

ESG Review

30 June 2021



Welcome to Stockland's ESG Review

Stockland acknowledges the Traditional Owners and Custodians of the lands on which we work and live within Australia. We would also like to pay our respects to their Elders, past, present and emerging, and acknowledge the ongoing connection that Aboriginal and Torres Strait Islander peoples have with Australia's land and waters.

Stockland's ESG Review is a comprehensive report on the environmental, social and governance (ESG) matters of greatest relevance to our business and our stakeholders. These are our material matters and they have been identified as the current and emerging issues that represent risks and opportunities for our business and our stakeholders. Addressing these ESG matters with integrity is critical to the sustainability of our business.

We have responded to our material matters across our Corporate Reporting Suite including in our FY21 Annual Report and more comprehensively in our ESG Reporting Suite. Our reporting is prepared in adherence to the International Integrated Reporting Framework principles of materiality, stakeholder responsiveness, reliability, and completeness; in accordance with the GRI Standards (Core); and is third party assured.

ESG Reporting Suite

The Review is part of our broader ESG Reporting Suite, which encompasses:

Integrated Annual Report: Integrated report which includes an overview of our ESG performance and response to the Task Force on Climate-related Financial Disclosure (TCFD) recommendations and our Governance and Remuneration Reports.

ESG Management Approaches: Environmental, Social and Governance Management Approach disclosures as required by the GRI Standards providing information on how we manage, analyse and respond to ESG matters.

ESG Data Pack: Comprehensive annual data sets on environmental, community and people metrics including our Global Reporting Initiative Index and Sustainability Accounting Standards Board (SASB) Real Estate references.

Complementary reports:

- **Modern Slavery Statement:** Stockland's statement on our actions to assess and address modern slavery risks in our operations and supply chain.
- Business for Societal Impact (B4SI) **Community Investment Report**
- **Workplace Gender Equality Agency** submissions



Our ESG Reporting Suite documents are available for download at www.stockland.com.au/sustainability/downloads

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REPORTING SCOPE

The FY21 ESG Review is an account of our environmental, social and governance (ESG) performance for the financial year from 1 July 2020 to 30 June 2021 (FY21). It is independently assured by Ernst & Young (EY). We have publicly reported our ESG performance on an annual basis since 2005.

Throughout our ESG reporting, our data and content are very transparent for each business unit to capture and reflect the unique challenges and achievements specific to part of our diversified portfolio:

- Commercial Property – our Retail Town Centre, Workplace, Logistics and Business Parks portfolio
- Communities – our Residential and Retirement Living communities and Land Lease communities.

In some instances, however, we have reported data and content more holistically where 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 subcontractors, 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).

Letter from the Managing Director and CEO

Dear stakeholders,

Stockland has a well established reputation as a global leader in ESG within the real estate sector.

Stockland is proud of its long-standing commitment and track record when it comes to acting in an ethical and sustainable way. This pride has resonated in my conversations with employees, customers, suppliers and the communities in which we operate, and is one of the reasons our brand has remained trusted for close to 70 years.

As the COVID-19 pandemic continues to disrupt our lives, our employees continue to tackle the associated challenges head-on.

Amid this disruption it can be easy to focus on short-term challenges, however, the pandemic has actually accentuated the importance of addressing longer term ESG matters for our employees and stakeholders.

We recognise as an Australian public company that we have a responsibility, and significant role to play, in addressing long-term challenges such as climate change, resource scarcity, growing inequality and the recovery from the COVID-19 pandemic. These challenges are likely to affect all businesses and will accelerate into the future if left unaddressed.

For that reason, ESG leadership is key to our strategy, our long-term performance, and an important source of competitive advantage. It ensures our business remains future-focused and is crucial for Stockland to access capital, attract and retain talent, and deliver sustainable and diversified returns to our securityholders over the long term.

We achieve these outcomes in the way we operate and grow our portfolio by focusing on climate action that reduces our emissions and builds both Stockland and the community's resilience to a changing climate.

In February 2021, we brought forward our Net Zero Carbon Target to 2028 in recognition of the urgency to cut emissions.

It is also reflected in the shared ambition with our builder partners to deliver net zero homes and build momentum in the housing industry as we all transition to net zero carbon.

We are continuously innovating; piloting and testing the scalability of circular models to reduce our environmental impact. A great example is the roll out of an innovative recycled road base product across our projects, where a pilot innovation project has become a nation-wide opportunity.

Our leadership is reflected in the importance we place on making sure our places enhance and support local communities, especially as we recover from the pandemic.

The demand to live in Stockland communities is inextricably linked to our focus on designing and activating places that celebrate green spaces, walkability, safety and encourage connection and belonging.

As a result, the personal wellbeing scores across our communities (Residential and Retirement Living) are higher than the national average.¹

Our Stockland CARE Foundation and its focus on mental health and wellbeing plays a crucial role in navigating the challenges of COVID-19.

Not only does it support our employees but it also provides our tenants, residents and customers with resources to keep us connected when COVID-19 restrictions prevent physical engagement.

¹ Our Personal Wellbeing Index is a derived score designed to assess how residents rate various aspects of their physical, emotional and cognitive wellbeing. It is measured using Deakin University's methodology.

We continue to support the United Nations Global Compact with whom we partner to promote responsible business practices and sustainable development, particularly in the area of human rights and inclusion. During the year we launched our third Reconciliation Action Plan and progressed our work to identify and remove any Modern Slavery in our supply chain.

Our refreshed 2030 Sustainability Strategy, launched in May 2021, draws on these achievements and challenges and sets out how we will take meaningful steps forward. The strategy is focussed on ‘Living for the future’; delivering sustainable outcomes today that will see Australians prosper into the future.

I am firm in my commitment to lead an ethical and sustainable business driven by employees and partners who share a purpose to create a better way to live.

This will ultimately ensure the long term future and performance of Stockland for the benefit of all its stakeholders.



Tarun Gupta
Managing Director and CEO



FY21 Highlights

Launched refreshed Sustainability Strategy to

2030

Commercial Property emissions intensity
since FY20

↓10%

New Residential communities'
biodiversity contribution

Net +ve

Employee engagement score, consistently
above the norm for Australian companies

83

Equileap's Global Top 100 gender-equal
companies - ranked

11th

Community investment in health, wellbeing
and education initiatives

\$5.8m

Advanced our Net Zero Carbon target to

2028

Savings from emissions reduction since FY06,
with over half passed on to our tenants

\$138m

Asset level climate resilience assessments
portfolio coverage

48%

Maintained low employee lost time injury
frequency rate (LTIFR)

3.4

Indigenous procurement in FY21

\$10m

World Dow Jones Sustainability Index (DJSI)
real estate ranking in FY21

3rd globally

Our business

A leading creator of communities and spaces for people to live, work and play.

Our strategy

Our strategy is to leverage the benefits of our diversified portfolio and maximise returns by developing sustainable Communities, owning and managing leading Retail Town Centres, and growing our Workplace and Logistics portfolio. We achieve this by focusing on our four key pillars: grow asset returns, disciplined capital management, operational excellence and sustainability leadership.

Our structure

Stockland is a listed company on the Australian Securities Exchange (ASX). To optimise value for our securityholders we are structured as a stapled security. A Stockland stapled security (ASX:SGP) represents one ordinary share in Stockland Corporation Limited and one ordinary unit in Stockland Trust. This allows us to efficiently undertake property investment, property management and property development activities.

