 897 kilograms lost; 2938 centimetres lost from around the waists of members; and Average mood reported of 7/10. 	<ul style="list-style-type: none"> 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 Calleya in Western Australia and Elara in NSW.
	BUSINESS	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Engaged residents. Members enjoy a different activity mix to provide cardio, toning, mental clarity, flexibility, balance and personal focus. 	

Stockland Inspirations

FY16 was the third 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 <ul style="list-style-type: none"> Contribution of funds and time towards facilitation and administration of sessions at each school and site. Work experience opportunities for students. Focus Area <ul style="list-style-type: none"> Education 	COMMUNITY	<ul style="list-style-type: none"> Presented to approximately 150 students at one of our local schools. Provided hands on, practical experience for ten Year 10 students, showcasing careers available at Stockland and an insights tour of our retail and tenant businesses. 	<ul style="list-style-type: none"> 90% of students agreed or strongly agreed that they learnt about different ways careers can develop. 92.5% of students agreed or strongly agreed that the program has increased their awareness of different options for future work. 44.5% of students agreed or strongly agreed that taking part in Stockland Inspirations has increased their motivation to do well at school.³ 	<ul style="list-style-type: none"> Host further student sessions in at least one location in FY17. Identify opportunities to run the program in new locations in FY18.
	BUSINESS	<ul style="list-style-type: none"> Retailers and builder partners relationship building. Media Website Time spent on advocacy of cause and network. Industry recognition of alignment to partner. 	<ul style="list-style-type: none"> Increased profile of Stockland and the retail, development and construction industries and career opportunities within them. Increased customer, community and retailer engagement. 	

³ Stockland Inspirations Program - Stockland Shellharbour 1st December 2016.



Green Hills Connectivity Centre, Brookfield Multiplex/yourtown

FY16 was the first year of this partnership for the duration of our Green Hills redevelopment project.

INPUT		OUTPUT	IMPACT	FUTURE
<p>Contribution</p> <ul style="list-style-type: none"> Connectivity Centre is staffed by yourtown 5 days per week 9am – 5 pm. Cost of construction, fit out, signage, promotions, rent foregone and operating costs totalling \$93,424. Further funding of \$14,000 has been sourced from the NSW Department of Industry to offset the resourcing of the Connectivity Centre yourtown staff. <p>Focus Area</p> <ul style="list-style-type: none"> Education 	COMMUNITY	<ul style="list-style-type: none"> Facilitate connections between local job seekers and our sub-contractors and existing and new retailers. Over 200 expressions of interest from people seeking employment. 	<ul style="list-style-type: none"> Promoting and facilitating local employment and training in our communities. Enhancing employment pool for retail, development and construction industry. 	<ul style="list-style-type: none"> Continue to expand partnership and employment programs. Increase the number of skilled job placements within industry and communities. Pre-vocational programs will commence in early FY17.
	BUSINESS	<ul style="list-style-type: none"> Stockland brand recognition through media coverage at launch event and local promotions. 250 visits from individuals or organisational representatives. Over 200 expressions of interest from people seeking employment. 34 referrals to contractors as a result of 16 lodged vacancies with the Connectivity Centre. Stakeholder relationship development across retailers, builder partners, schools, TAFE, registered training organisations. 	<ul style="list-style-type: none"> Engagement and employment support for retailers and builder partners. Increased training and skill levels in talent pool for our stakeholders. 	



Jamie's Ministry of Food

This is the third year of the partnership with Jamie's Ministry of Food.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Annual operational support and rental abatement. Time in hours to facilitate partnership and development of kitchen sites. Advocacy of cause and partner. Focus Area <ul style="list-style-type: none"> Health and Wellbeing 	COMMUNITY	<ul style="list-style-type: none"> Community based 5 and 7 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 Point Cook and Townsville. Council and local community groups have been actively engaged to ensure the program reaches the people most at risk, with 44% of participants attending Wetherill Park being concession card holders. 	<ul style="list-style-type: none"> JMOF Kitchens and Mobile Kitchens 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 3571 enrolments, 258 volunteers and 1258 hours donated through JMOF Kitchen at Stockland Wetherill Park, JMOF Mobile Kitchens in Victoria and Queensland and a workshop at Stockland Point Cook. 	<ul style="list-style-type: none"> Continue to expand partnership with JMOF nationally, with a focus on retirement living opportunities and broader communication around healthy eating within retail.
	BUSINESS	<ul style="list-style-type: none"> Media coverage. Community and customer events. Using this as an opportunity to raise awareness of our brand. Engagement with local council, government ministers and health champions 	<ul style="list-style-type: none"> Increased brand recognition. Increased community satisfaction in centres. Increased foot traffic in centres with JMOF participants travelling up to 50+kms to attend the course. Increased stakeholder engagement across the community, businesses, customers and retailers. Increased staff engagement through team building events with JMOF. 	



Touched by Olivia Foundation

This is the first full year of the Touched by Olivia Foundation (TBO) partnership with the Stockland CARE Foundation and third year of partnership with Stockland.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Cash donations of \$128,707. In-kind donations in lease costs totalling \$21,500. 300 commercial property employees participated in a design thinking session for new TBO playspace. 38 employees and 304 hours of marketing expertise valued at over \$30,000. Focus Area <ul style="list-style-type: none"> Health and Wellbeing 	COMMUNITY	<ul style="list-style-type: none"> 4 new inclusive playspaces delivered at Stockland Whiteman Edge (WA), Point Cook (Vic), Baulkham Hills (NSW) and Shellharbour (NSW). Funded 2 new part-time employees on the TBO team. Funded 1 TBO enrolment in the Association for Data-Driven Marketing & Advertising social media training. Developed 8 sample designs for inclusive playspaces at Stockland Green Hills and Hawthorne Park⁴. 650 children and 200 carers participated in visioning workshops at Sienna Wood, Elara and Whiteman Edge. Cost saving to TBO of over \$30,000 in marketing and maintenance costs. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 4 inclusive playspaces in the pipeline including Sienna Wood, Cloverton, The Grove and Elara. Increase accessible and inclusive industry standards. Increase awareness and sustainable funding for TBO from Foundation Fortnight 2016 and workplace giving programs.
	BUSINESS	<ul style="list-style-type: none"> Stockland's playspaces are more popular, accessible and inclusive. Media coverage. TBO review of accessibility and design procedures with Stockland's internal teams. Attracted discounts and grant funding to residential projects. Skilled volunteering opportunities for Stockland employees. 	<ul style="list-style-type: none"> 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. 	

⁴ Hawthorne Park is not a Stockland playground but local to the Brisbane community.



Redkite

FY16 was the first full year of Stockland CARE Foundation's partnership with Redkite.

INPUT		OUTPUT	IMPACT ⁵	FUTURE
Contribution <ul style="list-style-type: none"> \$100,000 annual donation from the Stockland CARE Foundation Trust. \$25,000 Christmas donation. \$57,729 in workplace giving donations, customer and employee fundraising. Focus Area <ul style="list-style-type: none"> Health and Wellbeing Community Connection 	COMMUNITY	<ul style="list-style-type: none"> 72 families were provided with practical and/or emotional support services at different stages of their child's cancer journey as a result of Stockland's funding. Of the 72 families supported, 57 received financial assistance grants to help with the 'hidden' costs of cancer, such as fuel, transport, food and accommodation. 27 families received information, support and/or counselling from a qualified social worker. 16 families received education and/or career support from a professional Education and Career Support Consultant and/or through an education grant. 41 families received resources from Redkite including diagnosis packs, books and/or other practical resources to help them manage their cancer experience. 	<p>Of those who received practical and/or emotional support services:</p> <ul style="list-style-type: none"> 82% felt more equipped to support their family; and 71% felt more in control of their or their child's care. <p>Of those who received emotional assistance grants:</p> <ul style="list-style-type: none"> 72% felt more equipped to manage their situation; and 67% experienced reduced pressure on family relationships. <p>Of those who received information, support and/or counselling:</p> <ul style="list-style-type: none"> 67% were able to stay connected with people close to them; and 74% experienced reduced pressure on family relationships. <p>Of those who received education and/or career support:</p> <ul style="list-style-type: none"> 67% were better able to manage the impact cancer had on their education and/or career. <p>Of those who received resources from Redkite:</p> <ul style="list-style-type: none"> 66% identified strategies to help manage their situation. 	<ul style="list-style-type: none"> Expand essential services to more families, children and young people facing cancer. Expand partnership to include more retail, residential and retirement village activities and engagement. Deliver pilot program within the retirement villages and Redkite Regional Council. Sponsorship of the Redkite Corporate Quiz in NSW. More volunteering opportunities for Stockland team and community members.
	BUSINESS	<ul style="list-style-type: none"> Awareness raising events at 12 retail and 12 retirement living assets, and at three residential communities. Support for Stockland development launch at Stockland Harrisdale. Brand recognition at corporate quiz. 	<ul style="list-style-type: none"> Increased employee engagement. Increased customer satisfaction. 	

⁵ This data is based on a survey of Redkite's clients conducted in 2016. Of 1112 invitations, 240 individuals participated (response rate of 22%).



Conservation Volunteers Australia

FY16 was the first full year of the partnership with Conservation Volunteers Australia.

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> Annual partnership fee of \$30,000. 50 participants from 4 Stockland teams. 400 hours of volunteering time. Focus Area <ul style="list-style-type: none"> Health and Wellbeing Community Connection 	COMMUNITY	<ul style="list-style-type: none"> Area of exotic weeds (375m²) removed from native habitat to improve biodiversity values. 100 native stems (trees, shrubs, grasses) planted to restore habitat for native species. 100m² of stems (trees, shrubs, grasses) planted to restore habitat for native species. 	<ul style="list-style-type: none"> Critical habitat protection rehabilitation at the iconic Botany Bay National Park in Sydney by removing weeds to help restore the threatened Bangalay sand forest and create a habitat for the endangered Red-crowned Toadlet. 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. 	<ul style="list-style-type: none"> Conservation Volunteers will work with Stockland to facilitate conservation days at Stockland residential assets with the community.
	BUSINESS	<ul style="list-style-type: none"> Team-building activities for our employees. Media coverage. Community/customer events. Website brand recognition. Engagement with local council, government ministers and health champions. 	<ul style="list-style-type: none"> Increased brand recognition. Increased community satisfaction in centres. 	



Australian Business and Community Network

FY16 was the 10th year of Stockland's membership of the Australian Business and Community Network (ABCN).

INPUT		OUTPUT	IMPACT	FUTURE
Contribution <ul style="list-style-type: none"> \$71,500 membership fee. 112 employee mentors. 971 volunteer hours. Focus Area <ul style="list-style-type: none"> Education 	COMMUNITY	<ul style="list-style-type: none"> 183 students went through the program in 2015.⁶ Hosted our first ABCN scholarship winner from Auburn Girls High School on work experience at Stockland head office in Sydney. Sponsored four students from [Auburn Girls High School] to enter Opti Minds Science competition. 	<ul style="list-style-type: none"> 86% of students in the primary school reading program SPARK demonstrated an improvement in their reading skills. 97% of students in the female leadership program FOCUS have a better understanding of their leadership potential. 85% of students in the one-on-one program GOALS now realise the importance of setting goals for their future. One student from Colo High School requested further information about work experience at Stockland. 	<ul style="list-style-type: none"> 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.
	BUSINESS	<ul style="list-style-type: none"> 112 employees took part in the program in 2016, including from our Victorian office for the first time. Increased employee engagement. Increased confidence in mentoring, coaching and facilitation for Stockland employees. 	<ul style="list-style-type: none"> Brand recognition amongst schools, students and other ABCN member companies. Increased understanding of the property industry amongst students who participate in the program. 	

⁶ Outcomes and impact data is not available for all programs run in FY16 as ABCN reports on programs on a school calendar year basis.



1.3 National community development projects

Stockland Community Grants Program

The program provides an easily accessible, structured criteria based platform for our assets and projects to respond to sponsorship requests. It allows us to track the impacts of our community investment, with grant winners required to provide updates on progress. It also allows for increased engagement opportunities with local community groups, brand exposure and media coverage.

Commercial Property

- 544 applications received from local community organisations across 30 shopping centres;
- 106 grants awarded; and
- \$96,000 invested into our local communities.

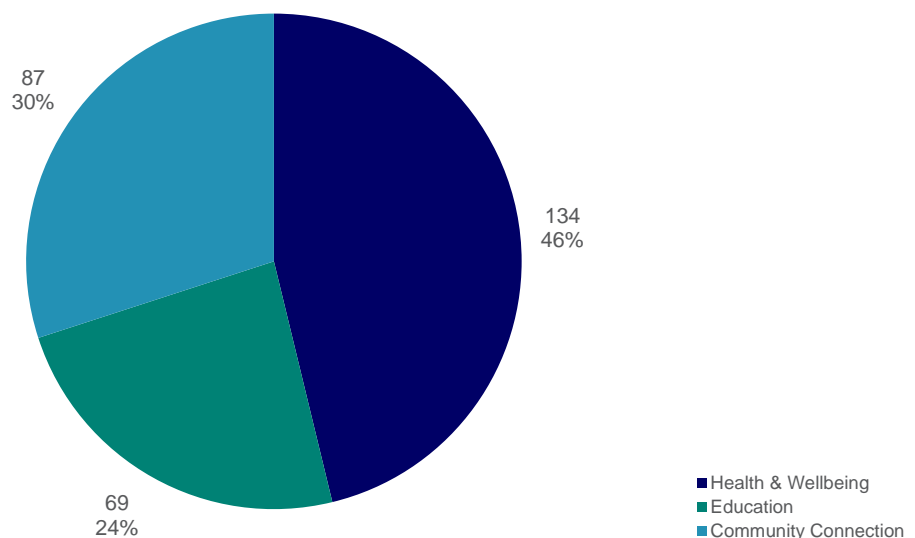
Residential

- 192 applications were received across 33 communities;
- 121 grants were awarded to local community organisations; and
- \$142,750 was invested back into the local community as a result of the program.