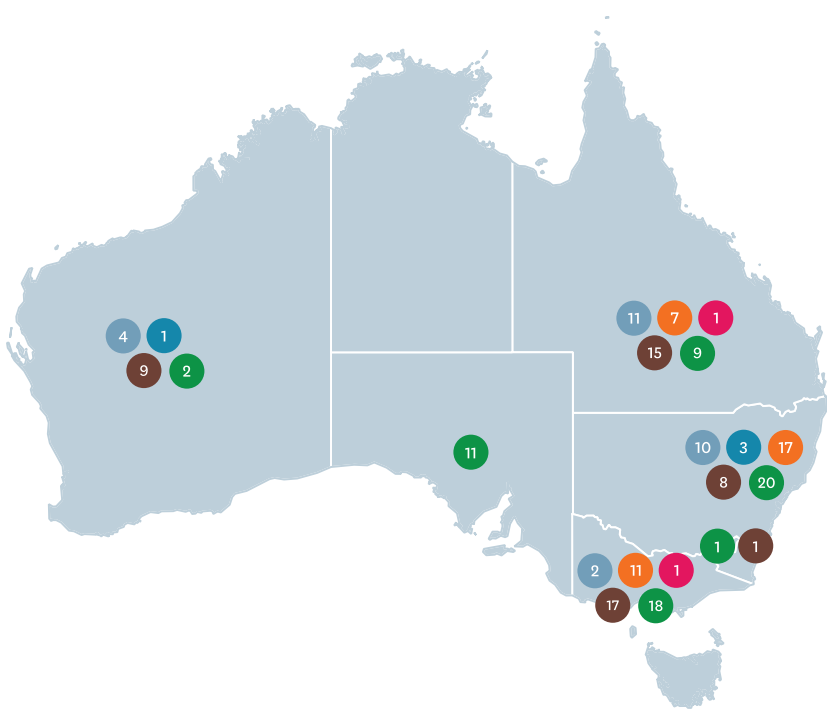
Our vision, purpose and values

Our purpose – "we believe there is a better way to live" – is brought to life by over 1,600 employees who are guided by Stockland's values of Community, Accountability, Respect and Excellence (CARE).

This is supported by our vision is to be a great Australian real estate company that makes a valuable contribution to our communities and our country.

Our diverse portfolio

We are one of the largest diversified real estate groups in Australia, creating communities and whole of life housing solutions across our Residential and Retirement Living communities. We also own, manage and develop leading Retail Town Centres, Workplaces and Logistics centres.



ASSETS VALUED AT
\$14.8 billion

LOGISTICS	WORKPLACE
PROPERTIES 35	PROPERTIES 4
RETAIL ¹	RESIDENTIAL COMMUNITIES
PROPERTIES 27	PROPERTIES 50
RETIREMENT LIVING COMMUNITIES	LAND LEASE COMMUNITIES
PROPERTIES 61	PROPERTIES 2

¹ Excludes WIP and sundry properties

Our ESG approach



Our ESG approach



As a real estate owner, manager and developer, we recognise that we have a unique opportunity to create shared social, environmental and economic value for our communities, customers and investors now, and in the future.

Stockland is a global sustainability leader, recognised for a holistic approach to sustainability issues both current and emerging, with a long, proud history of creating some of Australia’s most liveable communities, delivered under world leading environmental, social and governance standards. Our objective to become more sustainable is understood and actioned across the business, playing an important role in helping to deliver Group strategy and associated strategic priorities.

Over the last eight years, we have sought to find the right balance between social, environmental and economic outcomes – otherwise known as shared value. To get this balance right, we have challenged the status quo and pushed ourselves to achieve sustainable environmental, economic and social outcomes for our stakeholders. With a clear vision and focus we achieved great things, adapting our approach to learnings gained along the way. Our achievements have built a strong foundation on which we can grow into the future.

FY21 represented a transition year for our sustainability strategy as we closely assessed the impact of the COVID-19 pandemic and its associated disruption to our operations, customer behaviour and broader stakeholder engagement.

Therefore, we maintained our focus on delivering environmental and social outcomes consistent with the previous year and enhanced those targets during FY21 by releasing our 2030 Sustainability Strategy once we had an opportunity to consider some of the challenges and opportunities associated with COVID-19.

The 2030 Sustainability Strategy – Living for the future – is an integral part of our Group strategy. Living for the future comprises of three focus areas including regenerative and circular living (environment), inclusive and accessible living (economic), and healthy and connected living (social). These areas aim to deliver our purpose, ‘We believe there is a better way to live’, by protecting and regenerating our natural environment; facilitating access and inclusion for all stakeholders in our communities; and creating thriving communities in all aspects including health, wellbeing and connection. Living for the future integrates with other integral enablers of our Group Strategy: customer, digital, data and innovation; and leadership and capabilities.

Throughout this Review future targets and priorities have been mapped to our 2030 Sustainability Strategy. Read more about our [2030 Sustainability Strategy](#) in this report. We look forward to updating stakeholders on our first year of progress in FY22.

KEY CHANGES TO OUR REPORTING IN FY21

- **Impact of COVID-19 pandemic on our reporting process:** The COVID-19 pandemic has highlighted that ESG risk and opportunity factors are growing in importance for businesses and stakeholders. This report outlines the various ESG initiatives we have implemented in FY21 to help support our response to these impacts.
- **ESG Review (formerly ‘Deep Dives’) and ESG Data Pack (formerly ‘People Data Pack’, ‘Community Data Pack’ and ‘Environment Data Pack’):** In an effort to make our ESG reporting more accessible we have produced an ESG Review. The Review replaces the 13 Deep Dive reports produced in FY20. The topics included in the Review remain focused on our material matters.

We have also repackaged our ESG data and produced one ESG Data Pack in excel replacing our three PDF Data Packs produced in FY20. The ESG Data pack also includes our GRI Index and SASB reporting. While this format has changed, we are confident that in this year’s report we continue to provide very detailed, transparent information with which our stakeholders can assess our ESG performance.

ESG leadership

We measure and report on our performance against a range of global sustainability and ESG assessments, frameworks and standards so that we continuously align with best practice sustainability management and disclosure. This enables us to stay abreast of emerging issues and international best practice sustainability governance, and to review and evaluate our performance against industry and broader global benchmarks.

GLOBAL ESG LEADERSHIP CREDENTIALS			
DJSI	GRESB	MCSI	SUSTAINALYTICS
Ranked 3rd globally on the Dow Jones Sustainability Index (DJSI) for real estate, listed in the 'top five' for 10 consecutive years	Global Real Estate Sustainability Benchmark – Green Star. Top quintile for seven years.	AAA ESG Rating. 'Leader' rating for over 10 years.	Ranked 10 th of over 1,000 assessed real estate groups. ESG Risk Rating 8.3 (scale of 0-100).
FRAMEWORKS			
INTEGRATED REPORTING FRAMEWORK	SUSTAINABLE DEVELOPMENT GOALS	TCFD	SASB
We have adopted the principles of the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework in our Annual Integrated Report, independently assured by EY.	We contribute to eight of the United Nations Sustainable Development Goals. These are the areas where we have the greatest opportunity to influence change and positive outcomes.	Climate-related disclosures are reported in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.	We started reporting on industry specific Sustainability Accounting Standards Board (SASB) Standards in FY21. These metrics are provided in our ESG Data Pack.
GRI STANDARDS	B4SI	UN GLOBAL COMPACT	
We report our sustainability progress in accordance with the Global Reporting Initiative (GRI) Comprehensive Sustainability Reporting Standards. See our GRI Index.	We report and verify our community investment data in line with Business for Societal Impact (B4SI), managed by Corporate Citizenship (formerly the London Benchmarking Group (LBG)).	We are a signatory to the United Nations Global Compact (UNGC) and support the 10 principles of the Global Compact on human rights, labour, environment and anti-corruption.	

Material matters

Our ESG reporting focuses on the matters of greatest relevance to our business during the reporting period. These are our material matters and they have been identified as the current and emerging issues that represent risks and opportunities for our business and our stakeholders.

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.

Stockland has adopted the materiality definition from the International Integrated Reporting Framework (Integrated Reporting) to disclose information about matters (risks) that may substantively affect the organisation’s ability to create value over the short, medium, and long term. Our Stockland Leadership Team and Board regularly review these key risks and disclose them on a bi-annual basis.

Our full materiality process and material matters list are available in our **Annual Report**. We have responded to our material matters across our Corporate Reporting Suite including in our FY21 Annual Report, Investor Presentation and more comprehensively in our ESG Reporting Suite.

MATERIAL MATTERS

- Our ability to adapt to new ways of working and maintain a strong corporate culture.
- Our ability to provide environments that support the health, safety, and wellbeing of our employees, tenants, residents, customers and suppliers.
- Our ability to respond to global political conditions that lead to economic uncertainty or volatility.
- Climate change may have adverse effects on our business.
- Information and technology system continuity and cyber security risks impact our business.
- Housing affordability continues to impact the dynamics of the Australian housing market.
- Differences between community and customer expectations or beliefs and our current or planned actions could harm our reputation and business.
- Our ability to anticipate and respond to changing consumer preferences for our products and services.
- Regulatory and policy changes impact our business and customers.
- Our ability to deliver on strategic priorities in challenging market conditions.
- Change within the retail sector impacts portfolio allocation.
- Capital market volatility impacts our ability to transact and access suitable capital.

Stakeholder engagement

Sound stakeholder engagement is important for developing and maintaining strong relationships that enable us to understand our stakeholders' unique needs, perceptions, and concerns.

Across our diverse business, we engage with stakeholders on important life decisions, whether it is deciding where to shop or work, buying a first home or allocating savings to an investment property, or deciding where to live in retirement. We practice open, honest, two-way communication and recognise the mutual benefits for both our business and our stakeholders that result from genuine engagement.

EMPLOYEES	GOVERNMENT AND REGULATORS	SECURITYHOLDERS AND THE INVESTMENT COMMUNITY	CUSTOMERS, TENANTS AND RESIDENTS
<p>We have over 1,600 employees.</p> <p>Our annual Our Voice employee survey measures employee engagement across the organisation. Employees are also provided with opportunities to provide feedback on specific issues throughout the year through our intranet, Stockland Leadership Team Roadshows, Employee Town Halls and whistleblower escalation channels.</p>	<p>Federal, state and local governments set the regulatory environment in which we operate. We engage regularly with all levels of government in New South Wales, Victoria, Queensland, Western Australia, South Australia and the Australian Capital Territory, both directly and through industry associations. We also engage with the federal government.</p> <p>We do not make political donations.</p>	<p>We have over 52,000 securityholders in Australia and overseas.</p> <p>We provide investor briefings on our strategy and financial results. At our Annual General Meetings, securityholders can engage with our Board and are updated on our strategy and performance. Our management also meet regularly with institutional investors.</p>	<p>We have daily contact with a diverse range of customers, including commercial, retail and industrial tenants, shoppers in our Retail Town Centres, our Residential community customers and residents and prospective residents in our Retirement Living communities.</p>
SUPPLIERS	COMMUNITIES AND COMMUNITY GROUPS	MEDIA	INDUSTRY
<p>We procure services and products from over 3,800 active suppliers.</p> <p>We actively monitor and engage with our suppliers. Our strategic suppliers (predominantly involved in the development and construction of our assets) are pre-qualified to confirm they have the capability and proven ability to meet general and project-specific sustainability, safety and quality requirements.</p>	<p>The people who reside, work or engage in the areas where we operate.</p> <p>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.</p> <p>We partner with community organisations at national and local levels to support health and wellbeing, community connection and education.</p>	<p>Within the limitations of our continuous disclosure and confidentiality obligations, we interact with journalists across a wide spectrum of local, regional, metropolitan and national print and electronic media outlets.</p> <p>We regularly engage with the media to provide information about our business that supports clear and accurate reporting.</p> <p>We aim to respond promptly to requests for information about our business activities.</p>	<p>We actively monitor legislative and regulatory change directly through our businesses, as well as via key industry bodies.</p> <p>We are an active member of several groups including the Green Building Council of Australia (GBCA), Property Council of Australia (PCA), Investor Group on Climate Change (IGCC), the United Nations Global Compact (UNGC) and Materials & Embodied Carbon Leaders' Alliance.</p>

United Nations Sustainable Development Goals

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by 2030. Listed in the table below are the UN Sustainable Development Goals which are the most relevant to Stockland and its stakeholders. They are the 10 areas where we have the greatest opportunity to influence change and generate positive outcomes.

How we seek to contribute to the SDGs:

KEY GOALS	HOW STOCKLAND IS SUPPORTING THE GOALS
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> Encouraging our workforce to enhance their mental and physical health and wellbeing through targeted campaigns and employee benefits Making financial contributions to partner organisations focused on enhancing community health and wellbeing (e.g. Heart Foundation, ReachOut, RedKite and R U OK?) Advancing health and safety in our workplaces by constantly evolving our risk policies and processes Delivering community development initiatives and educational workshops to raise awareness of health-related issues in our communities (also contributes to <i>Goal 4: Quality Education</i>)
 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> Reducing the environmental impact of our assets by minimising pollution and advancing efficiency Providing our residents with access to safe, inclusive and accessible public spaces Continuously evolving our climate policies and plans to ensure our buildings, infrastructure and communities develop resilience to the impacts of climate change Supporting technological development, research and innovation across our portfolio to improve resource efficiency (also contributes to <i>Goal 9: Industry, Innovation & Infrastructure</i>)
 13 CLIMATE ACTION	<ul style="list-style-type: none"> Advancing climate change mitigation by accelerating our target to achieve net zero emissions across our portfolio, operations and construction activities Strengthening our resilience and adaptive capacity to climate-related hazards by embedding asset- and community-scale resilience across our portfolio Investing in low-carbon technologies and infrastructure to help improve institutional capacity on climate change mitigation, adaptation and impact reduction
 5 GENDER EQUALITY	<ul style="list-style-type: none"> Maintaining global leadership as a WGEA Employer of Choice for Gender Equality and ranking 11 out of 3,702 global companies in Equileap's 2021 Gender Equality Global Report Achieving gender pay equity within roles by using annual targets based on pay equity ratios Maximising gender diversity in leadership positions by setting annual targets and providing mentorship programs Supporting career development and advancement of all genders through our Gender Equity Employee Advocacy Group
 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> Integrating energy efficiency considerations into the design and construction of our assets to reduce energy requirements of our tenants and residents Piloting new initiatives to encourage greater uptake of cheaper forms of sustainable energy (e.g. solar PV and battery storage) in our communities Encouraging the long-term electrification of our assets as part of our transition to Net Zero Carbon
 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Taking practical measures to promote fair treatment of labour, provide safe and secure working environments and continuously evolve our response to modern slavery Improving resource efficiency (e.g. energy efficiency, higher waste diversion rates) at our assets to help decouple economic growth from environmental degradation Bringing curated customer experiences to our Retail Town Centres to help deliver local economic outcomes to small- and medium-sized enterprises
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> Promoting sustainable management and efficient use of natural resources by taking measures to reduce the resource intensity of our assets Piloting new circular economy initiatives (e.g. Compost Revolution) to help reduce waste across the business Utilising recycled content materials in construction (e.g. Reconophalt) to help divert common waste materials from landfill
 15 LIFE ON LAND	<ul style="list-style-type: none"> Using riparian corridors to protect and restore terrestrial and inland freshwater ecosystems Conserving native flora and fauna to generate a net positive impact on biodiversity across our Residential developments Working with local conservation groups and all levels of government to identify best practice design, restoration and engagement approaches on our project sites Promoting sustainable land management practices during project planning by engaging with local First Nations groups and improving employee awareness of cultural heritage and caring for country

Environment





Climate action

As the largest diversified real estate group in Australia, we have an obligation to lead by example and influence the broader shift to a low carbon and climate resilient sector.

Key achievements in FY21

Accelerated our net zero carbon
commitment by two years

2028

Carbon emissions intensity reduction in
Commercial Property since FY06

↓69%

Exceeded our FY21 carbon intensity
targets for Workplace

↓9.5%

Exceeded our FY21 carbon intensity
targets for Retail

↓10%

Energy efficiency

The Australian property industry has a critical role to play in achieving the aims of the Paris Agreement and taking action on climate change. As the largest diversified real estate group in Australia, we have an obligation to lead by example and influence the broader shift to a low carbon and climate resilient sector. For this transition to be successful, we'll need to accelerate our commitment to a zero-carbon future and further enhance our resilience to a changing environment.

Our journey to a net zero carbon future requires us to make continuous improvements to our energy efficiency programs. Investing in practical energy solutions that help decarbonise our assets also create positive commercial outcomes for our customers, as improvements in efficiency help reduce operating expenditure at our assets.

COMMERCIAL PROPERTY

Our approach to supporting the design and delivery of new energy initiatives across our Commercial Property portfolio is detailed in the Climate, Carbon and Energy chapter of our **Environmental Management Approach**.

In FY21, we reduced the emissions intensity of our Commercial Property portfolio by 9.7 per cent. This improvement was driven by a number of key initiatives. We continued to invest in Building Management System (BMS) upgrades and retro-commissioning at one of our Workplace and Business Parks assets, which improve the efficiency of its HVAC systems. We're also in the process of services upgrades at One Lyon Park, Sydney (NSW), which will make HVAC systems more efficient without compromising on thermal comfort. We expect this will take the asset to a 5 Star NABERS Energy rating.