Retirement Living

- Round 1 (September 2015):
- 37 applications received across 20 villages;
- 24 grants awarded to local community organisations; and
- \$24,000 invested back into the local community.
- Round 2 (National Round February 2016):
- 72 applications received across 38 villages;
- 63 grants awarded to local community organisations; and
- \$63,000 invested back into the local community.

BREAKDOWN OF GRANT WINNERS BY STOCKLAND FOCUS AREA IN THE FY16 COMMUNITY GRANTS ROUND



ELEMENT	MARCH 2015	JULY 2014
Creates spaces where communities thrive	46%	40%
Creates a sense of belonging to the place where people live/shop	43%	35%



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 6000 residents.

The table below outlines the satisfaction of our retirement living residents with the community elements of the village and their personal wellbeing for FY16. The FY16 results remained stable compared to FY15, except for key elements that relate to health and the opportunity to learn new things.

FOCUS AREA	ELEMENT	RESPONSE (% SATISFACTION SCORE)		
		FY16	FY15	FY14
Health and Wellbeing	Physical health	76%	78%	69%
	Emotional wellbeing (health)	82%	84 ⁷ %	84%
	Personal relationships/social life of the village	92%	92%	85%
	Feeling safe	92%	93%	93%
	Number of social activities to participate in	83%	84%	80%
	Satisfaction with accessibility features	87%	88%	87%
Education	Satisfaction with the opportunity to try new things and learn	75%	77%	73%
Community Connection	Satisfied with sense of community	86%	87%	86%
	Satisfied with opportunity to connect with others	88%	88%	85%

Residential – Liveability Index survey

The table below outlines the satisfaction of residents with the liveability of their communities. We did not conduct a survey in FY14 as we were refining our delivery.

ELEMENT	RESPONSE (% SATISFACTION SCORE)		
	FY16	FY15	FY14
National Liveability Index Score	84%	84%	75%
Community Design Elements	82%	88%	81%
Community Perceptions	79%	78%	71%
Personal Wellbeing	80%	80%	79%

⁷ The FY15 emotional wellbeing score was incorrectly reported as 91% in the FY15 sustainability reporting.



Community investment

WORKPLACE GIVING

	FY16		FY15		FY14	
	AMOUNT DONATED	CHARITIES SUPPORTED	AMOUNT DONATED	CHARITIES SUPPORTED	AMOUNT DONATED	CHARITIES SUPPORTED
Employee Donations ⁸	\$89,572	102	\$84,988	103	\$64,378	116
Corporate Dollar Matching ⁹	\$87,584		\$84,988		\$64,378	
TOTAL	\$177,156	102	\$169,976	103	\$128,756	116

VOLUNTEERING

	FY16			FY15			FY14		
	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE ¹⁰	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE	EMPLOYEES	TOTAL HOURS	PROXY FINANCIAL VALUE
Team Volunteering ¹¹	677	3897	\$181,367	242	1890	\$87,961	332	2624	\$159,880
Student Mentoring ¹²	130	882	\$41,060	69	625	\$29,087	152	1704	\$93,850
Personal Volunteering ¹³	36	302	\$14,074	11	122	\$5,678	12	104	\$9,4809
TOTAL	749	5,081	\$238,285	322	2,673	\$122,726	496	4,432	\$263,210

EMPLOYEE PARTICIPATION

	FY16	FY15	FY14	FY13	FY12
Workplace Giving Program ¹⁴	26.0%	19.6%	21.0%	15.7%	14.7%
Volunteering Program ¹⁵	48.0%	21.0%	30.0%	27.0%	49.0%

⁸ Total employee donations made by full time, part time and permanent contract Stockland employees through Stockland's Workplace Giving Program.

⁹ Total amount of matched funds donated by Stockland to various charities in FY16 through Stockland's Workplace Giving Program.

¹⁰ Calculated using LBG standard values.

¹¹ 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 FY16 are determined by the number of hours multiplied by the average hourly remuneration rate as included in LBG's guidance manual for FY15 (\$46.54).

¹² Facilitated student mentoring programs run in partnership with the Australian Business and Community Network (ABCN) and offered to Stockland employees in FY15 in NSW, WA, Queensland and Victoria.

¹³ Number of individual employees who took up personal volunteering leave in FY16 by taking up to 2 days' annual leave to volunteer their time to a charity of their choice. Personal volunteering details including the number of hours volunteered and chosen charity must be logged in Stockland's HR system and approved by the individual's manager.

¹⁴ Total number of individual employees who participated in Stockland's Workplace Giving Program in FY16 as an ongoing or one-off donor as a percentage of total average workforce for FY16.

¹⁵ 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 FY16.

Environmental data

FY16

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.	<p>Unless there are significant changes to the tenancies which we operate from, minor fluctuations generally reflect external factors beyond our control.</p> <p>Scope 1: Vehicle fleet fuel.</p> <p>Scope 2: Purchased electricity.</p> <p>Scope 3: Hire car, airline and rental car travel.</p>	<p>The water, waste and other natural resources are typically managed by the base building which we are tenanting. Where we are a tenant within our own building, these resources are reported under the base building.</p>
Commercial Property	Operating our retail, office, business parks and logistics assets.	<p>Unless there are significant changes to our portfolio, or key infrastructure upgrades/installations, changes generally reflect energy efficiency programs and initiatives.</p> <p>Scope 1: Gas consumption, refrigerants.</p> <p>Scope 2: Purchased electricity.</p> <p>Scope 3: Transmission losses, operational waste.</p>	<p>Unless there are significant changes to our portfolio, changes reflect water efficiency programs and initiatives, tenancy mix, water leakages, or changes to asset management arrangements.</p> <p>Water: Potable water consumption.</p> <p>Waste: Operational waste, development construction waste.</p>
Residential	Development of our projects and communities, predominantly undertaken by our residential contractors.	<p>Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher.</p> <p>Scope 1: Emissions from gas and fuel consumption reported by our contractors, and our direct gas consumption.</p> <p>Scope 2: Emissions from electricity consumption reported by our contractors, and our purchased electricity.</p> <p>Scope 3: Transmission losses.</p>	<p>Increased civil works activity has a direct correlation with increased water consumption. In periods where we are actively developing our assets, our water consumption, and particularly that of our residential contractors, is higher.</p> <p>Water: Potable and non potable water consumption reported by our contractors, and our direct water consumption.</p> <p>Waste: Waste generation reported by our contractors.</p> <p>Biodiversity metrics vary and reflect the specific characteristics of our project development sites.</p>

In this document you will find:

Energy and emissions	2	Water management and quality	12
Biodiversity	10	Waste	14



	ACTIVITY PROFILE	ENERGY AND EMISSIONS	NATURAL RESOURCES
Retirement Living	Development of our retirement villages, undertaken by our retirement living contractors.	<p>Increased civil works activity has a direct correlation with increased energy and emissions. In periods where we are actively developing our assets, our emissions profile is higher.</p> <p>Scope 1: Emissions from gas and fuel consumption and explosives reported by our contractors, and our direct gas consumption.</p> <p>Scope 2: Emissions from electricity consumption reported by our contractors.</p> <p>Scope 3: Transmission losses.</p>	<p>Increased civil works activity has a direct correlation with increased water consumption. In periods where we are actively developing our assets, our water consumption is higher.</p> <p>Increased finishing works (landscaping and village upgrades) also contribute to increased water consumption, and these works are generally undertaken by retirement living contractors.</p> <p>Water: Potable and non potable water consumption reported by our contractors, and our direct water consumption.</p> <p>Waste: Waste generation reported by our contractors</p>
	Operating our retirement villages.	<p>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.</p> <p>Scope 1: Our direct gas consumption (can include our residents' consumption where a village is not sub metered).</p> <p>Scope 2: Our direct consumption of purchased electricity (can include our residents' consumption where a village is not sub metered).</p> <p>Scope 3: Transmission losses.</p>	<p>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.</p> <p>Water: Water consumption.</p>

1. Energy and emissions

1.1 Boundary and methodology

We report our scope 1 and scope 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting Act 2007 (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	<p>Direct emissions, i.e. emissions from fuels that are combusted on site (including natural gas, diesel and petrol from fleet) as well as refrigerant leakage.</p> <p>Direct emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their gas and fuel consumption data as part of monthly reporting.</p> <p>Emissions from gas consumption across the office, retail, industrial, residential and retirement living assets for which we have operational control. For those assets that have missing invoices estimates are provided.</p> <p>Tenant gas usage is not included except where we are the tenant.</p>
Scope 2	<p>Indirect emissions from the consumption of electricity only.</p> <p>Indirect emissions reported by contractors where we have operational control (typically residential community projects). Contractors are required to supply their electricity consumption data as part of monthly reporting.</p> <p>Emissions from base building electricity across the office and business parks, retail, logistics, residential and retirement living assets for which we have operational control. For those assets that have missing invoices estimates are provided.</p> <p>Tenant electricity usage is not included except where we are the tenant.</p>
Scope 3	<p>Other indirect emissions, including 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.</p>



Notes:

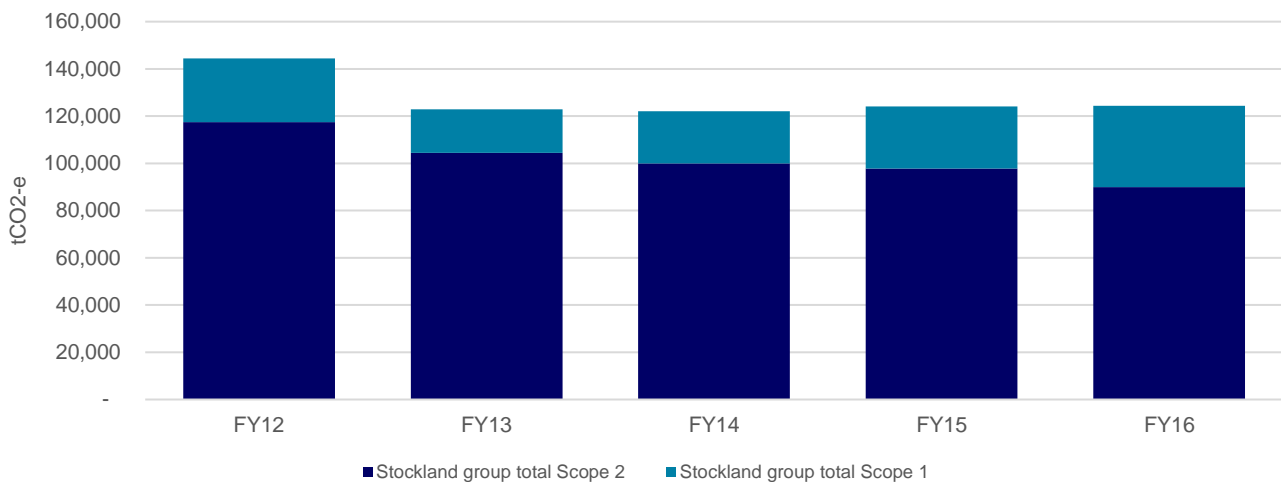
- Development contractor resource and energy data is provided to us by third party contractors in accordance with NGER Act reporting requirements.
- Logistics data is predominantly related to vacant spaces or minimal external and internal common area lighting. Due to the high volatility of this energy 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.

1.2 Emissions

TOTAL GREENHOUSE GAS EMISSIONS (tCO₂-e)

	FY16	FY15	FY14	FY13	FY12
Stockland group total Scope 1	35,036	26,368	22,102	18,509	26,961
Stockland group total Scope 2	89,881	97,763	99,927	104,393	117,517
Stockland group total Scope 1+2 emissions	124,917	124,131	122,029	122,902	144,478

TOTAL GREENHOUSE GAS EMISSIONS (TCO₂-E)



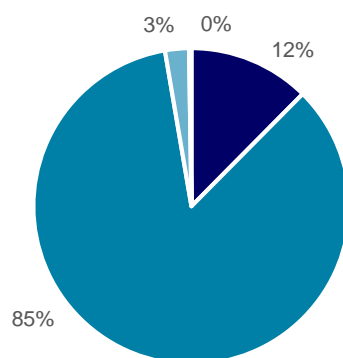
**TOTAL SCOPE 1 EMISSIONS (tCO₂-e)**

	FY16	FY15	FY14	FY13	FY12
Office and business parks base building gas	1,080	999	832	1,149	1,763
Logistics centres gas	–	–	1	7	11
Retail centres gas	398 ¹	185	97	98	130
Vehicle fleet fuel	86	84	87	56	223
Refrigerants leaked	3,091	2,783	2,380	2,477	1,919
Residential sites gas	10	15	19	17	40
Residential contractors fuel and gas	29,525 ²	21,626	18,142	14,088	21,806
Retirement living villages gas	487	591	377	169	210
Retirement living contractors fuel, gas & explosives	360	86	165	449	859
Total scope 1 emissions	35,036	26,368	22,102	18,509	26,961

Scope 1 emissions by business unit

Residential constitutes the largest proportion of our scope 1 emissions due to contractor construction activity across our developments.

Projects in active development in FY16 include Aura and Augustine Heights (in Queensland), Calleya and Sienna Wood (in Western Australia) and Elara (in New South Wales). These communities account for over one third of our total scope 1 emissions.

SCOPE 1 EMISSIONS BY BUSINESS UNIT

■ Commercial Property ■ Residential ■ Retirement Living ■ Corporate

¹ Gas increase due to the removal of electric duct heaters to efficient central boiler heating system.