LED lighting upgrades were rolled out across three of our Retail Town Centres, including Merrylands (NSW), Glendale (NSW) and Townsville (Qld). The investment of \$500,000 is expected to generate a reduction in electricity usage of 841,000kWh per year, which will in turn deliver approximately \$134,000 of annual savings.

We also piloted new software technology in FY21 that conducts diagnostics on the performance of plant equipment (e.g. chillers) by analysing mechanical, BMS and metering data. This enables our teams to recommend new control strategies to improve operational efficiency. This was trialled at Merrylands (NSW), which has produced three key recommendations for implementation equating to a potential reduction in electricity usage of 82,000kWh per year and annual savings of approximately \$15,000.

We continued to obtain NABERS Energy ratings in FY21 to benchmark the performance of our assets and measure the effectiveness of our energy efficiency initiatives. The area weighted portfolio average for NABERS Energy has improved to 4.8 Stars for our Retail Town Centres (4.7 Stars in FY20) and 4.9 Stars for our Workplace portfolio (4.7 Stars in FY20).

Our average rating for our Business Parks reduced to 4.6 Stars in FY21 (4.7 Stars in FY20) due to the unforeseen loss of submeter communications. This meant our tenant electricity usage couldn't be separated from total base building energy usage, which resulted in higher overall energy consumption and a downgrade in our rating. We have identified key technology and management actions that will reduce the likelihood of this issue arising again, including the installation of new metering in July 2021 and the introduction of KPIs into our BMS contracts. The management of this site will also be taken in-house by Stockland in FY22, which will allow us to continually monitor meter communications and rectify problems more efficiently.

Retail Town Centres portfolio NABERS Energy rating

4.8 stars

Workplace portfolio NABERS Energy rating

4.9 stars



More information on our NABERS ratings across our Commercial Property business is provided in our **ESG Data Pack**.

COMMUNITIES

Our approach to improving energy efficiency in our Communities business is focused mainly on influencing design and associated infrastructure, as our customers have control over the management of their own homes. We did complete several asset-level initiatives in FY21 to help us identify new ways of improving energy performance across both our areas of control, and that of our customers.

Retirement Living

We're currently installing lighting upgrades in the common areas at our Mernda Retirement Village (Vic), which if successful, will be rolled out to other villages across our portfolio. We're also in the planning stages of reviewing our submetering across our broader Retirement Living portfolio, which will enable us to establish new benchmarks for energy and water and in turn track efficiency improvements and emissions reductions over time.

To further advance our performance, we participated in trial NABERS ratings at two villages in FY21 as an advisory panel member of NABERS Accelerate.

WHAT IS NABERS ACCELERATE?

NABERS has recently announced the launch of NABERS Accelerate in three new building sectors – General Warehouses and Cold Stores, Public and Private Schools, and Residential Aged Care and Retirement Living. The inclusion of these sectors will take NABERS' coverage from 30 per cent to 50 per cent of non-residential greenhouse gas emissions generated by the property sector.

This program was established to help new sectors speed up the development and adoption of energy and water ratings. After signing up to the trial, we provided data from our Newport (Qld) and Patterson Lakes (Vic) villages, which helped NABERS complete its industry benchmarking. This is an important step forward for the retirement living sector, as its operational performance is typically lower than that of commercial property assets. Our involvement demonstrates that we are committed to collaborating with industry partners to drive efficiency improvements, and in turn deliver a sustainable lifestyle for our residents. We received our pilot ratings in June 2021, which reinforced the things we're doing well, as well as identifying further opportunities for improvement. These ratings are available in our [ESG Data Pack](#).

Residential Communities

We're continuing to explore energy efficiency opportunities across our Residential business in order to set a new standard for net zero living.

At our Whiteman Edge masterplanned community in Western Australia, we worked with the local supermarket to deliver smart lighting and more efficient refrigeration systems. We also continued to complete building air leakage tests across the remainder of our medium density portfolio to inform design solutions that create more efficient homes. Our Aura development on the Sunshine Coast, Queensland is continuing to implement a cool roof policy, which improves the thermal efficiency of homes by reducing the urban heat island effect. This initiative was supplemented by our work with Peak Smart, whose energy-efficient HVAC systems are now mandated across the community.

These initiatives are delivering consistently strong performance across our assets. At North Shore in Townsville, our sales and information centre has been constructed to a 9-Star NatHERS rating, which also relies on solar energy and battery storage to operate at an equivalent level to a net zero performance home.

WHAT IS NATHERS?

The Nationwide House Energy Rating Scheme (NatHERS) is a star rating system (out of ten) that rates the energy efficiency of a home. By estimating a home's potential heating and cooling energy use, NatHERS helps to make Australian homes more comfortable for their inhabitants and also helps residents to save on energy bills through smarter design choices.

We also have 30 operational lots in our Aura Display Villages in Queensland, each with a minimum 7 Star NatHERS rating. These designs provide our customers with a number of different options for low carbon living, which we expect will lead to broader uptake of sustainable homes.

This work has also informed the development of our first 'Net Zero Carbon' homes, which are detailed in the [Circular Systems](#) chapter of this report.

CASE STUDY

ACCELERATING OUR JOURNEY TO NET ZERO

In February 2021, we announced our plan to accelerate our net zero carbon commitment to 2028 – two years earlier than previously committed – and extended the commitment across all our business activities.

Our new net zero target covers our scope 1 and 2 emissions produced by close to 170 active assets across our Workplace, Logistics, Retail Town Centre and community portfolios. This demonstrates our long-standing commitment to advancing climate action and bolsters our track record of ESG leadership in the global property sector.

We will achieve this new target by relying on three key emissions reduction strategies:

- continuing our focus on energy efficient design and operations and the electrification of the portfolio,
- increasing our investment in on- and off-site renewable energy, and
- pioneering a number of innovations and technology to reduce our overall carbon footprint.

We have already put in place key initiatives to drive energy efficiency improvements across all asset classes including upgrades to infrastructure and systems, demand management projects as well as partnering with tenants to reduce energy consumption. Since the beginning of our focus on climate change and energy efficiency in 2006, we have reduced the emissions intensity of our Commercial Property portfolio by 69%. This has resulted in \$138m of savings, with more than half passed on to tenants, demonstrating that we can grow our business while simultaneously reducing energy and emissions and delivering positive financial outcomes.

Beyond efficiency improvements, achieving our commitment will require our portfolio to transition to fully electric buildings powered by renewables. We have plans in place for the doubling our existing \$32m portfolio of rooftop solar photovoltaics (PV), with an additional 19 megawatts of capacity planned for our Retail Town Centres and Logistics assets. We will also electrify the portfolio as much as possible through replacement or substitution of equipment that runs on gas and diesel (such as boilers, water heaters, stoves and ovens).

We will continue to pilot innovative technology including greater use of smart building analytics and high efficiency equipment.

For any remaining scope 1 emissions that cannot be reduced through these measures, we will purchase verified carbon offsets that focus on local Australian projects and provide co-benefits that align to our sustainability strategy. We anticipate this requirement to reduce over time as technology evolves and developments in innovation allow further efficiency gains.

Our Net Zero Carbon program is supported by a partnership with the Clean Energy Finance Corporation (CEFC), which provided a \$75m debt facility to fund key initiatives across our Retirement Living and Industrial portfolios and Corporate Head Offices.

Once we have met our net zero target, we will seek Climate Active certification, which will align our efforts to a government approved and industry accepted standard.

Image: Artists impression M_Park, NSW



PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Launch Stockland Net Zero Commitment for entire business.	Accelerated our net zero carbon commitment by two years, with the new date of 2028, and extended the commitment across all our business activities. Announced at HY21 Results.	●
Achieve net zero carbon by 2030 for our Industrial portfolio and Corporate Head Offices based on the World Green Building Council Net Zero Carbon Buildings Commitment.	We had made good progress on achieving our previous 2030 net zero target but in February 2021, we accelerated our net zero carbon commitment by two years, with the new date of 2028, and extended the commitment across all our business activities.	●
Continue to work towards further improving carbon reduction intensity target for Retail Town Centre, Workplace and Business Parks assets by FY25 against the FY06 baseline.	We made further progress on our carbon reduction intensity target for Retail Town Centre, Workplace and Business Parks assets by achieving a 69 per cent reduction against the FY06 baseline.	●
Maintain an average NABERS Energy portfolio rating for our Retail Town Centre portfolio at the FY20 baseline.	Achieved average portfolio rating of 4.8 stars in FY21 (up from 4.7 stars in FY20).	●
Maintain an average NABERS Energy portfolio rating for our Workplace and Business Parks portfolio at the FY20 baseline.	Achieved average portfolio rating of 4.7 stars in FY21 (consistent with FY20 baseline)	●
Exceed relevant minimum energy related compliance standards by 15 per cent within our medium density Residential communities.	Modelling was completed for 10 medium density developments during FY21. The results show a 50 per cent reduction in energy-related standards compared to minimum building code compliance.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

We will continue to actively invest in energy efficiency improvements and pilot innovative technologies across our portfolio to advance our climate action. Making meaningful carbon emissions reductions and delivering on our commitment to reach net zero carbon are key measures of success for our strategy, which depends on continued action in this space.

More information on our future strategic priorities and targets related to energy efficiency can be found in our [2030 Sustainability Strategy](#).



Goal 7 Affordable and Clean Energy and Goal 11 Sustainable Cities and Communities

We're contributing by continuing to integrate energy efficiency considerations into the design and construction of our assets and by reducing the environmental impact of our assets through advancements in resource efficiency.

Alternative energy

Climate change presents risks and opportunities for Stockland. One of the key opportunities we can use to create value for our business and support the resilience of our customers and communities is transitioning to sources of alternative energy across our portfolio.

RENEWABLE ENERGY

FY21 saw us build on our commitment to powering our assets with renewable energy sources. In our Commercial Property portfolio, we installed further solar PV capacity across two business park assets and completed detailed designs for four additional assets, equating to a potential capacity of 2MW. This takes our total operational solar PV capacity to 18.7MW with an annual estimated generation of 24GWh, which represents an investment of over \$32m.

We also installed solar PV systems at a number of our Communities developments, including Highlands (NSW), Kalina (Qld) and Minta (Vic). Additional installations at Newport Retirement Village (Qld), Arilla (Vic) and Templestowe (Vic) are currently being reviewed. We're also rolling out solar-powered lighting throughout the public domain of our developments, as well as throughout sports fields, parks and the riparian corridor pathways at our Willowdale community in NSW. We can expedite our path to net zero by scaling these installations across more of our portfolio.

The introduction of mandatory design requirements and other uptake schemes means that our residential and retirement living customers will play an important role in the property sector's transition to net zero, whilst also benefitting from the cost savings associated with renewable energy generation. Our Land Lease Communities are offering energy packages (comprising up to 6.6kW of solar PV) to our future home owners.

We have also commenced a review of Community Solar and embedded networks at residential projects. Our continued investment in these initiatives means that we can accelerate our climate action and simultaneously create solutions that deliver a broader benefit to our people. Another example of this is our partnership with Natural Solar, which is detailed in the case study below.

Total operational solar PV capacity

18.7MW

Total solar PV investment

\$32m

ELECTRIC VEHICLE INFRASTRUCTURE

Over the last five years, we have observed an increased uptake of electric vehicles (EVs) and changing driver demands at our assets. This has motivated us to expand our network of EV charging facilities to ensure we are responding to emerging customer expectations. After new installations at Stockland Forster (NSW) in FY21, we now have charging stations at 18 retail centres, providing up to 64 charging ports. We use a mix of Tesla destination chargers and ChargePoint universal chargers across our portfolio. With the exit of ChargePoint from the Australian market, we are revising our EV commitments and seeking to partner with a new supplier who can help us accommodate the next generation of electric vehicles.

This transition will also require us to consider the design of electrical infrastructure in our developments and existing assets, as well as issues related to electricity cost recovery, demand management and supplier relationships. We will continue to look at various ownership and partnership models, along with customer behaviours to support a Group-wide EV charging strategy to be developed in FY22 that will enable us to scale this work across the business.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Continue to install electric vehicle charging stations across our Retail Town Centre portfolio.	Additional EV charging installations were completed at Stockland Forster, which means we now have charging stations at 18 Retail Town Centres providing up to 64 charging ports. We continue to replace end of life charging stations as necessary.	●
Continue to invest in renewable energy as opportunities arise in our operating assets and development projects.	In FY21, we installed a further 0.2MW of solar PV capacity across two business park assets, bringing our total operational solar PV capacity to 18.7MW. We also completed detailed designs across four assets equating to a potential total capacity of 2MW.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

We'll continue to invest in additional sources of on-site and off-site renewable energy generation – as well as opportunities for innovation – as we move towards our goal of being a net zero carbon business by 2028.

More information on our future strategic priorities and targets related to alternative energy can be found in our [2030 Sustainability Strategy](#).



Goal 7 Affordable and Clean Energy and Goal 13 Climate Action

We're making a contribution by investing in solar PV systems across our portfolio, as well as piloting new initiatives to encourage greater uptake of sustainable energy in our communities. We're also contributing by investing in low-carbon technologies and infrastructure, which improves Stockland's institutional capacity on climate change mitigation.

CASE STUDY

ENHANCING CUSTOMER ACCESS TO RENEWABLE ENERGY

In November 2020, we launched a new renewable energy solution to encourage greater uptake of solar PV in our Residential communities business. This initiative highlights Stockland's commitment to investing in sustainable energy and supporting our customers as they make their own transition to low-carbon living.

By partnering with Natural Solar, Australia's leading installer of solar batteries, we can now offer the residents living in our Stockland Newport (Qld) community a more sustainable energy solution that reduces both carbon emissions and power bills.

The three types of packages available are:

- Rooftop solar PV system
- Rooftop solar PV system and battery
- Rooftop solar PV system and battery combined with 'sonnenFlat' – an innovative retail electricity tariff that provides customers with a guaranteed annual allowance of energy for fixed monthly fees)

A rooftop solar PV system is expected to save households as much as \$800-\$1,500 a year depending on consumption patterns. A combined solar and battery package that utilises sonnenFlat could save anywhere between \$1400-\$2300 per year¹. These solutions are also expected to abate up to eight tonnes of carbon emissions per household per year.

At our Newport community, we are achieving an uptake rate of approximately 10 per cent, with over 80 enquiries received to date. We will seek to roll out the customer offer with Natural Solar nationally across our communities throughout FY22.

Image: Newport, Qld

1. Based on information obtained from the Queensland Government tariff dated July 2020. Subject to change. Savings calculation based on information available to Stockland as at 12 November 2020.



Climate resilience

We're continually investing in our physical and social resilience at Stockland to ensure our assets and people can adapt to a changing environment. Over the past year we have continued to align our approach to climate risk disclosure with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is our fourth year including climate-related financial disclosures in our [Annual Report](#), acknowledging the importance of climate-related risk management for our short and long-term performance.

COMMERCIAL PROPERTY

In FY21, we performed additional climate resilience assessments across our Commercial Property portfolio to better understand our exposure to physical climate risk. These assessments are informed by the IPCC's Representative Concentration Pathway (RCP) 8.5 projections, which were recently updated. For more information on scenario-based analysis, refer to the Climate, Carbon and Energy chapter of our [Environmental Management Approach](#).

We completed climate resilience assessments at one of our Retail Town Centres (Birtinya, Qld), two of our Logistics assets (Somerton and Brooklyn, Vic) and one of our Workplace Office Parks (Mulgrave, Vic). Our portfolio coverage for each property type is now 71 per cent for Retail Town Centres, 24 per cent for Logistics and 50 per

cent for Workplace assets, bringing our total Commercial Property portfolio coverage to 50 per cent. In the past, the majority of our assessments were completed at Retail Town Centres in Queensland, as our Climate Adaptation Strategy indicated that this is our highest risk region. We have extended our assessments to lower risk regions to diversify the geographical spread and climate exposures of our assessments across our portfolio. Moving forward, we will assess more of our Workplace and Business Park assets, which have lower inherent physical climate risks.

Following these assessments, we developed action plans for each asset using IPCC's new climate scenarios to help us understand the future impacts of climate change and the most appropriate responses to improve their resilience to physical risks over time.