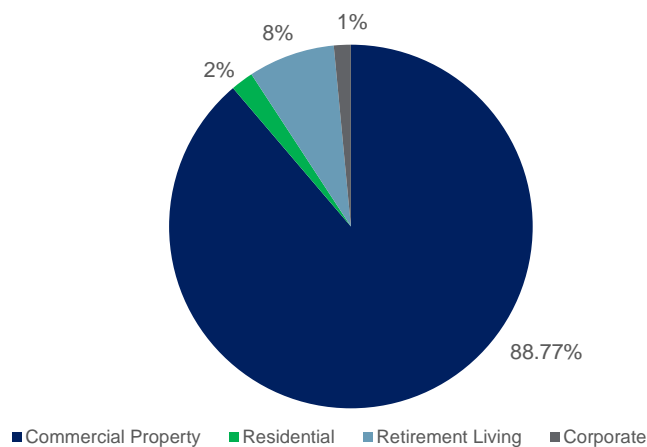
² Figures reflect our activity profile: continuing increased development activity on existing and new sites.

**TOTAL SCOPE 2 EMISSIONS (tCO₂-e)**

	FY16	FY15	FY14	FY13	FY12
Corporate tenancies electricity	1,353	1,372	1,406	1,484	1,427
Office and business parks base building electricity	19,657 ³	22,981 ⁴	23,161	28,341	38,598
Logistics centres electricity	1,291	2,048	2,998	3,443	2,758
Retail centres electricity	58,839	63,134 ⁵	57,957 ⁶	58,636	63,460
Residential sites electricity	1,515	1,573	1,852	2,507	2,203
Residential contractors electricity	299	315	632	212	281
Retirement living villages electricity	6,918	6,323 ⁷	11,870	9,755	8,776
Retirement living contractors electricity	8	16	51	15	14
Total scope 2 emissions	89,881	97,763	99,927	104,393	117,517

Scope 2 emissions by business unit

Commercial Property constitutes our largest proportion of scope 2 emissions and remains the focus of our strategic energy efficiency initiatives. See section 1.3 Emissions intensity, for an indication of our reduction achievements in Commercial Property in FY16. See our [Carbon and Energy DMA](#) for further information on our FY16 performance.

SCOPE 2 EMISSIONS BY BUSINESS UNIT

³ Decrease due to divestment of office assets.

⁴ Decrease due to divestment of office assets and additional operational efficiency programs.

⁵ Retail has increased through both new acquisitions and centre expansions.

⁶ Increased energy efficiency across retail assets.

⁷ 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.

**TOTAL SCOPE 3 (tCO₂-e)**

	FY16	FY15	FY14	FY13	FY12
Total transmission and production losses (from purchased electricity, gas and fleet fuel)	14,782	17,255	19,861	19,572	22,246
Waste disposal ⁸	20,571	NA	NA	NA	NA
Vehicle hire and hire car travel	42	51	52	74	139
Airline travel	4,233	3,695	3,644	3,803	1,341
Total scope 3 emissions	39,628	21,002	23,556	23,449	23,726

1.3 Emissions intensity

We track our emissions on an intensity basis as this helps represent the greenhouse gas emissions from our Commercial Property portfolio in a way which is isolated from the increases and decreases in emissions due to investments, divestments and vacancies. Intensity metrics are based on the standard measures of net lettable area (NLA) or gross lettable area (GLA) in square metres (where appropriate for each asset class). Emissions intensities only apply to stable operating assets such as the Commercial Property portfolio.

GREENHOUSE GAS EMISSIONS INTENSITY (KGCO₂-E/M²)⁹

	FY16	FY15	FY14	FY13	FY12
Office and business parks base buildings	64.98 ¹⁰	67.32	67.55	72.1	77.3
Floor area (NLA) of buildings in intensity metric (m ²)	320,943 ¹¹	356,060	355,073	409,134	527,028
% portfolio in intensity metric	100%	100%	100%	100%	100%
Retail centres	56.58	58.32	59.34	62.0	69.2
Floor area (GLA) of buildings in intensity metric (m ²) ¹²	1,047,054	1,014,045	978,257	947,435	918,725
% portfolio in intensity metric	100%	100%	100%	100%	100%
Commercial Property¹³	58.55	60.66	61.52	65	72
Floor area of buildings in intensity metric (m ²)	1,366,279	1,370,119	1,333,330	1,356,569	1,445,753
% portfolio in intensity metric	100%	100%	100%	100%	100%

⁸ For FY16 we have expanded our boundary to include scope 3 emissions from waste generated at our commercial property assets.

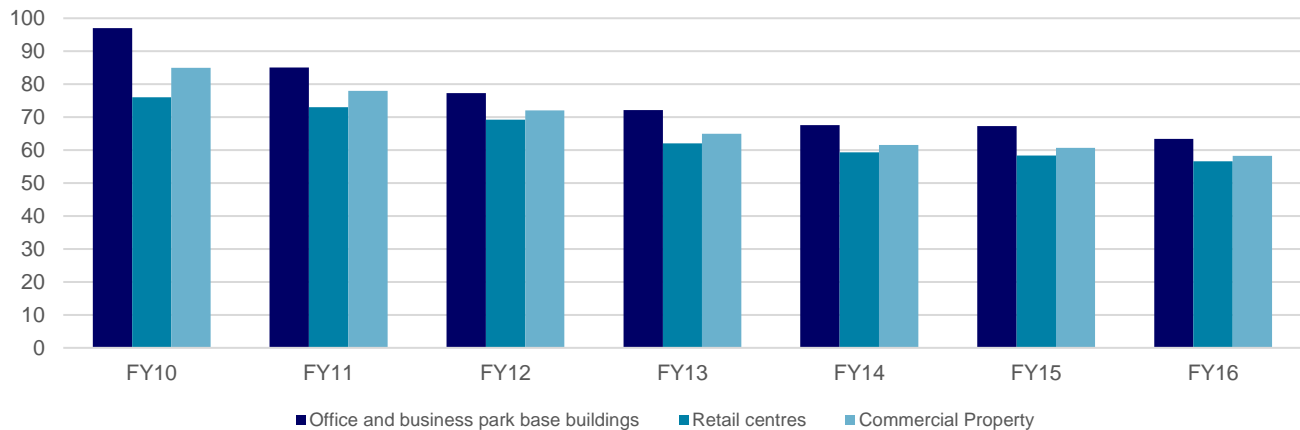
⁹ Based on scope 1 and 2 emissions, excluding all refrigerants.

¹⁰ Reduction due to various energy efficiency projects.

¹¹ Area-weighted intensity combination of Office and Business Parks assets

¹² Townsville Kmart excluded – common area usage not available.

¹³ Combined Office, Business Parks and Retail.

GREENHOUSE GAS EMISSIONS INTENSITY (KGC02-E/M²)

EMISSIONS INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY16 FROM FY14	FY16	FY15	FY14	FY13	FY12
Office and business parks	-4%	-4%	0%	-6%	-7%	-9%
Retail centres	-5%	-3%	-2%	-4%	-10%	-5%
Commercial Property ¹⁴	-5%	-4%	-1%	-5%	-10%	-8%

1.4 Energy consumption

This section drills down to the consumption of specific energy types across the three businesses and group operations. These are the sources of the Greenhouse gas emissions reported under scope 1 and 2.

Electricity

PURCHASED ELECTRICITY (KWH)

	FY16	FY15	FY14	FY13	FY12
Corporate tenancies	1,556,157	1,538,236	1,564,314	1,599,709	1,533,632
Office and business parks base buildings	24,120,329	27,759,472	27,627,604	32,651,857	44,138,176
Logistics centres	1,577,286	2,416,170	3,474,882	3,906,359	3,180,561
Retail centres	69,088,256	72,666,207	65,017,061	63,550,659	68,948,036
Residential sites	1,824,740	1,841,916	2,265,986	2,744,611	2,395,863
Residential contractors	331,110	437,697	619,789	193,050	245,594
Retirement living villages	7,859,963 ¹⁵	6,888,485 ¹⁶	12,045,323	9,579,561	8,060,324
Retirement living contractors	6,962	16,264	73,001	35,316	2,328
Total	106,364,804	113,564,446	112,687,960	114,261,122	128,505,514

¹⁴ Area-weighted intensity combination of office, business parks and retail assets.

¹⁵ 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.

¹⁶ 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% drop in electricity consumed compared to FY14.

**ELECTRICITY INTENSITY (kWh/m²)**

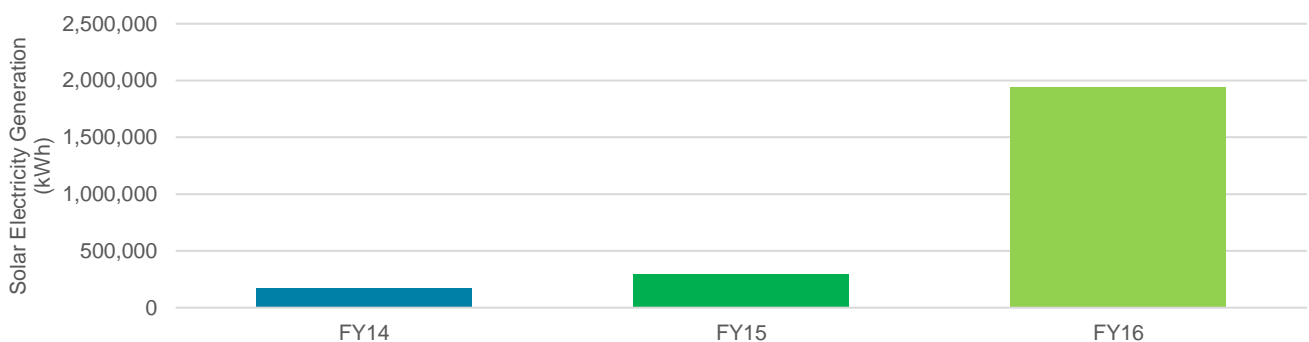
	FY16	FY15	FY14	FY13	FY12
Office and business parks base buildings	75.77	77.91	77.8	79.8	84.7
Floor area (NLA) of buildings in intensity metric (m ²) ¹⁷	320,097	356,118	354,955	409,061	526,062
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%
Retail centres	65.98	66.27	66.45	67.1	75.0
Floor area (GLA) of buildings in intensity metric (m ²)	1,047,054	1,014,074	978,256	947,536	918,722
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%
Commercial Property¹⁸	68.26	69.30	69.47	70.9	78.5
Floor area of buildings in intensity metric (m ²)	1,365,954	1,370,177	1,333,211	1,356,597	1,444,784
% of portfolio covered in intensity metric	100%	100%	100%	100%	100%

ELECTRICITY INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY16 FROM FY14	FY16	FY15	FY14	FY13	FY12
Office and business parks	-3%	-3%	0%	-3%	-6%	-9%
Retail centres	-1%	0%	0%	-1%	-11%	-5%
Commercial Property ¹⁹	-2%	-2%	0%	-2%	-10%	-8%

RENEWABLES GENERATION

	FY16	FY15	FY14
Solar generation (kWh)	1,940,689 ²⁰	292,124	175,374
Total	1,940,689	292,124	175,374



¹⁷ NLA – Net Lettable Area; GLA – Gross Lettable Area.

¹⁸ Area weighted intensity combination of office, business parks, and retail assets.

¹⁹ Area-weighted intensity combination of office, business parks and retail assets.

²⁰ The large increase in generation is the result of the 1.2MW solar system at Shellharbour.



Fuel consumption

GAS CONSUMPTION (MJ)²¹

	FY16	FY15	FY14	FY13	FY12
Office and business parks base buildings	20,949,926	19,456,794	16,211,993	22,389,489	34,251,647
Logistics centres	0	0	27,986	132,268	208,532
Retail centres	7,726,710	3,607,633	1,898,574	1,905,757	2,524,838
Residential sites	196,216	261,852	331,020	123,294	505,782
Residential contractors	0	200	2,993	2,275	8,914
Retirement living villages	9,451,522	7,177,497	7,119,574	2,940,671	3,565,526
Retirement living contractors	0	0	0	0	294
Total	38,324,374	30,503,976	25,592,140	27,493,754	41,065,533

TRANSPORT FUEL CONSUMPTION²²

	FY16	FY15	FY14	FY13	FY12
Diesel (L)	10,344,491	7,714,541	6,597,215	5,245,570	7,962,892
Bio diesel (L)	525,463	566,473	236,637	285,219	419,912
Petrol (L)	169,636	257,135	155,275	116,360	180,146
Ethanol (L)	4,689	2,102	5,486	2,257	11,507
LPG (L)	556	26	81	180	37,480
Oil (L)	71,973	94,981	63,939	42,916	340,674
Grease (kg)	66,070	65,703	32,541	20,583	95,706

²¹ Includes natural gas and liquid petroleum gas.²² Comprises corporate fleet fuel, and residential and retirement living contractor fuel consumption.



2. Biodiversity

BIODIVERSITY IMPACT AND MANAGEMENT

Stockland's measured biodiversity impact has decreased in FY16 (compared to FY15) in line with the reduction in total projects with masterplan approval, from 39 projects in FY15 to 31 projects in FY16.

	FY16	FY15	FY14	FY13	FY12
PORTFOLIO					
Total projects with masterplan approval ²³	31	39	42	44	42
Total land area (ha)	8,637	12,302	7,303	7,210	6,733
BIODIVERSITY IMPACT					
Total projects with areas of significant biodiversity value ²⁴	25	30	20	20	18
Total land area of significant biodiversity value (ha)	1,332	1,736	1,198	1,197	910
Total land area of significant biodiversity value to be cleared (ha)	425	639	655	641	489
BIODIVERSITY MANAGEMENT					
Total projects with areas of significant biodiversity value that have a biodiversity management plan (%)	58 ²⁵	100	100	100	100
Total land area to be regenerated, revegetated, restored or rehabilitated on ground or through offsets (ha)	1641	1,581 ²⁶	358.5	342.5	190.5
Total projects working with community and non-governmental organisations	6	5	1	12	10

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 FY16.

STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE
Released to market	Victoria	Allura	Truganina	140	21.9	
		Eucalypt	Epping	81	25.7	
		Highlands	Craigieburn	970	43.9	
		Mernda Villages	Mernda	203	15.4	
		Cloverton	Kalkallo	1135	130	+18.05
		The Grove	Tarneit	98	30	+4.11
	Western Australia	Amberton	Eglinton	198	241	

²³ Our biodiversity results are representative of our residential projects that have received masterplan approval and/or were active developments as at 30 June 2016.