COMMUNITIES

We also focused on building resilience across our Residential communities. We assessed climate and community resilience at five of our Residential communities in FY21, including Sinagra (WA), The Gables (NSW), Evergreen (Vic), Katalia (Vic) and Providence (Qld). These assessments delivered a number of key learnings. By designing for improved thermal efficiency and alternative energy sources, we can enable homes to respond to our changing climate in a more efficient and cost-effective manner. To help mitigate extreme heat, we're implementing cool roof covenants at Queensland projects, which mitigates urban heat around residences and throughout the public domain. At our Minta development in Melbourne, we delivered a 'shadeway' that links key areas of the community, which enables residents to more easily exercise and commute during heat events. We remain committed to communicating with residents, community groups and local emergency services to ensure we continue to provide our Residential communities with the tools and infrastructure they need to build stronger connections and community-scale resilience.

In our Retirement Living business, we completed three additional assessments including at Queens Lake (NSW) and Camden View (NSW), bringing total coverage to 37 per cent of our Retirement Living portfolio. The main challenge facing this sector 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 can mitigate the impacts of these events through climate conscious design, which might include cross ventilation or the use of mechanical systems that reduce smoke ingress for residences close to bushfires.



We regularly update our national mapping schedule to identify individual assets and developments that have the greatest exposure to climate extremes such as heat waves, drought, flooding, storms, cyclones, coastal inundation and bushfires. The last mapping exercise was performed in 2019.

We also completed our Bushfire Preparedness Reviews in November 2020, which assessed material and systemic bushfire risk for a number of our assets and projects. For more information about this review and its findings, refer to the [Health, Wellbeing & Safety](#) chapter of this Report.

We remain committed to conducting Climate Change Adaptation Design Workshops for workplace developments as part of our Green Star strategy for new projects. These workshops provide key design considerations during the construction and development phase of new projects, which allows us to design

out inherent vulnerabilities to future climate impacts. Recommendations may include measures to address stormwater drainage for one in 100-year rainfall events, or to utilise "softscaping" (increased tree cover and high-albedo materials) to reduce urban heat.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Conduct a climate resilience assessment on all new Retail Town Centres, Workplace and Logistics assets, masterplanned Residential communities and Retirement Living developments, including acquisitions.	Achieved. In our Commercial Property portfolio, climate resilience assessments were completed at one Retail Town Centre, two Logistics assets, and one Business Park. In our Communities portfolio, we completed assessments at five masterplanned communities and three Retirement Living communities. This has brought our total portfolio coverage to 48 per cent, which includes 71 per cent coverage for Retail Town Centres, 33 per cent for Business Parks, 50 per cent for Workplace, 24 per cent for Logistics, 59 per cent for Residential and 37 per cent for Retirement Living.	
Refresh Stockland's Climate Change Action Plan in FY21.	We have commenced the refresh of our Climate Change Action Plan in collaboration with third-party consultants. It will be completed in early FY22.	

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

Moving forward, we will continue to conduct assessments and pilot new initiatives in order to provide futureproofed spaces that contribute to the physical and social resilience of our communities and customers.

More information on our future strategic priorities and targets related to climate resilience can be found in our [2030 Sustainability Strategy](#).



Goal 11 Sustainable Cities and Communities and Goal 13 Climate Action

We can make contributions to the Goals by continuing to strengthen our asset- and community-level resilience, as well as our adaptive capacity to climate-related hazards.

Water management

Australia's climate is characterised by variability, featuring long-term drought, water scarcity (often resulting in water restrictions) and severe flooding. In order to transition to a more climate resilient portfolio, Stockland must maintain a strong focus on water management in the development and operation of assets.

COMMERCIAL PROPERTY

In FY21, we intensified our focus on minimising water consumption across our Commercial Property portfolio. We continued to see the benefits of our comprehensive sub-metering network, which resulted in savings of approximately 51,000kL over the course of the year through prevented leaks. The installation of additional water sub-meters across two Logistics assets and one Retail Town Centre are designed to provide further savings in the future. This work has helped contribute to reductions in our average water intensities to 0.9 kL/m² in Retail Town

Centres (9 per cent reduction from FY20) and 0.4 kL/m² for Workplace and Business Parks (31 per cent reduction from FY20). Our average NABERS ratings have subsequently improved to a 3.6 Star average for Retail Town Centres (9 per cent increase from FY20) and 4.2 Stars for Workplace and Business Parks (14 per cent increase from FY20). These results can be partly attributed to the impact of COVID-19 lockdowns and restrictions, which translated to a drop in operational water usage.

COMMUNITIES

In our Communities business, we continue to invest in practical innovation to support more efficient water use. We focused mainly on the performance of our medium density and retirement living products in FY21. The use of high-performing fixtures and appliances, rainwater tanks and water-efficient landscaping delivered a 13 per cent improvement on water benchmarks, delivering an annual saving of 7 megalitres when compared to homes built to regulations. Plans have also commenced to roll out our sub-metering network to Retirement Living communities, which will enable us to establish baselines for water usage and identify opportunities for improvement across both common areas and residential units.

Other examples of water efficiency initiatives delivered in FY21 include the construction of additional storage basins at Whiteman Edge (WA), Newport (Qld), North Shore (Qld) and Foreshore (Qld) to ensure contractors can source water from captured rainfall runoff. We also utilised passive irrigation principles and climate-conscious landscaping to sustain native trees and reduce potable water usage in irrigation. Importantly, we provided educational presentations for residents and utilised "smart meters" at Macarthur Gardens Retirement Village in Sydney to enable improved water management and online monitoring of consumption.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Maintain water intensity in our Retail Town Centre portfolio at the FY20 baseline.	Achieved 9 per cent reduction on FY20 baseline. FY20 baseline - 0.97 kL/m ² FY21 performance - 0.88 kL/m ²	●
Maintain water intensity in our Workplace and Business Parks portfolio at the FY20 baseline.	Achieved 31 per cent reduction on FY20 baseline. FY20 baseline - 0.55 kL/m ² FY21 performance - 0.38 kL/m ²	●
Exceed relevant minimum home water consumption compliance standards by 5 per cent in our Residential communities and Retirement Villages in FY21.	Achieved 12 per cent reduction compared to compliance base case	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

We will continue to invest in our water management systems to build greater climate resilience while creating cost efficiencies across our projects and operations. More information on our future strategic priorities and targets related to water management can be found in our [2030 Sustainability Strategy](#).



Goal 11 Sustainable Cities and Communities and Goal 12 Responsible Consumption and Production

Our work is allowing us to make contributions by taking measures to promote more sustainable management and efficient use of water at our assets and within our communities.

Willawong Distribution Centre, Qld - 5 Star Green Star



Circular systems



At Stockland, we utilise sustainable design principles and practical innovation to build places that empower our people and customers to thrive while being responsible to the planet.

Key achievements in FY21

Extended the use of recycled roadbase to

Four

Residential communities

Achieved our waste diversion targets for Workplace and Business Parks

80%

Achieved our waste diversion targets for masterplanned communities

98%

Achieved positive Biodiversity Index Scores for all masterplanned communities assessed in FY21. These were The Gables (NSW), Evergreen (Vic), Katalia (Vic) and Sinagra (WA).

Creating sustainable assets

Our commitment to creating sustainable, thriving communities depends on demonstrating leadership in how we design and develop our assets. At Stockland, we use rating and certification schemes – such as Green Star, NABERS and Climate Active – as independent validation that key social and environmental factors are considered for new and existing projects. These rating schemes also enable us to benchmark our sustainability performance against our peers and regularly track and improve our performance across our various asset classes.

GREEN STAR RATINGS

Green Star is a rating system for buildings and communities administered by the GBCA, that drives the adoption of sustainable practices in the Australian property sector. The rating system assesses the attributes of a project by focusing on a broad mix of sustainability impact categories, such as waste, indoor environment quality, materials and land use.

In FY21, we took key steps towards delivering on our Green Star Improvement Plan, which aims to improve our average ratings across our Commercial Property portfolio. This is being driven by the commitments in our new 2030 Sustainability Strategy, which we launched in May 2021. This requires all new Retail Town Centre and Workplace developments to target a minimum of 5 Stars under the new suite of Green Star rating tools. All new Logistics developments will also have to target at least 4 Stars.

This year also saw the continuation of important asset-level initiatives. We continued our work on delivering Stockland's first net zero carbon emissions building at our workplace campus development in Macquarie Park, Sydney. This is targeting a 6 Star Green Star rating,

representing world leadership in sustainable design. In order to achieve this, the building will have to utilise highly energy efficient services, be fully electric and 100 per cent powered by renewables. The learnings from this project will inform the design process of the later stages of this development, Buildings C and D, which are also targeting net zero carbon emissions in operation and a minimum of 5 Stars. The only Logistics development in construction during FY21 was the Willawong Stage 2 Logistics Warehouse in Queensland, which is targeting a 5 Star Green Star Design & As Built rating.

Our Communities business has continued working with the GBCA as a development partner of its Green Star Homes pilot initiative. As part of this work, we submitted our application for 'Designed As' certification for a new home within our Waterlea development, which is detailed in the case study below. We anticipate feedback from this process in early FY22.

More information on Green Star ratings across our portfolio is provided in our [ESG Data Pack](#).

INDOOR ENVIRONMENT QUALITY

The air circulating in our indoor environments has a significant impact on the health of building occupants, as well as the operating cost and efficiency of the assets we own and manage. We use the Green Star rating tools to support the design and delivery of indoor environmental quality (IEQ) initiatives and to set a platform for optimal performance. This requires us to work with independently accredited assessors using certified equipment to ensure impartial and accurate readings are recorded at our assets.

In FY21, we continued to focus our efforts on improving IEQ in our buildings as part of our Green Star Performance Improvement Plan. This involved conducting further HVAC hygiene assessments and IEQ assessments in our Workplace and Retail Town Centre assets, which will determine the baselines for our strategy and actions going

forward. We have also commenced internal discussions to determine the value of implementing project-level management plans, which outline the systems and technologies required to record, monitor and improve the quality of indoor air at our assets. The success of such management plans would also require us to provide training and education for tenants, contractors and employees to promote good IEQ practice.

This year we also completed NABERS Indoor Environment ratings for the first time. This tool measures the indoor air quality, lighting quality, temperature, thermal comfort and acoustic quality of a building, which allows us to assess the performance of our asset against industry benchmarks and standards. Our NABERS IE ratings are available in our [ESG Data Pack](#).

LIFE CYCLE ANALYSIS

In FY21, we completed life cycle analysis in our Residential business to gain a greater understanding of the embodied and operational impacts relevant to our medium-density housing products. This analysis used eTool software, which assesses upstream and downstream processes of the product life cycle to compare the environmental performance of two different designs. This year, we compared a high-performance home to a more traditional build representing current standard practice. We also measured the impacts of an ‘improved design’, which includes certain performance improvements such as onsite renewable power (solar PV), as well as building air tightness

performance (which was reviewed by conducting blower door testing). This has enabled us to identify the materials and design features that contribute to greater thermal and operational efficiency in our homes.

This analysis showed an overall performance improvement in the high-performance home against the ‘business as usual’ home using a range of indicators. The project has provided insights into the relative impacts of our residential building materials and construction methods, which in turn will help inform a deeper dive into our built form supply chains and circular economy strategy development in FY22.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Deliver our first net zero carbon building in a new project with the construction of the first stage of our M_Park workplace development in Macquarie Park Sydney.	M_Park Building A is registered for a 6 star Green Star rating and we have executed a 5 star NABERS Commitment Agreement. Construction has commenced and is due for practical completion in late 2022. Net Zero certification will be sought once the building is operational.	●
Complete a Life Cycle Assessment for one residential town home dwelling compared to a code compliant home using the findings to assist future homes design development.	Assessment completed using eTool on a future medium density development stage at two of our residential communities.	●
Certify up to 10 Carbon Neutral homes at Highlands (Vic) in accordance with the Climate Active Assessment tool in partnership with the CEFC and GBCA.	Six homes within our Highlands (Vic) development have achieved Carbon Neutral Buildings certification in accordance with the Climate Active assessment tool.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

We will continue to integrate holistic design principles and innovative technologies into our developments to deliver highly rated assets. By demonstrating optimal performance, our assets will become more attractive to customers and investors, as greater operational efficiency leads to cost savings for our tenants and residents over the long term. High quality design features also help enhance the health and wellbeing of building occupants. More information on our strategic priorities and targets is in our [2030 Sustainability Strategy](#).



Goal 3 Good Health and Wellbeing, Goal 11 Sustainable Cities and Communities, and Goal 12 Responsible Consumption and Production

Our work is allowing us to make contributions to good health and wellbeing through the provision of healthier buildings that are designed to minimise pollution and advance resource efficiency.

CASE STUDY

DESIGNING THE HOMES OF THE FUTURE TODAY

We have designed a range of new housing products to demonstrate the viability and affordability of these products so that Australia's residential builders are encouraged to build high quality, comfortable and low emission homes in a cost-effective manner.

Our first Zero Net Carbon Home was launched in our master-planned, medium density community, Orion in Braybrook in September 2020 as part of Sustainable House Day. The house was developed in collaboration with Sustainability Victoria under the Victorian Government's Zero Net Carbon Homes pilot program. The home achieved a 7-star Nationwide House Energy Rating Scheme (NatHERS) rating by combining a solar PV system with an energy efficient building design and fixed appliances. Modelling indicates the design will reduce energy bills by approximately 50 per cent (approximately a \$1000 per year saving), produce no net emissions from energy use and reduces gas emissions by 4.7 tonnes per year. The home will also provide residents with greater indoor comfort by optimising orientation and using draught-proofing, insulation and an automatic ventilation system.

We ran a number of workshops and on-site education sessions for our builder partners to help them understand the requirements of As Built verification, as well as specific technical requirements related to insulation and draught sealing.

Our next generation home at our Waterlea community in Melbourne will be one of the first Green Star Homes to

receive a rating in Australia. The tool aims to drive delivery of homes that are:

- Climate positive (i.e. fully electric, draught sealed, efficient and powered by renewables)
- Healthy (i.e. ventilated, comfortable with eco-friendly building materials and furniture, fixtures and equipment)
- Resilient (i.e. water efficient and climate change ready)

In 2019, Stockland partnered with the CEFC to help invest in Carbon Neutral homes under the Federal government's Climate Active Program. As part of this program, Stockland worked with six home owners in our Highlands community in Melbourne to install solar and battery packages. Any electricity that homeowners purchased from the energy grid was offset through the purchase of carbon offsets, which were used to regenerate and protect native vegetation on eligible carbon farming projects in NSW and Queensland. These nature-based Australian Carbon Credit Units (ACCUs) were also used to offset consumption of gas for cooking and heating and refrigerants for A/C systems, fridges and heat pumps. Each of the six homes received 'Climate Active Carbon Neutral Building' certification in June 2021.

Image: Net Zero Carbon Home at Stockland Orion, Braybrook (Vic)



Waste and materials

At Stockland, we're committed to demonstrating leadership in how our industry sources, uses and repurposes waste and materials. We acknowledge the finite nature of natural resources, as well as the potential impacts of waste treatment and disposal on the environment. As such, we're constantly seeking new opportunities to enable more circular systems by closing material loops and recognising that waste has value.

COMMERCIAL PROPERTY

In FY21, our national contract with Waste Options was fully embedded across our Commercial Property portfolio and a number of Retirement Living communities to help improve our waste diversion. This will improve data quality and completeness, analytics and reporting, which will be reviewed each month through teleconferences with dedicated waste consultants in each region. We also trialled a swipe card system with tenants to provide us with data on types of quantities of waste generated in our assets. This will help us identify further opportunities for improved waste diversion rates.

This year also marked the first time we completed NABERS Waste ratings for our Workplace and Business Parks portfolio. Using NABERS helps us benchmark assets using an industry accepted performance standard, which in turn

informs our target setting for future performance. Our involvement will also allow us to measure changes in our waste reduction and diversion rates after implementing our new waste management contracts. Our FY21 ratings were below what we expected, especially considering we report high rates of landfill diversion on gate receipts for non-recyclable general waste. However, we learnt some valuable lessons this year, particularly around the classification of certain 'dry waste materials', which can be recycled into non-fossil-based fuel for cement kilns but are not classified as a recyclable material by NABERS without appropriate evidence. We will work with our waste contractors to apply these insights to future ratings.

Our NABERS Waste ratings are provided in our [ESG Data Pack](#).

COMMUNITIES

We implemented a wide range of initiatives across our Communities business in FY21 as part of our commitment to reduce embodied impacts and deliver better quality built form. The use of recycled materials in construction had a significant impact on waste rates and the overall environmental impact of our developments. For example, our Willowdale development in Sydney re-used all rock excavated on site throughout the riparian corridor works and all salvaged timber in public furniture. We re-used road as in-fill at The Gables (NSW) and Willowdale (NSW) and used site topsoil at Elara and Newport in landscaping works and sporting fields. This meant that we

reduced the need for large quantities of materials to be transported off-site and disposed in landfill, which helps reduces our carbon footprint. We also remained focused on finding alternative uses for carbon-intensive materials like plastic and concrete, which were used throughout landscaped areas at North Shore (Qld) and in bollards at Highlands (Vic).