²⁴ As defined by the relevant state or federal legislation.

²⁵ This has decreased from FY15 as the previous year's reporting included a commitment to prepare a biodiversity management plan. This year we are reporting on the percentage of those projects that have actually prepared a biodiversity management plan as at 30 June 2016. Note that all of our projects without a biodiversity management plan have made a commitment to develop one.

²⁶ 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.



STATUS	REGION	DEVELOPMENT	LOCATION	TOTAL LAND (HA)	TOTAL BIODIVERSITY AREA APPROX (HA)	CHANGE IN BIODIVERSITY VALUE
		Calleya	Banjup	145	11.5	+3.2
		Sienna Wood	Brookdale	330	49.7	
		Vale	Aveley	541	20	
	New South Wales	Altrove	Schofields	52	9	+2.7
		Brooks Reach	South Coast	65	42.8	
		Murrays Beach	Lake Macquarie	160	28.5	
		Willowdale	Leppington	350	131	+1.32
		Elara	Marsden Park		2.4	
	Queensland	Augustine Heights	Augustine Heights	68	47	
		Aura	Caloundra South	2360	300	
		Brightwater	Sunshine Coast	215	64	
		Hundred Hills	Murwillumbah	44	5.2	
		North Shore	Townsville	1031	300	
		Ormeau Ridge	Ormeau	17	42	
		Pallara	Pallara	122	88	+27.59
		Stone Ridge	Narangba	47	8.5	
		The Observatory	Kingsmore	300	75	
		Vale	Logan	43	17	
Development pipeline	Queensland	Paradise Waters	Deebing Heights	338	80	
		Waterway Downs	Coomera	116	51	



3. Water management and quality

3.1 Boundary and methodology

We report our water 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% of properties this year. These figures are based on a combination of contractor estimates and invoice data.

3.2 Water consumption

RESIDENTIAL AND RETIREMENT LIVING WATER CONSUMPTION (KL)

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.

	FY16	FY15	FY14	FY13	FY12
Residential sites	600,623	353,620	297,826	76,254	227,853
Retirement living villages	58,158	48,500	162,930	152,065	391,734
Contractors – residential	1,948,614	1,469,853 ²⁷	351,046	213,118	1,499,264
Contractors – retirement living	8,985	49,285	216,910	60,648	6,356
Total	2,616,380²⁸	1,921,258	1,028,712	502,085	2,125,208

RESIDENTIAL AND RETIREMENT LIVING WATER CONSUMPTION – POTABLE AND NON POTABLE (KL)

We experienced an increase in both potable and non potable water consumption due to new residential developments which commenced at the close of FY15 and during FY16.

	POTABLE					NON POTABLE				
	FY16	FY15	FY14	FY13	FY12	FY16	FY15	FY14	FY13	FY12
Residential sites	171,830	53,233	16,562	17,944	22,170	428,793	300,387	281,264	58,310	205,683
Retirement living villages	58,158	48,500	162,930	152,065	384,772	0	0	0	0	6,962
Contractors – residential	829,592	644,034	127,198	176,995	1,264,907	1,119,022	825,820	223,849	36,123	234,358
Contractors – retirement living	8,682	38,897	188,000	60,468	5,956	303	10,388	28,910	180	400
Total	1,068,262	784,664	494,690	407,472	1,677,805	1,548,118	1,136,594	534,023	94,613	447,403

²⁷ 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.

²⁸ We experienced an increase in both potable and non potable water consumption due to new residential developments which commenced at the close of FY15 and during FY16.



COMMERCIAL PROPERTY WATER CONSUMPTION (KL)

	FY16	FY15	FY14	FY13	FY12
Office, logistics and business parks	220,704	232,249	271,905	299,122	347,865
Retail centres	1,153,565	1,096,808	1,077,563	928,198	818,058
Total Commercial Property	1,374,269	1,329,057	1,349,468	1,227,320	1,165,923

3.3 Water consumption intensity

Intensity figures in Commercial Property are derived from the total water consumption for each asset class over the year divided by the total floor area. Retail and office assets without a full 12 months of data include estimates for the missing months.

WATER CONSUMPTION INTENSITY (KL/M²)

	FY16	FY15	FY14	FY13	FY12
Office and business parks	0.65 ²⁹	0.58	0.63	0.63	0.63
Retail centres	1.11	1.10	1.10	1.03	0.94
Total Commercial Property³⁰	1.00	0.96	0.976	0.91	0.82

WATER CONSUMPTION INTENSITY REDUCTIONS

	CHANGE FROM BASELINE YEAR (%)	ANNUAL INTENSITY CHANGE (%)				
	FY16 FROM FY14	FY16	FY15	FY14	FY13	FY12
Office and business parks ³¹	6%	12%	-8%	0%	0%	-13%
Retail centres	1%	0%	0%	7%	10%	-1%
Total Commercial Property³²	3%	4%	-2%	7%	10%	-3%

²⁹ Water usage increase due to various water leaks and an increase in irrigation due to new landscapes.

³⁰ Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.

³¹ Water usage increase due to various water leaks and an increase in irrigation due to new landscapes.

³² Consumption Intensity data calculated based on Office and Business Parks, and Retail consumption figures only. Does not include Logistics.



4. Waste

4.1 Boundary

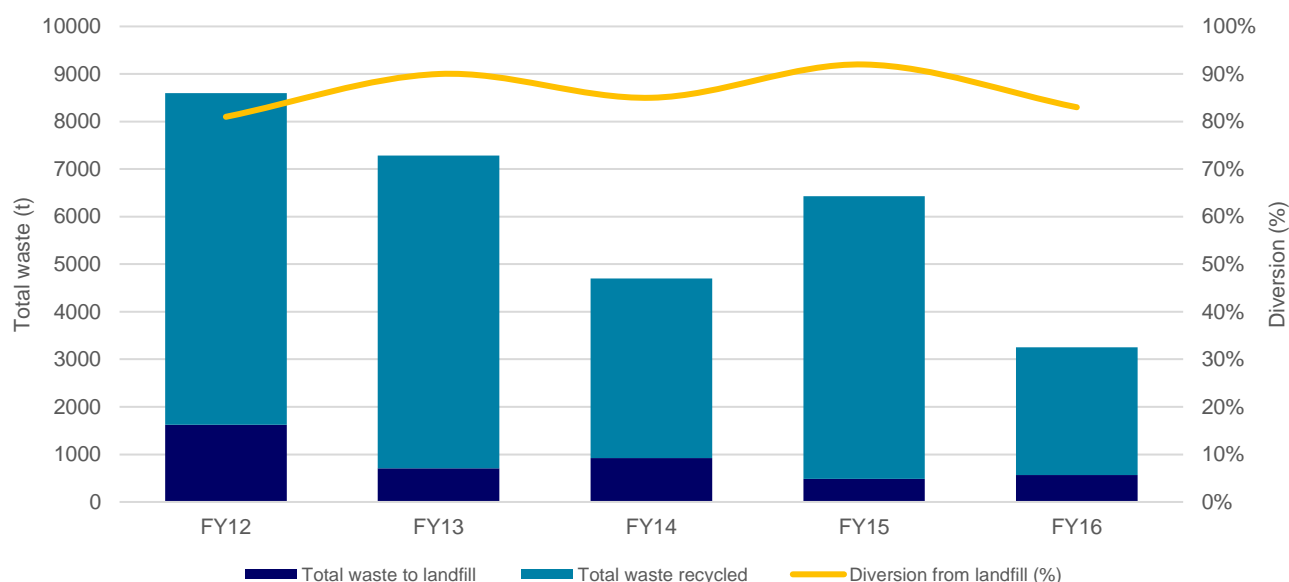
We report against the same NGER Act operational control boundary that we use for energy and water. We report on all properties within this boundary, with the exception of some properties where our tenants run their own waste contracts. We also report on a small number of additional properties that fall 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).

4.2 Operational waste

OPERATIONAL WASTE (TONNES)

	RETAIL					OFFICE AND BUSINESS PARKS				
	FY16	FY15	FY14	FY13	FY12	FY16	FY15	FY14	FY13	FY12
Total waste	17,895	16,717	16,809	14,890	13,808	1,182	1,298	1,607	1,810	2,697
Total waste to landfill	10,858	11,537	11,549	10,443	9,793	680	806	763	538	972
Total waste recycled	7,038	5,181	5,260	4,446	4,015	502	491	944	1,272	1,725
Diversion from landfill (%)	39	31	31	30	29	42	38	53	70.3	64
% portfolio reporting	95	95	95	95	95	100	80	100	100	100

OFFICE AND BUSINESS PARKS WASTE



4.3 Development waste

4.3.1 Commercial Property

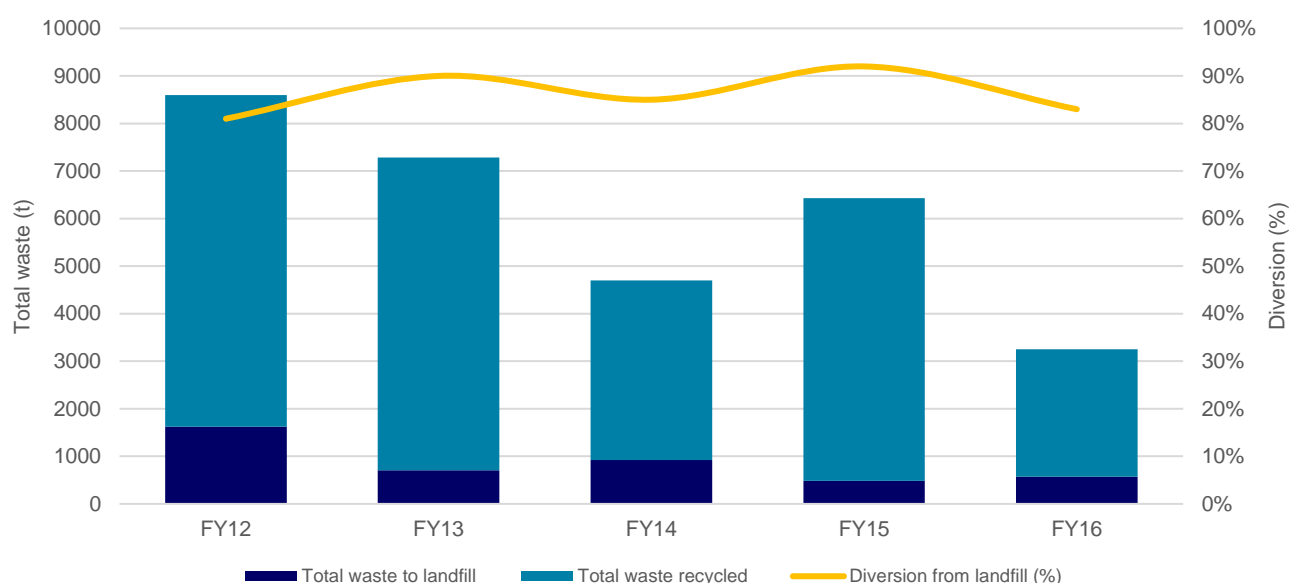
Our Commercial Property development construction waste is calculated based on the total number of projects for which we are the developer. Active waste is tracked through the builders, as for these sites the principal contractor has active control.

There have been no significant office developments since FY12.



DEVELOPMENT CONSTRUCTION WASTE (TONNES) – RETAIL

	FY16	FY15	FY14	FY13	FY12
Total waste	3,253	6,428	4,453	7,284	8,596
Waste recycled	2,684	5,940	3,778	6,583	6,971
Waste to landfill	569	487	924	704	1,625
Diversion from landfill (%)	83%	92%	85%	90%	81%
Developments included (%)	100%	100%	100%	100%	100%



4.3.2 Residential and Retirement Living

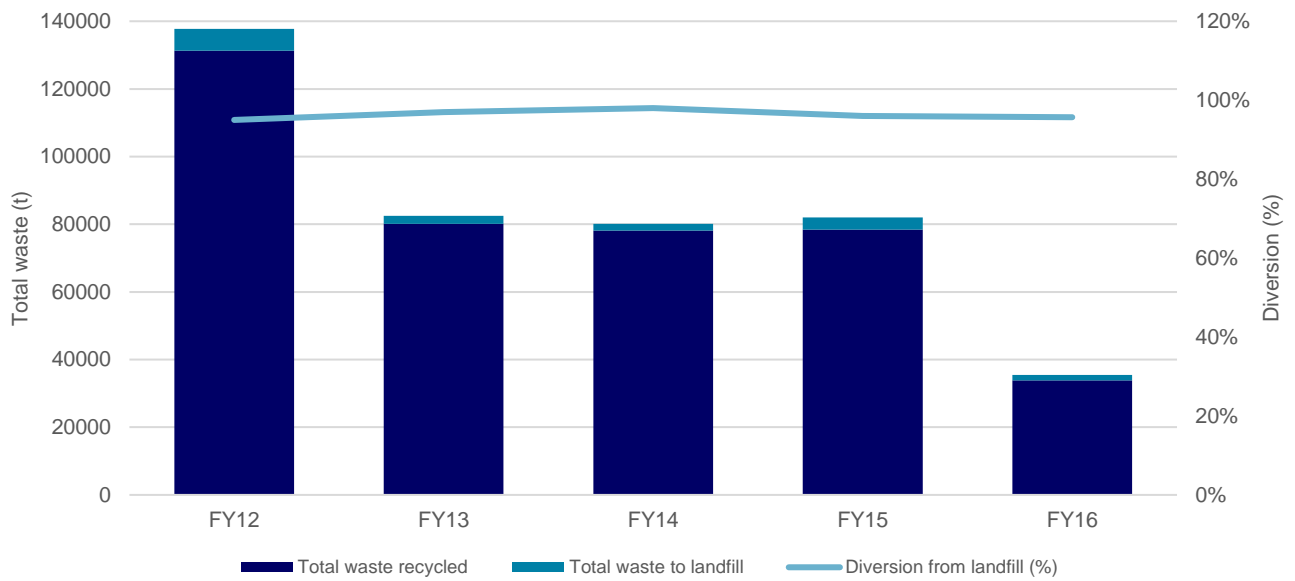
All Residential and Retirement Living waste data was provided by contractors operating on Stockland sites during the reporting period. Data is estimated by contractors or obtained from waste receipts and invoices. Data is collected from monthly health, safety and environment reports submitted to Stockland by our contractors. Waste has decreased substantially in FY16 as there has been a reduced number of sites which require large amounts of debris removed from site. Stockland has been seeking to optimise this as part of ongoing design processes.

RESIDENTIAL AND RETIREMENT LIVING CONTRACTOR WASTE (TONNES)

	FY16	FY15	FY14	FY13	FY12
Total waste	35,424	82,033	80,135	82,503	137,748
Waste diverted from landfill	33,881	78,415	78,149	80,148	131,270
Waste sent to landfill	1,542	3,617	1,986	2,355	6,478
Diversion from landfill	96%	96%	98%	97%	95%



RESIDENTIAL AND RETIREMENT LIVING CONTRACTOR WASTE (TONNES) AND DIVERSION RATE (%)



People data

FY16

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.

We established a strategic partnership with Opal Aged Care on 26 June 2014, which included settlement for the sale of our Aged Care business in FY15. As such, we no longer report on Aged Care metrics. Historical figures have been adjusted so that metrics for each reported year are comparable with each other.

Our workforce

WORKFORCE BY EMPLOYMENT STATUS

STATUS	FY16	FY15	FY14	FY13	FY12	FY11
Full Time	1,135	1,121	1,120	1,067	1,211	1,257
Permanent ¹	1,073	1,058	1,072	1,019	1,141	1,208
Fixed Term ²	62	63	48	48	70	49
Part Time	308	295	282	255	234	219
Permanent	298	282	269	247	224	217
Fixed Term	10	13	13	8	10	2
Casual ³	55	46	38	45	79	93
Total Headcount ⁴	1,498	1,462	1,440	1,367	1,524	1,569
FTE⁵	1,386	1,345	1,286	1,262	1,407	1,439

¹ Permanent employees are employed by Stockland on a full time (38 hours per week) or part time basis (less than 38 hours per week).

² Fixed term employees are employed by Stockland for a fixed term (their employment has an agreed end date).

³ Casual employees are paid on an hourly basis.

⁴ Total headcount includes permanent employees, fixed term employees and casual employees. It excludes Board members, temps, special contractors, vendors and employees on extended leave.

⁵ FTE (Full Time Equivalent) adjusts headcount for hours worked. It is calculated by dividing an employee's working hours by the standard full time working hours (38). The FTE measure excludes casual employees.

In this document you will find:

Our workforce	1	Diversity and inclusion	6
Employee engagement	3	Health and safety	8
Human capital development	6		



WORKFORCE BY REGION

STATE	FY16	FY15	FY14	FY13	FY12	FY11
NSW	821	826	816	774	888	959
QLD	275	283	280	265	294	292
VIC	240	229	228	210	220	207
WA	97	98	90	88	91	88
SA	62 ⁶	22	22	23	26	23
ACT	3	4	4	7	5	-
Total	1,498	1,462	1,440	1,367	1,524	1,569

WORKFORCE BY GENDER

FY16					
STATE	FEMALE	FEMALE %	MALE	MALE %	TOTAL
Full Time	522	49%	551	51%	1,073
Part Time	261	88%	37	12%	298
Fixed Term	44	61%	28	39%	72
Casual	44	80%	11	20%	55
Total	871	58%	627	42%	1,498

WORKFORCE BY AGE CATEGORY

FY16				
STATE	FEMALE	MALE	TOTAL	TOTAL %
<25	58	21	79	5.0%
25 - <35	259	179	438	29.0%
35 - <45	256	189	445	30.0%
45 - <55	173	144	317	21.0%
55 - <65	105	79	184	12.0%
>65	20	15	35	2.0%
Total	871	627	1,498	100%

⁶ Stockland acquired eight retirement living villages in South Australia in July 2016.



MEDIAN AGE OF WORKFORCE

YEAR	STOCKLAND
FY16	39
FY15	39
FY14	38
FY13	38
FY12	37
FY11	37
FY10	35

REMUNERATION RATIO – MANAGING DIRECTOR/EMPLOYEE

REMUNERATION MEASURE	RATIO		
	FY16 ⁷	FY15 ⁸	FY14 ⁹
Managing Director's annual total compensation to employee median annual total compensation	48	44	44
% increase in Managing Director's annual total compensation to employee's median % increase	-0.26 ¹⁰	1.50	6.04

Employee engagement

Stockland measures employee engagement annually through the Our Voice employee survey, independently administered by survey provider Willis Towers Watson. In 2016, we undertook our 12th annual Our Voice survey, maintaining an engagement score of 83%. We remain above the Australian National Norm and Willis Towers Watson's Global High Performing Norm, with 93% of respondents indicating that they believe in the goals and objectives of Stockland, and 94% of respondents indicating they are willing to work beyond what is required to help Stockland succeed.

ABSENTEEISM¹¹

	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Absent Days per FTE	4.9	4.9	4.6	4.7	4.4	3.8	4.4

NEW HIRES BY AGE GROUP

	<25	25 - <35	35 - <45	45 - <55	55 - <65	>65
Number	34	121	61	49	24	1
%	12.0%	42.0%	21.0%	17.0%	8.0%	0.0%

⁷ Annual total compensation for FY16 is calculated as Fixed Pay FTE (as at 30 June 2016) + STI FTE (awarded for FY16 performance year) + LTI (FY16, allocated September 2015), STI & LTI eligible.

⁸ Annual total compensation for FY15 is calculated as Fixed Pay FTE (as at 30 June 2015) + STI FTE (awarded for FY15 performance year) + LTI (FY15, allocated September 2014), STI & LTI eligible.

⁹ Annual total compensation for FY14 is calculated as Fixed Pay FTE (as at 30 June 2014) + Actual STI (awarded for FY14 performance year) + LTI (FY14, allocated September 2013).

¹⁰ The Managing Director's total compensation decreased 0.92% in FY16 compared to FY15, whilst the median increase to all employees was 3.49%. As such, this metric is negative.

¹¹ 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

	MALE	FEMALE
Number	99	191
%	34%	66%

TURNOVER¹²

	FY16	FY15	FY14	FY13	FY12	FY11
Employee Initiated turnover ¹³	14.9% (216)	13.8% (193)	15.0%	15.8%	13.6%	14.8%
Employee Initiated turnover for employees with Good Performance or Above ¹⁴	11.8% ¹⁵ (143)	12.2% ¹⁶ (150)	12.6% ¹⁷	NA	NA	NA
Stockland Initiated turnover ¹⁸	5.6% ¹⁹ (81)	3.0% (42)	5.2%	12.3%	8.9%	4.2%
Total	20.5% (297)	16.8% (235)	20.2%	28.1%	22.5%	19.0%

TURNOVER BY TENURE GROUP²⁰

TENURE GROUP	FY16	FY15	FY14	FY13	FY12	FY11	FY10
<1 Year	22.5% (50)	18.8% (40)	31.0%	26.8%	32.1%	21.0%	18.9%
1 - <3 Years	21.5% (83)	20.0% (71)	24.5%	28.5%	21.2%	20.5%	17.4%
3 - <5 Years	19.7% (50)	16.4% (43)	15.1%	30.1%	20.4%	18.8%	14.5%
5 - <10 Years	20.3% (82)	14.8% (59)	16.6%	27.5%	21.2%	18.7%	11.3%
>10 Years	17.5% (32)	14.0% (22)	12.0%	25.4%	18.7%	6.1%	–

¹² 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).

¹³ Employee initiated turnover includes resignations and retirements.

¹⁴ Stockland uses a four-point rating scale for performance. This metric assesses turnover for the two highest performance ratings. Employee Initiated turnover employees with Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating].

¹⁵ FY16 Employee Initiated for employees with Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 30 June 2016].

¹⁶ FY15 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 30 June 2015].

¹⁷ FY14 Employee Initiated For Good Performance or Above is calculated by dividing [Total Number Of Exits In The Last 12 Months With A Good Performance Or Above Rating] by [Employees With A Good Performance Or Above Rating As At 30 June 2014].

¹⁸ Stockland initiated turnover includes redundancy or termination by Stockland (e.g. terminated during probation or for cause).

¹⁹ 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.

²⁰ 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 GROUP²¹

AGE GROUP	FY16	FY15	FY14	FY13	FY12	FY11	FY10
<25	22.8% (11)	14.6% (7)	24.5%	38.8%	24.4%	21.0%	15.2%
25 - <35	19.4% (87)	19.4% (87)	23.5%	27.7%	17.9%	20.8%	14.5%
35 - <45	19.2% (88)	14.2% (63)	18.2%	30.2%	27.6%	17.7%	17.7%
45 - <55	22.5% (68)	14.0% (38)	15.5%	24.7%	18.2%	18.6%	11.9%
55 - <65	21.6% (36)	17.5% (27)	20.5%	19.3%	28.0%	9.7%	8.9%
>65	25.6% (7)	41.4% (13)	29.7%	58.8%	55.6%	35.4%	26.3%

TURNOVER BY GENDER²²

GENDER	TURNOVER	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Male	Total	19.2% (117)	19.2% (111)	20.8%	29.6%	26.7%	19.8%	15.6%
	Employee Initiated turnover	14.1% (86)	16.4% (94)	16.1%	16.5%	13.4%	14.0%	10.9%
	Employee Initiated turnover for employees with Good Performance or Above	10.4% (54)	14.6% (72)	14.0%	NA	NA	NA	NA
	Stockland Initiated turnover	5.1% (31)	2.8% (17)	4.8%	13.0%	13.3%	5.8%	4.7%
Female	Total	21.4% (180)	15.2% (124)	19.8%	26.9%	19.2%	18.2%	14.4%
	Employee Initiated turnover	15.5% (130)	12.1% (99)	14.3%	15.2%	13.8%	15.5%	10.5%
	Employee Initiated turnover for employees with Good Performance or Above	12.8% (89)	10.7% (78)	11.6%	NA	NA	NA	NA
	Stockland Initiated turnover	5.9% (50)	3.1% (25)	5.5%	11.7%	5.4%	2.7%	3.9%

²¹ 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].

²² 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 RATE²³

GENDER	TOTAL LEAVE	WITHIN 6 MONTHS				WITHIN 12 MONTHS			
		RETURNS	RETURN RATE	EXITS	EXIT RATE	RETURNS	RETURN RATE	EXITS	EXIT RATE
Male	38	36	94.74%	2	5.26%	34	94.44%	2	5.56%
Female	82	75	91.46%	7	8.54%	61	79.22%	16	20.78%
Overall	120	111	92.50%	9	7.50%	95	84.07%	18	15.93%

Human capital development

LEARNING

	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Training Days per Employee ²⁴	3.1	2.5	3.1	1.5	3.4	5.0	5.9

DEVELOPMENT

	% ELIGIBLE EMPLOYEES
Performance Review ²⁵	100
Career Development Plan	100

Diversity and inclusion

WORKFORCE BY CULTURAL BACKGROUND (%)²⁶

CULTURE	FY16 ²⁷	FY15 ²⁸	FY14 ²⁹	FY13	FY12	FY11	FY10
Australian	62.5%	56.2%	69.6%	64.0%	67.0%	66.0%	69.0%
Aboriginal and Torres Strait Islander	0.0%	0.4%	0.3%	0.3%	0.2%	0.2%	0.3%
European ³⁰	22.8%	25.4%	14.6%	12.0%	13.0%	14.0%	12.0%
Asian ³¹	8.7%	9.3%	6.5%	6.0%	6.0%	7.0%	6.0%
Maori and New Zealand	2.3%	2.4%	2.3%	2.0%	2.0%	3.0%	2.0%
Middle Eastern	0.0%	0.8%	0.7%	0.0%	1.0%	1.0%	1.0%
South African	1.2%	1.0%	0.9%	1.0%	1.0%	1.0%	0.0%
North American	0.0%	0.6%	1.2%	1.0%	1.0%	0.0%	0.0%
Other	2.5%	4.0%	3.9%	2.0%	4.0%	4.0%	6.0%

²³ Parental leave return rates look at the return rates of employees who have returned from parental leave in FY15 and FY16 and either remain employed (returns) or exited during FY16 either within 6 months or 12 months of return.

²⁴ Training days per employee is calculated by dividing [Total Number Of Training Hours / 7.8] by [12-Month Average Headcount].

²⁵ Employees are eligible for a performance review after working at Stockland for 3 months.

²⁶ 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.

²⁷ 83% of respondents chose to disclose their cultural background in FY16.

²⁸ 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.

²⁹ 94% of respondents chose to disclose their cultural background in FY14.

³⁰ Includes north-west, central, southern, eastern, British, Irish and Scottish.

³¹ Includes south-east, north-east, southern and central.



WORKFORCE BY GENDER³²

JOB BAND	FY16		FY15		FY14		FY13	
	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN	TOTAL EMPLOYEES	% WOMEN
Management	536	44.6%	515	44.7%	464	45.4%	454	43.0%
• Executive ³³	9	11.0%	9	11.0%	7	0.0%	5	0.0%
• Senior Management ³⁴	151	36.0%	138	36.0%	132	35.0%	125	33.0%
• Manager	376	49.0%	368	49.0%	325	50.0%	324	47.0%
Employee	1,010	67.0%	1,012	66.0%	938	66.0%	913	66.0%
Stockland	1,546	60.0%	1,527	59.0%	1,697	59.0%	1,711	64.0%

WOMEN IN MANAGEMENT BY BUSINESS (%)³⁵

BUSINESS	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Stockland	44.6%	44.7%	45.4%	43.0%	43.0%	38.0%	35.0%
Commercial Property	33.7%	32.4%	32.1%	38.0%	44.0%	41.0%	37.0%
Corporate	50.0%	56.6%	58.9%	49.0%	57.0%	49.0%	48.0%
Residential	21.0%	23.4%	22.7%	34.0%	31.0%	25.0%	24.0%
Retirement Living	62.4%	56.5%	55.4%	57.0%	50.0%	43.0%	41.0%

AVERAGE FIXED REMUNERATION RATIO BY JOB BAND³⁶

JOB BAND	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Executive	0.59	0.60	NA	NA	0.51	0.51	0.43
Senior Management ³⁷	0.85	0.93	0.89	0.88	0.85	0.83	0.78
Management	0.83	0.85	0.83	0.84	0.84	0.86	0.81
Employee/Professional Technical	0.86	0.86	0.86	0.86	0.83	0.84	0.77
Stockland ³⁸	0.64	0.66	0.65	0.64	0.64	0.63	0.57

³² 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.

³³ Executive is Stockland's Executive Committee.

³⁴ Includes General Manager and Senior Manager job bands.

³⁵ Includes Executive Committee, General Manager, Senior Manager and Manager job bands.

³⁶ Average fixed remuneration ratio looks at the ratio of the average female fixed pay to the average male fixed pay by job band.

³⁷ Senior Management includes Senior Manager and General Manager job bands.

³⁸ The ratio is a function of total pay and employee number by gender.

**GENDER PAY EQUITY RATIO³⁹**

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

	FY16	FY15	FY14
Stockland	97.4%	97.2%	96.9%

Health and safety

	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Total average workforce ⁴⁰	1,507	1,438 ⁴¹	1,695	1,736 ⁴²	1,384	1,330	1,243
Total hours worked (million)	2.75	2.53	2.97	3.03	2.42	2.32	2.17
Independent contractors ⁴³		5	10	14	11	12	-
Number of lost time injuries (LTI) ^{44,45}	11	12	18	17	18	5	13
Lost time injury frequency rate (LTIFR) ⁴⁶	4.0	4.7	6.1	5.6	7.4	2.2	6
Number of injuries requiring medical treatment (MTI) ⁴⁷	12	14	14	11	13	8	12
Medical treatment injury frequency rate (MTIFR) ⁴⁸	4.4	5.5	4.7	3.6	5.4	3.7	5.5
Frequency rate (LTI and MTI) ⁴⁹	8.4	10.2	10.7	9.2	12.8	5.9	11.5
Occupational diseases instances	0	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0	0
Lost days (total for the recorded lost time injuries)	599 ⁵⁰	267	817	417	257	70	87
Average lost day rate ⁵¹	27.1 ⁵²	22.2	45.3	24.5	14.3	14	6.6

³⁹ The gender pay equity ratio is calculated by dividing the female compa-ratio by the male compa-ratio for employees in roles where there is at least one female and one male. Compa-ratio represents the ratio of employees' Fixed Pay to the median of the applicable benchmark. For example, if an employee's Fixed Pay is \$120,000 and the market mid-point is \$100,000, the compa-ratio versus the median of the applicable benchmark is 120% (\$120,000 / \$100,000). An employee's position against the applicable benchmark will vary based on relative experience and skills. If a female has a compa-ratio of 102% and a male has a compa-ratio of 104%, then the gender pay equity ratio would be 98%. 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.

⁴⁰ Total average workforce uses monthly employee totals rather than the end of financial year figure used in Our People metrics.

⁴¹ Total average workforce in FY15 reduced as a result of the sale of the Aged Care business in FY14.

⁴² Total average workforce was updated in FY13 to include Aevum payroll employees.

⁴³ Contractors working onsite for whom Stockland is liable in terms of the general safety of the working environment.

⁴⁴ Includes injuries incurred as a result of a work related incident. Does not include commuting/recess injuries.

⁴⁵ An injury resulting in the loss of one or more shifts. Not including injuries requiring first aid treatment only.

⁴⁶ Number of LTIs / total hours worked from July 2015 to June 2016 x 1,000,000 hours.

⁴⁷ 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.

⁴⁸ Number of MTIs / total hours worked from July 2015 to June 2016 x 1,000,000 hours.

⁴⁹ Number of LTIs + MTIs / total hours worked from July 2015 to June 2016 x 1,000,000 hours.

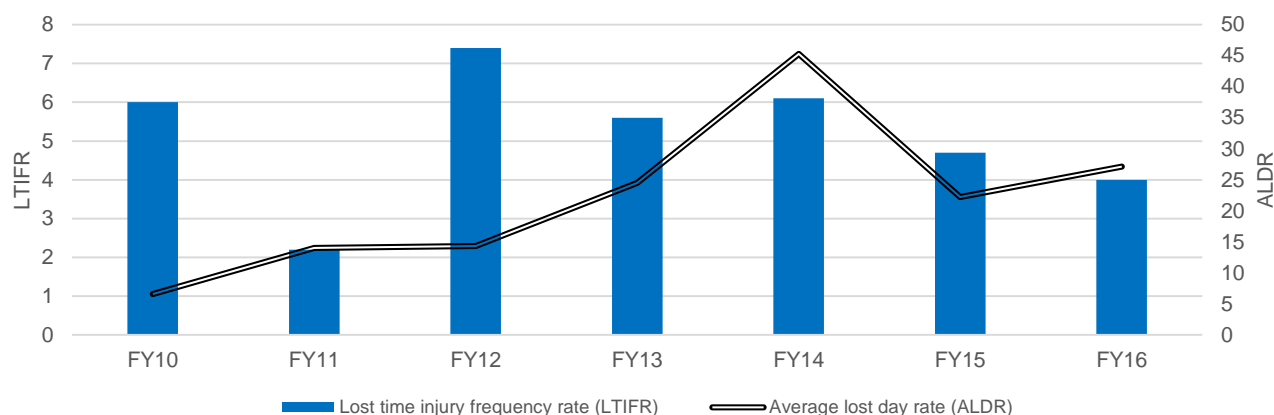
⁵⁰ The increase in lost days have been largely attributed to two longstanding injuries from previous financial years accounting for 301 days.

⁵¹ Number of Lost Days / number of LTIs.

⁵² This figure is derived from 298 days lost attributed to 11 LTIs recorded in FY16. The balance of 301 days were attributed to two LTIs from previous years.



LOST TIME INJURY FREQUENCY RATE AND AVERAGE LOST DAY RATE



BREAKDOWN BY GENDER AND REGION

	MEN	WOMEN	NSW	ACT	QLD	VIC	WA	SA
FY16								
Number of lost time injuries	9	2	5	0	2	3	0	1
Number of occupational diseases	0	0	0	0	0	0	0	0
Number of lost days ⁵³	557	42	306	0	36	249	0	8
FY15								
Number of lost time injuries	9	3	7	0	2	3	0	–
Number of occupational diseases	0	0	0	0	0	0	0	–
Number of lost days ⁵⁴	231	36	249	0	13	5	0	–
FY14								
Number of lost time injuries	6	12	9	1	3	4	1	–
Number of occupational diseases	0	0	0	0	0	0	0	–
Number of lost days ⁵⁵	299	518	220	1	4	591	1	–
FY13								
Number of lost time injuries	9	8	4	0	4	8	1	–
Number of occupational diseases	0	0	0	0	0	0	0	–
Number of lost days	289	128	44	0	99	272	2	–
FY12								
Number of lost time injuries	6	12	10	1	0	7	0	–
Number of occupational diseases	0	0	0	0	0	0	0	–
Number of lost days	156	101	220	2	0	35	0	–



To access the complete list of documents in Stockland's Sustainability DMA Series, [click here](#).

⁵³ 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.

⁵⁴ 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.

⁵⁵ 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	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-1	Statement from the most senior decision-maker of the organization.	<ul style="list-style-type: none"> Annual Review 	Statement of continuing support		N/A
G4-2	Description of key impacts, risks, and opportunities.	<ul style="list-style-type: none"> Financial Report Annual Review Governance and Risk DMA 		All of our developments follow the D-Life project development process as outlined in the Governance and Risk DMA .	N/A

Organizational Profile

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-3	Name of the organization.	<ul style="list-style-type: none"> Annual Review, About Stockland 			N/A
G4-4	Primary brands, products, and/or services.	<ul style="list-style-type: none"> Annual Review, About Stockland 			N/A
G4-5	Location of organization's headquarters.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Reporting Approach 			N/A
G4-7	Nature of ownership and legal form.	<ul style="list-style-type: none"> Annual Review, About Stockland 			N/A

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<ul style="list-style-type: none"> Annual Review, About Stockland 			N/A
G4-9	Scale of the reporting organization.	<ul style="list-style-type: none"> People data pack Financial Report 			N/A
G4-10	Workforce	<ul style="list-style-type: none"> People data pack 	Principle 6		N/A
G4-11	Percentage of employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 3		N/A
G4-12	Organisation's supply chain.	<ul style="list-style-type: none"> Supply Chain Management DMA 			N/A
G4-13	Significant changes during the reporting period regarding size, structure, or ownership.			No significant changes in FY16.	N/A
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> Governance and Risk DMA Climate and Community Resilience DMA Biodiversity DMA Community DMA 	Principle 7		N/A
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Memberships, Initiatives and Awards 			N/A

Identified Material Aspects and Boundaries

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-17	List all entities included in organisation's consolidated financial statement.	<ul style="list-style-type: none"> Financial Report 			N/A
G4-18	Process for defining report content (how applied Principles).	<ul style="list-style-type: none"> Reporting Approach 			N/A
G4-19	List all material aspects identified in the process for defining report content.	<ul style="list-style-type: none"> Reporting Approach 			N/A
G4-20	For each material aspect, report the aspect boundary within the organisation.	<ul style="list-style-type: none"> Reporting Approach 			N/A
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	<ul style="list-style-type: none"> 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	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-24	Provide a list of stakeholder groups engaged by the organisation.	<ul style="list-style-type: none"> Stakeholder Engagement DMA 			N/A
G4-25	Basis for identification and selection of stakeholders with whom to engage.	<ul style="list-style-type: none"> Stakeholder Engagement DMA 			N/A
G4-26	Organisation's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process).	<ul style="list-style-type: none"> Stakeholder Engagement DMA 			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.	<ul style="list-style-type: none"> Reporting Approach Stakeholder Engagement DMA Employee Engagement and Development DMA Customer Engagement DMA 			N/A

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
		<ul style="list-style-type: none"> • Community DMA • Supply Chain Management DMA 			

Report Profile

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING 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	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING 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.	<ul style="list-style-type: none"> • Financial Report • Governance and Risk DMA 			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 DMA			N/A

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
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.	<ul style="list-style-type: none"> Governance and Risk DMA 			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.	<ul style="list-style-type: none"> Governance and Risk DMA Stakeholder Engagement DMA 			N/A
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.	<ul style="list-style-type: none"> Governance and Risk DMA Annual review, governance & remuneration 			N/A
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	<ul style="list-style-type: none"> Governance and Risk DMA Annual review, governance & 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.	<ul style="list-style-type: none"> Annual review, governance & 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.	<ul style="list-style-type: none"> Annual review, governance & remuneration 			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.	<ul style="list-style-type: none"> Governance and Risk DMA Annual review, governance & remuneration 			N/A

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	<ul style="list-style-type: none"> Governance and Risk DMA 			N/A
G4-44	<p>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?)</p> <p>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.</p>	<ul style="list-style-type: none"> Annual Review, governance & 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.	<ul style="list-style-type: none"> Governance and Risk DMA 			N/A
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management process for economic, environmental, and social topics.	<ul style="list-style-type: none"> Governance and Risk DMA 			N/A
G4-47	Frequency of the highest governance body's review of economic, environmental, and social impacts, risks and opportunities.	<ul style="list-style-type: none"> Governance and Risk DMA 			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.	<ul style="list-style-type: none"> Reporting Approach 			N/A
G4-49	Report the process for communicating critical concerns to the highest governance body.	<ul style="list-style-type: none"> Governance and Risk DMA 			N/A
G4-50	Report the nature and total number of critical concerns that were communicate to the highest governance body and the mechanism(s) used to address and resolve them.	<ul style="list-style-type: none"> Governance and Risk DMA ASX disclosures made by Stockland 			N/A

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-51	<p>Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits <p>How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental, and social objectives.</p>	<ul style="list-style-type: none"> • Annual Review, governance & remuneration 			N/A
G4-52	Process for determining remuneration.	<ul style="list-style-type: none"> • Annual Review, governance & remuneration 			N/A
G4-53	How stakeholder's views are sought and taken into account regarding remuneration.	<ul style="list-style-type: none"> • Annual Review, governance & 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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • People data pack 			N/A

Ethics and Integrity

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-56	Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	<ul style="list-style-type: none"> Governance and Risk DMA Human Rights DMA 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.	<ul style="list-style-type: none"> Governance and Risk DMA Human Rights DMA 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.	<ul style="list-style-type: none"> Governance and Risk DMA Human Rights DMA Stockland corporate governance website 	Principle 10		N/A

Specific Standard Disclosures – Economic

Economic Performance

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Annual Review Community DMA Stakeholder Engagement DMA 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.	<ul style="list-style-type: none"> Governance and Risk DMA Climate and Community Resilience DMA Health and Safety DMA Stockland CDP submission 	Principle 7	Costs of managing climate change includes costs of key climate initiatives across our assets, communities and operations. This also includes consultant costs and the salaries of our environmental team and of other internal stakeholders involved in managing climate change programs.	Climate Resilience Community resilience to evolving security and safety risks

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EC3	Coverage of the organization's defined benefit plan obligations.			Stockland do not offer defined benefit plans.	Employee engagement and development
G4-EC4	Financial assistance received from government.			<p>Government budgets have allocated housing affordability funding to in recent years, and some this funding has been allocated to Stockland to pass on to customers.</p> <p>The Australian Renewable Energy Agency (ARENA) provided \$520,000 support toward Stockland's partnership with the CSIRO to develop a new solar powered air conditioning system that aims to change the way energy is used on a commercial scale. The project has been jointly managed by CSIRO and Stockland.</p>	Stakeholder engagement
	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		Principle 6	Stockland 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, Stockland reviews their remuneration on an annual basis to ensure these employees are remunerated above the minimum rate in their Award.	
G4-EC6	Proportion of senior management hired form the local community at significant locations of operation.			As we operate assets in various locations across Australia, we do no capture the number of people hired from the local communities in which we operate.	

Indirect Economic Impacts

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	<ul style="list-style-type: none"> Community DMA 			Delays or changes to the delivery of infrastructure and amenities affect customer satisfaction
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	<ul style="list-style-type: none"> Community DMA 			<ul style="list-style-type: none"> Community Delays or changes to the delivery of infrastructure and amenities affect customer satisfaction

Procurement Practices

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EC9	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<ul style="list-style-type: none"> Supply Chain Management DMA 		Our development spend is predominately procured with Australian suppliers. These suppliers directly procure significant portion of spend in the local communities in which we operate, which are geographically diverse. We currently do not have a system to report this data, however we are committed to source labour, goods and services from the local communities in which we operate to underpin the communities we create, whilst providing a positive and lasting impact on the local community and economy.	Supply chain

Materials

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Waste and Materials DMA 			N/A
G4 -EN1	Materials used by weight, value or volume.		Principle 7 Principle 8	Material use on our projects is controlled by our contractors. We influence, but do not control, the materials used in our supply chain (see Waste and Materials DMA). As we do not have operational control over materials used we do not capture this data.	Waste and materials
G4-EN2	Percentage of materials used that are recycled and reused input materials.		Principle 8	Material use on our projects is controlled by our contractors. We influence, but do not control, the materials used in our supply chain (see Waste and Materials DMA). As we do not have operational control over materials used we do not capture this data.	Waste and materials

Energy

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Carbon and Energy DMA 			N/A
G4-EN3	Energy consumption within the organisation.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8	23 shopping centres have embedded networks with a total consumption of 86,865,645kWh (tenant consumption only).	Carbon and energy
G4-EN4	Energy consumption outside of the organisation.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 8		Carbon and energy

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EN5	Energy intensity.	<ul style="list-style-type: none"> • Carbon and Energy DMA • Environmental data pack 	Principle 8		Carbon and energy
CRE1	Building energy intensity.	<ul style="list-style-type: none"> • Carbon and Energy DMA • Environmental data pack 	Principle 8 Principle 9		Carbon and energy
G4-EN6	Reduction of energy consumption.	<ul style="list-style-type: none"> • Carbon and Energy DMA • Environmental data pack 	Principle 8 Principle 9		Carbon and energy
G4-EN7	Reductions in energy requirements of products and services.	<ul style="list-style-type: none"> • Carbon and Energy DMA • Asset Rating and Certification DMA 	Principle 8 Principle 9		Carbon and energy

Water

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Water Management and Quality DMA 			Water management & quality
G4-EN8	Total water withdrawal by source.	<ul style="list-style-type: none"> • Environmental data pack 	Principle 7 Principle 8	Non-potable water includes rainwater tanks and bore water.	Water management & quality
G4-EN9	Water sources significantly affected by withdrawal of water.	<ul style="list-style-type: none"> • Water Management and Quality DMA 	Principle 8		Water management & quality
G4-EN10	Percentage and total volume of water recycled and reused.	<ul style="list-style-type: none"> • Water Management and Quality DMA 	Principle 8	We report total potable and non-potable water consumption across our three business units. However we do not report the amount of water recycled within residential and retirement living. Whilst our contractors preferentially use recycled water, this is often 'topped up' with other water and metrics on these levels are not available. This is a future opportunity for our operating properties and we are investigating metering to capture this in future.	Water management & quality
CRE2	Building water intensity.	<ul style="list-style-type: none"> • Environmental data pack • Water Management and Quality DMA 	Principle 8 Principle 9		Water management & quality

Biodiversity

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Biodiversity DMA 			Biodiversity
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	<ul style="list-style-type: none"> Environmental data pack Biodiversity DMA 	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.	<ul style="list-style-type: none"> Biodiversity DMA 	Principle 8		Biodiversity
G4-EN13	Habitats protected or restored.	<ul style="list-style-type: none"> Biodiversity DMA 	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.		Principle 8	A total of 39 species on our development sites are listed under Australian State and/or Federal legislation. Of these species 15 are included under various categories on the IUCN Red List.	Biodiversity
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	<ul style="list-style-type: none"> Biodiversity DMA 	Principle 8	Some of our undeveloped residential sites contain land that was contaminated before we acquired the sites. Contamination sources range from asbestos, methane, acid sulphate soils, copper chromium arsenate and general agricultural waste. Ten sites have been confirmed contaminated, three have been remediated and seven are partially remediated. Total area of remediated land is approximately 26 hectares. Total area of land that is currently being remediated is approximately 32 hectares, with around 56 per cent of this remediation complete.	Biodiversity

Emissions

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Carbon and Energy DMA 			Carbon and energy
G4-EN15	Direct greenhouse gas emissions (Scope 1).	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8		Carbon and energy
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2).	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8		Carbon and energy

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8		Carbon and energy
G4-EN18	Greenhouse gas emissions intensity	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 8		Carbon and energy
CRE3	Greenhouse gas emissions intensity from buildings.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 8 Principle 9		Carbon and energy
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 8 Principle 9	As our major commercial property developments are outside our operational control boundary, we do not have the emissions data to calculate an intensity metric for these activities. We continue to investigate methodologies to enable effective, meaningful and accurate intensity calculations in our residential and retirement living developments, as variables across projects compromise consistent measurement.	Carbon and energy
G4-EN19	Reduction of greenhouse gas emissions.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 8 Principle 9		Carbon and energy
G4-EN20	Emissions of ozone-depleting substances.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8	Our emissions of ozone-depleting substances are minimal and not material.	Carbon and energy
G4-EN21	NOx, SOx, and other significant air emissions.	<ul style="list-style-type: none"> Carbon and Energy DMA Environmental data pack 	Principle 7 Principle 8	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. Therefore NOx and SOx are not material.	Carbon and energy

Effluents and Waste

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Waste and Materials DMA 			Waste and materials
G4-EN22	Total water discharge by quality and destination.	<ul style="list-style-type: none"> Water Management and Quality DMA 	Principle 8	We do not measure or report bulk discharge separately. We do measure water used by contactors by site. Details are provided in the Water Quality and Management DMA .	Waste and materials
G4-EN23	Total weight of waste by type and disposal method.	<ul style="list-style-type: none"> Environmental data pack Waste and Materials DMA 	Principle 8		Waste and materials

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EN24	Total number and volume of significant spills.		Principle 8	No significant spills in FY16.	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.		Principle 8	Not relevant to our organisation as we work with contractors for the development of our assets.	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.	<ul style="list-style-type: none"> • Biodiversity DMA 	Principle 8	The Biodiversity DMA explains the factors which 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 water as a separate segment, as we manage this 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.	Waste and materials

Products and Services

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Asset Rating and Certification DMA 			N/A
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	<ul style="list-style-type: none"> • Climate and Community Resilience DMA 	Principle 8 Principle 9		Climate and community resilience
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		Principle 8	Not relevant for our organisation.	N/A

Compliance

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Governance and Risk DMA 			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.		Principle 8	No significant fines in FY16.	N/A

Transport

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach			Environmental impacts from transport are not considered material and are therefore not measured. We have commenced reporting on employee transport 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.	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.		Principle 8	Environmental impacts from transport are not considered material and are therefore not measured. We have commenced reporting on employee transport 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.	N/A

Overall

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EN31	Total environmental protection expenditures and investments by type.		Principle 7 Principle 8 Principle 9	While we don't track total expenditure on all environmental protection measures, we do track capital expenditure on sustainability initiatives in retail (\$8.8 million in FY16) and the cost of operating waste and recycling in retail (\$5.1 million in FY16).	N/A

Supplier Environmental Assessment

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Supply Chain Management DMA 			N/A
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA 	Principle 8	Refer to prequalification process in Supply Chain DMA .	Supply chain

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	<ul style="list-style-type: none"> Supply Chain Management DMA 	Principle 8	Our process for identifying and managing environmental risks in or supply chain is outlined in the Supply Chain DMA (Management Approach). We respond to any environmental risks or impacts identified through this process 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 impacts.	Supply chain

Environmental Grievance Mechanisms

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA Stakeholder Engagement DMA 			Supply chain Human rights
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.		Principle 8	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 14 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.	Supply chain

Specific Standard Disclosures – Social

Employment

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Employee Engagement and Development DMA Diversity and Inclusion DMA Health and Safety DMA 	Principles 1-6		Employee engagement & development
LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	<ul style="list-style-type: none"> People data pack Employee Engagement and Development DMA 	Principle 6		Employee engagement & development

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.			Part-time employees are covered by the same benefit policies as full time employees. Temporary employees are not covered by these policies but have remuneration and entitlements specified in their individual contracts.	Employee engagement & development
G4-LA3	Return to work and retention rates after parental leave, by gender.	<ul style="list-style-type: none"> • People data pack • Diversity and Inclusion DMA 	Principle 6		Employee engagement & development

Employment

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Employee Engagement and Development DMA • Human Rights DMA 			Employee engagement & development
G4-LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	<ul style="list-style-type: none"> • Employee Engagement and Development DMA 	Principle 3	Stockland must discuss operational changes with affected employees (and their representatives if any), including the introduction of the changes, the effects the changes are likely to have and measures to avert or mitigate the adverse effects of such changes on employees. Stockland must give prompt consideration to matters raised by the employees and/or their representatives in relation to the changes. The discussions must commence as early as practicable after a definite decision has been made by the employer to make the changes.	Employee engagement & development

Labour Management Relations

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Employee Engagement and Development DMA Human Rights DMA 	Principles 1-6		Employee engagement & development
G4-LA4	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	<ul style="list-style-type: none"> Employee Engagement and Development DMA 		<p>Stockland does not specify minimum notice periods. Where employees are covered by an Award, minimum notice periods will be set out in the Award.</p> <p>In the case of significant operational changes, Stockland must discuss with impacted employees (and their representatives if any) the introduction of the changes, the effects the changes and measures to avert or mitigate the adverse effects of such changes on employees. We must also give prompt consideration to matters raised by employees and/or their representatives in relation to the changes. The discussions must commence as early as practicable after a definite decision has been made by the employer to make the changes.</p>	Employee engagement & development

Occupational Health and Safety

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Health and Safety DMA 		<p>Stockland's Health and Safety Management system covers policy and procedures on procurement, transport, handling, use and disposal of all hazardous materials, compensation and benefits for employees for work-related injuries or fatalities, for the commissioning, operation and decommissioning of equipment, for the prequalification of suppliers and contractors relating to health and safety. It does not cover 'education and training related to assisting workforce members, their families, or community members regarding serious diseases' as this is not considered applicable to our business.</p> <p>Our policy for assisting employees with substance and alcohol abuse is covered by our Alcohol and Other Drugs policy.</p>	Health & safety
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.			<p>Stockland utilise 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.</p>	Health & safety

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
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.	<ul style="list-style-type: none"> • Health and Safety DMA • People data pack 		Stockland outsources all construction work and all high risk maintenance work to suitably qualified third party contractors. Work undertaken by direct Stockland employees is limited to low risk professional duties, low risk domestic duties and low risk maintenance duties. Subsequently, employee incident types typically include manual handling related injuries, ergonomic related injuries, muscle strains/sprains and slip, trip, fall incidents.	Health & safety
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system.	<ul style="list-style-type: none"> • Health and Safety DMA 		100% in compliance with the Australian and New Zealand standard 4801.	Health & safety
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	<ul style="list-style-type: none"> • Health and Safety DMA • People data pack 		Stockland outsources all construction work and all high risk maintenance work to suitably qualified third party contractors. Work undertaken by direct Stockland employees is limited to low risk professional duties, low risk domestic duties and low risk maintenance duties. Subsequently, employee incident types typically include manual handling related injuries, ergonomic related injuries, muscle strains/sprains and slip, trip, fall incidents.	Health & safety
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	<ul style="list-style-type: none"> • Human Rights DMA 			Health & safety

Training and Education

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Employee Engagement and Development DMA 			Employee engagement & development
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	<ul style="list-style-type: none"> • Employee Engagement and Development DMA 	Principle 6	This data is provided but not captured per employee category or by gender due to limitations with our existing learning management system.	Employee engagement & development
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<ul style="list-style-type: none"> • Employee Engagement and Development DMA 			Employee engagement & development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender.	<ul style="list-style-type: none"> • Employee Engagement and Development DMA 	Principle 6		Employee engagement & development

Diversity and Equal Opportunity

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Diversity and Inclusion DMA 	Principle 1 Principle 6		Diversity & 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.	<ul style="list-style-type: none"> Diversity and Inclusion DMA Governance and Risk DMA Financial Report People data pack 	Principle 6	<p>We report on the diversity of our employees in the Diversity and Inclusion DMA and People data pack.</p> <p>Our governance bodies are outlined in the Governance and Risk DMA and the Financial Report. However we do not provide a breakdown of our governance bodies by age or minority group.</p>	Diversity & inclusion

Equal Remuneration for Women and Men

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Diversity and Inclusion DMA 			Diversity & inclusion
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	<ul style="list-style-type: none"> People data pack 	Principle 6		Diversity & inclusion

Supplier Assessment for Labour Practices

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Supply Chain Management DMA Health and Safety DMA 	Principles 1-6		Supply chain Human rights
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA Health and Safety DMA 		100% of new critical suppliers.	Supply chain Human rights
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	<ul style="list-style-type: none"> Supply Chain Management DMA 		Our process for identifying and managing labor practice risks in our supply chain is outlined in the Supply Chain DMA (Management Approach). We respond to any labour practice risks or impacts identified through this process and have not identified significant impacts in the reporting period. We have not terminated any supplier agreements due to significant actual and potential negative labor practice risks.	Supply chain Human rights

Labour Practices Grievance Mechanisms

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA Employee Engagement and Development DMA 	Principles 1-6		Supply chain Human rights
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	<ul style="list-style-type: none"> Human Rights DMA 			Supply chain Human rights

Investments

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING 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.		Principles 1-6	All significant investments were made in Australian property. These investments did not signal the need for human rights screening.	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.		Principles 1-6	Stockland has a number of core mandatory training programs that all new employees must undertake to ensure we comply with our obligations under our human rights policy. All employees are then required to refresh this training every 18 months. This training includes modules on Equal Opportunity in Employment, Sexual Harassment in the Workplace and Workplace Bullying. During FY16 the total hours of employee training in this regard was 375 hours.	Human rights

Non Discrimination

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA Diversity and Inclusion DMA 	Principle 6		Human rights
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 6		Human rights

Freedom of Association and Collective Bargaining

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	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.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 2 Principle 3		Human rights

Child Labour

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	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.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1 Principle 2 Principle 5	To the best of our knowledge and belief, we have not identified any operations or suppliers in our direct supply chain which have a significant risk of child labour.	Human rights

Forced and Compulsory Labour

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	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.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1 Principle 2 Principle 4	We ensure our labour standards are in line with national legislation, which upholds the International Labour Organisation Convention on the abolition of forced labour. We have not identified any operations or suppliers in which there is a significant risk of forced/compulsory labour.	Human rights

Security Practices

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	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.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1 Principle 2		Human rights

Indigenous Rights

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	Principles 1-6	Since the launch of our Reconciliation Action Plan in 2014, we have made good progress in strengthening our understanding of Aboriginal and Torres Strait Islander Peoples and culture. We have also drafted our second Reconciliation Action Plan 2016-18.	Human rights
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1	There were no substantiated incidents of discrimination against Indigenous people identified during the reporting period. Stockland was proud to complete our first Reconciliation Action Plan in FY16 and will launch our second Reconciliation Action Plan in FY17.	Human rights

Assessment

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	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.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1	A review of Stockland's approach and its implementation was provided across 100% of the organisation.	Human rights

Supplier Human Rights Assessment

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA 	Principles 1-6		Human rights Supply chain
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA 	Principles 1-6	100% of new critical suppliers.	Human rights Supply chain
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA 	Principle 2	Our approach to identifying and managing human rights risks in our supply chain is outlined in the Supply Chain Management DMA and Human Rights DMA . We will review opportunities to capture and report more specific detail in relation to this indicator.	Human rights Supply chain

Human Rights Grievance Mechanisms

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA 	Principles 1-6		Human rights
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	<ul style="list-style-type: none"> Human Rights DMA 	Principle 1		Human rights

Local Communities

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Community DMA 	Principle 1		Community
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<ul style="list-style-type: none"> Stakeholder Engagement DMA Community DMA Community data pack 		<p>Refer to the Community DMA for an overview of community development planning and programs. The Stakeholder Engagement DMA outlines our approach for developing asset and project-specific stakeholder engagement plans.</p> <p>We review environmental and social impacts of key development projects and develop sustainability initiatives to enhance project outcomes.</p>	Community

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-SO2	Operations with significant potential or actual negative and positive impacts on local communities.	<ul style="list-style-type: none"> • Stakeholder Engagement DMA • Community DMA • Water Management and Quality DMA • Waste and Materials DMA • Carbon and Energy DMA • Climate and Community Resilience DMA • Biodiversity DMA • Health and Safety DMA 	Principle 1	<p>All of our assets involve the creation and management of communities, thereby with the potential for impact. Stockland has state-wide stakeholder engagement strategies and asset and project-specific stakeholder engagement plans focused on understanding and responding to local issues.</p> <p>At the start of every project, teams are required to identify key stakeholders and any issues which might impact on the project in the future. 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 DMA. Our process for identifying and managing impacts on local communities is outlined in the Community DMA.</p>	Community
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.		Principle 1	We did not have any displacements or resettlements in FY16.	Community

Anti-corruption

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> • Human Rights DMA • Code of Conduct 			Human rights
G4-SO3	Percentage and total number of operations assessed for risks related to corruption and the significant risks identified.	<ul style="list-style-type: none"> • Human Rights DMA • Governance and Risk DMA 	Principle 10	<p>Stockland is committed in fostering and encouraging a strong ethical culture to prevent fraud and corruption. This is evidenced through the following existing policies: The Code of Conduct, Whistleblowing Policy, Continuous Disclosure and External Communications Policy, Government Relations Policy, Securities Trading Policy, Conflict of Interest Policy, IT Policy, and other various accounting and expense policies that govern delegation of authority, expense claim and accounting treatments.</p> <p>Stockland also performs periodic internal audits, thematic reviews, monitoring of segregation of duties and other control mechanisms which minimise the likelihood of fraud and corruption occurring.</p>	Human rights

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-SO4	Communication and training on anti-corruption policies and procedures.	<ul style="list-style-type: none"> Governance and Risk DMA 	Principle 10	<p>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 and raising concerns and conflicts of interest. All existing employees are required to complete a refresher of this mandatory compliance training on an annual basis.</p> <p>Stockland's Fraud and Corruption Policy sets out Stockland's approach to fraud and corruption and provides relevant employee guidance.</p>	Human rights
G4-SO5	Confirmed incidents of corruption and actions taken.		Principle 10	No confirmed incidents of corruption in FY16.	Human rights

Public Policy

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Stakeholder Engagement DMA 			Stakeholder engagement
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	<ul style="list-style-type: none"> Stakeholder Engagement DMA 	Principle 10		Stakeholder engagement

Anti-competitive Behaviour

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Governance and Risk DMA 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 FY16.	Human rights

Compliance

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Governance and Risk DMA 			Governance & risk
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			No significant fines incurred in FY16. A voluntary undertaking was provided to the Australian energy regulator in relation to the matters regarding the registration of five existing embedded networks under the energy regime introduced in 2014.	Governance & risk

Supplier Assessment for Impacts on Society

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Supply Chain Management DMA 	Principle 2		Supply chain
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	<ul style="list-style-type: none"> Supply Chain Management DMA Human Rights DMA 		Refer to prequalification process in Supply Chain DMA .	Supply chain
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.			We respond to any social impacts or risks identified through this process and have had no significant impacts identified in the reporting period. We have not terminated any supplier agreements due to significant actual and potential negative impacts on society.	Supply chain

Grievance Mechanisms for Impacts on Society

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Human Rights DMA Stakeholder Engagement DMA 	Principle 2		Human rights
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 12 interactions regarding impacts on society in FY16. All matters were addressed and resolved in the reporting period. We did not have any outstanding matters from the previous financial year.	Human rights

Customer Health and Safety

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Health and Safety DMA Community DMA 	Principle 1		Health & safety
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	<ul style="list-style-type: none"> Health and Safety DMA 			Health & safety Community resilience to evolving security and safety risks
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 & safety

Product and Service Labelling

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Asset Rating and Certification DMA 			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.	<ul style="list-style-type: none"> Asset Rating and Certification DMA 			Asset rating & certification
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 FY16.	N/A
G4-PR5	Results of survey measuring customer satisfaction.	<ul style="list-style-type: none"> Customer Engagement DMA 			Customer engagement

Marketing Communications

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Health and Safety DMA 			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.			Two minor incidents occurred during FY16 regarding non-compliance with regulatory requirements for marketing material. Appropriate action was taken in each circumstance to rectify the non-compliance once Stockland became aware of the non-compliance.	N/A

Customer Privacy

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Health and Safety DMA Human Rights DMA Privacy Policy 	Principle 1		Health & safety
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<ul style="list-style-type: none"> Human Rights DMA 			Health & safety

Compliance

GRI	DEFINITION	LOCATION	UNGC	COMMENT	RELEVANT MATERIAL MATTER OR EMERGING THEME
G4-DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> Financial Report Governance and Risk DMA 			Governance & 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 FY16.	Governance & risk Regulatory changes impact our business and customers

Independent Assurance Report to the Management and Directors of Stockland Corporation Limited in relation to its 2016 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 2016 have not been reported and presented fairly, in all material respects, in accordance with the reporting 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 2016 have 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 Online Sustainability Report (as presented online: www.stocklandsustainability.com.au and www.stockland.com.au/corporate-reporting) ('the Report') for the year ended 30 June 2016.

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 and related qualitative disclosures included in the report.

Table 1: Selected Performance Data

Performance data	As presented within:
<p>Greenhouse gas and energy data:</p> <ol style="list-style-type: none"> Total greenhouse gas (GHG) emissions, in tonnes of carbon dioxide equivalent (tCO₂-e) Total Scope 1 GHG emissions (tCO₂-e) Total Scope 2 GHG emissions (tCO₂-e) Total Scope 3 GHG emissions (tCO₂-e) Greenhouse gas emissions intensity (kgCO₂-e/m²) for Commercial Property portfolio Electricity intensity reductions in Retail (% and Australian dollars (\$)) Total Energy Consumption from Purchased Electricity, in kilowatt hours (kWh) Renewables electricity generation (kWh) Total Energy Consumption from Gas Consumption, in megajoules (MJ) Total Energy Consumption from Transport Fuel Consumption, in Litres (L), and kilograms (kg) 	<ul style="list-style-type: none"> Carbon and Energy Disclosure on Management Approach (DMA) Environmental Data Annual Review
<p>Community Contribution data:</p> <ol style="list-style-type: none"> Community Development spend \$ Community Investment spend \$, including CARE Foundation 	<ul style="list-style-type: none"> Community DMA Community Data Annual Review

Performance data	As presented within:
13. Number of Asset and Project Based Initiatives	
<p>Customer engagement data:</p> <ol style="list-style-type: none"> Residential – Liveability Index Survey results 	<ul style="list-style-type: none"> Customer Engagement DMA Community Data Annual Review
<p>Health & Safety data:</p> <ol style="list-style-type: none"> Total number of Lost Time Injuries (LTIs) Lost Time Injury Frequency Rate (LTIFR) Total number of Injuries requiring medical treatment (MTIs) and Medical treatment injury frequency rate (MTIFR) 	<ul style="list-style-type: none"> Health and Safety DMA People Data Annual Review
<p>Gender diversity data:</p> <ol style="list-style-type: none"> Workforce by gender (%) Women in Management by Business (%) Average Fixed Remuneration Ratio by job band Gender Pay Equity Ratio 	<ul style="list-style-type: none"> Diversity and Inclusion DMA People 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 adherence to the AA1000 AccountAbility Principles of Materiality, Inclusivity, and Responsiveness as defined in the AA1000 AccountAbility Principles Standard (2008) ('AA1000 APS').

For both our limited and reasonable assurance engagements, the subject matter did not include:

- Data sets, statements, information, systems or approaches other than the Selected Performance Data and related qualitative disclosures
- Management's forward looking statements

Criteria

Limited assurance Criteria include:

- ▶ 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 include:

- ▶ 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. 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 conclusions.

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 correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Site visits to Stockland's Aura, Wetherill Park, and Willowdale facilities 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, 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 substantiating 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 and limited 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 an integrated materiality gap analysis to independently assess material matters based on the Integrated Reporting <IR> framework and AccountAbility's 'five-part materiality test'. This included a desktop review, assessment of key internal documentation provided by Stockland, and analysis against external guidelines and frameworks detailing emerging matters for the property sector
- ▶ Site visits to Stockland's Aura, Wetherill Park, and Willowdale facilities to understand how stakeholder needs are considered and responded to, and how material sustainability issues are managed and reported.

EY Observations and Opportunities for Improvement 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 conclusion regarding Stockland's adherence to AA1000APS.

Inclusivity

Stockland has demonstrated its accountability to key groups of stakeholders covering employees, government, investors, customers, suppliers, communities, and the media via engagement and disclosure on sustainability performance. Stockland has in place policies, procedures, and processes to identify and engage with stakeholders on an ongoing basis at both a corporate group and at asset-level. Further, outcomes of Stockland's stakeholder engagement processes are incorporated into wider business imperatives, for example by incorporating stakeholder feedback into the target setting process.

Stockland currently reports on the results of selected stakeholder engagement activities, such as customer, community and people survey results. There is an opportunity for Stockland to consider capturing and measuring the results and outcomes of engagement with other key stakeholder groups. For example, describing how local government engagement contributes to value creation.

Materiality

Stockland has a well-developed materiality assessment process that considers both operational matters, captured as part of its 'enduring themes', and emerging matters over the short- and long-term. Stockland is therefore able to allocate appropriate attention to material and well-considered operational matters, whilst also monitoring emerging matters where the business response requires ongoing development.

Throughout the year Stockland has further developed its approach to managing these emerging matters through the Ideas@Stockland program. Once ideas are commercialised, we suggest Stockland considers measuring and reporting outcomes of the ideas progressed to implementation and how they are achieving value for the business.

Stockland could further enhance its materiality process by validating outcomes with external stakeholders.

Responsiveness

Stockland has formal and informal processes in place to respond to stakeholder concerns and feedback. These processes are carried out at both a corporate group and asset level, as considered appropriate for the specific stakeholder and matter raised. We found Stockland's responsiveness processes to be timely and balanced.

There is an opportunity for Stockland to further improve its responsiveness in relation to managing areas of risk across its supply chain. In particular, the business is subject to potential risks as a result of contractor activities which could impact the ability of Stockland to operate. Stockland continues to develop its approach on this matter, which we suggest could include more consistent processes to assess, validate and enforce expectations it has of key contractors with regards to sustainability risks across its supply chain.

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.

Independence and Quality Control

In conducting our assurance engagement, we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.



Ernst & Young
Melbourne, Australia
20 September 2016