One of the highlights of the year was the continued use of 'Reconophalt' at our developments, including Minta (Vic), Katalia (Vic) and Aura (Qld). More information on these projects is detailed in the case study below.

CASE STUDY

ROLLING OUT 'RECONOPHALT'

Last year, our Whiteman Edge community in Western Australia became the first site to trial 'Reconophalt', a recycled asphalt pavement that uses recycled plastics, toners, glass and reclaimed road surfaces that would have otherwise been sent to landfill. This pilot demonstrated that we can deliver a sustainable alternative to traditional asphalt that also improves asset life and performance.

The success of the trial has allowed us to begin scaling the product nationally across other Stockland communities. In October 2020, our Minta community in Melbourne's southeast became home to Australia's longest recycled road.

Through our partnership with Casey Council, Winslow Constructors and Downer, we delivered more than two kilometres of road, which will divert 2,043,000 plastic bags, 59,710 printer cartridges and 1,033 tonnes of recycled asphalt from landfill. It also prevented the release of toxic fumes into the surrounding environment and reduced our demand for virgin materials such as sand and gravel.

We have also begun rolling out Reconophalt across further Stockland assets in 2021. The first stage of recycled asphalt was delivered at our Katalia development in Victoria in April 2021, with stages 2-4 already approved, which will culminate in over 25,000 square meters of Reconophalt when completed.

The Sunshine Coast Council has also agreed to trial the product at the District Sports Park access road and car park within our Aura community.

Stockland can accelerate its commitment to enabling circular systems by investing in further expansion of this product. We recently set a new target of 30% of all projects using the product by 2024. This demonstrates our commitment to building new communities with materials that advance circularity and minimise our impact on the environment.

Image: Minta (Vic)



PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Achieve a minimum 90 per cent waste diversion from landfill for all new Communities civil construction contracts.	Average of 98 per cent achieved across our masterplaned communities.	●
Explore opportunities to continue to conduct life cycle analysis (LCA) assessments to better understand life cycle, embodied energy and supply chain impacts based on learnings from current assessment.	A working group was established this year to investigate a consistent approach to procurement across our built form portfolio. The approach involves LCAs, embodied carbon, health and safety and modern slavery risks.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Regenerative and circular living

We are committed to working with our stakeholders to adopt and implement more circular models in construction and operations in the future. Despite making good progress, we acknowledge there are numerous other opportunities to use recycled, healthy and ecologically sustainable materials in our developments so we can deliver tangible environmental, social and economic benefits for our customers and communities.

More information on our future strategic priorities and targets related to waste and materials can be found in our [2030 Sustainability Strategy](#).



Goal 11 Sustainable Cities and Communities and Goal 12 Responsible Consumption and Production

Our work is allowing us to make contributions to the goals by piloting new circular economy initiatives and utilising recycled content materials in construction, which helps reduce the overall environmental impact of our assets.

Biodiversity

At Stockland, we seek to build for a future that protects, restores and regenerates natural environments in our assets and communities. We give careful consideration to how our developments interact with local bushland habitat, ecological communities and protected or significant species. We have a unique opportunity provide people with green space, amenity and connection to nature. We therefore seek to balance developable land with retention and activation of biodiversity to enhance the long-term success of our communities.

In FY21, we implemented a number of conservation and regeneration projects in order to generate positive biodiversity outcomes throughout the communities in which our customers live and work. We commenced native revegetation of the Neerigen Brook, which flows through the Sienna Wood Riverbend village in Perth. Years of farming on the site resulted in damage to native plants and allowed weeds to invade the waterway.

In the first phase of landscaping, native Australian plant species endemic to the area were selected for planting. The area will provide a new habitat for animals, thereby improving biodiversity. It will also act as a passive open space for residents, with walking trails and a boardwalk through the garden and across the Brook.

We also have commenced the first phase of works on the neighbouring Conservation Category Wetland (CCW) and Resource Enhancement Wetland (REW). Both areas are recognised as areas of ecological significance. The works involve weed removal, rehabilitation using native Australian plant species, as well as walkways and boardwalks across approximately 27 hectares. Native wildlife in the area includes red-tailed black cockatoos and there is hope that the works will encourage the return of marsupials.

At Katalia (Vic), Stockland is working closely with the City of Whittlesea to conserve existing populations of River Red Gum trees scattered throughout Katalia. This native tree species is abundant throughout the Donnybrook corridor and is vital to the identity and ecological health of the area.

Stockland has put plans in place to protect these trees over the long term, including reticulating all internal stormwater into the River Red Gums instead of piping it out of the estate. This promotes the healthy growth of the trees and ensures their longevity. In addition to this, the landscape masterplan incorporates the planting of some new River Red Gums throughout the estate with careful consideration of the large size the gums achieve at maturity.

The design of the landscape masterplan takes the River Red Gum into consideration with complementing design elements throughout the parks, streetscapes and wetlands. The Gums at Katalia link the community aesthetically and naturally to the local area.

In FY21, we continued using our industry-leading Biodiversity Calculator to assess whether we are delivering a positive contribution to biodiversity at new sites.

We achieved a positive Biodiversity Index Score for all four masterplanned communities that were assessed during the last year, including The Gables (NSW), Evergreen (Vic), Katalia (Vic) and Sinagra (WA).



BIODIVERSITY CALCULATOR

Our biodiversity calculator assesses pre- and post-development conditions of land areas, vegetation types and other attributes to understand how our development activities, rehabilitation programs and conservation plans positively or negatively impact on biodiversity values. The calculator was built on established methods used by the GBCA to measure changes in ecological value.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Maintain a net positive contribution to biodiversity value as determined by the biodiversity calculator for all new master planned residential communities.	Achieved a positive Biodiversity Index Score for the following masterplanned communities projects: The Gables (NSW), Evergreen (Vic), Katalia (Vic) and Sinagra (WA).	●
Review our biodiversity calculator and methodology to ensure it continues to provide best practice assessment of our biodiversity project outcomes.	The calculator was reviewed in FY21. Minor changes were made to definitions to enhance ease of use and alignment with targets while still representing industry best practice across all regions in which Stockland operates.	●
Continue to work with all levels of governments, and biodiversity experts to identify best practice design, restoration and engagement approaches on our project sites.	We have reviewed current legislation alongside with our consultant teams, including NSW Government Architect's Draft Greener Places Design Guide, and participated in GBCA's new Expert Reference Panel for Nature to ensure we use best practice biodiversity principles on our projects.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS

 <p>Regenerative and circular living</p> <p>We appreciate that preserving biodiversity enhances the liveability and vitality of our communities over the long term. Biodiversity conservation also provides value beyond improving landscapes. We will continue to work with local conservation groups and all levels of government to identify best practice design, restoration and engagement approaches in order to advance biodiversity retention and activation throughout the communities in which we operate.</p> <p>More information on our future strategic priorities and targets related to biodiversity can be found in our 2030 Sustainability Strategy.</p>	
 <p>Goal 15 Life of Land</p> <p>Our work is allowing us to make contributions by protecting and restoring ecosystems and implementing measures to conserve native flora and fauna.</p>	

Social



Customer and community engagement



Understanding and responding to change is critical to the sustainability of our business and the ongoing relevance and reputation of our brand, products and services.

Key achievements in FY21



Customer satisfaction

This year has seen significant changes to the needs and expectations of our customers and communities. We have focused on implementing new systems and processes over the last year to ensure the places we create keep pace with new and emerging trends, behaviours and values. The progress we're making has enabled us to create the foundation for more prosperous and inclusive communities.

Maintaining our historically high levels of customer satisfaction has been a key priority for our business over the last twelve months. This commitment is consistent across our diverse customer base, which includes shoppers and retailers in our Retail Town Centres, Workplace and Logistics tenants, Retail and Residential customers and Retirement Living residents and customers.

COMMERCIAL PROPERTY

Retail tenants

We achieved our retail tenant satisfaction target in FY21 with a score of 75 per cent. It was a difficult year for our tenants due to the impacts of COVID-19, in spite of the operational and financial support we provided. This support resulted in improved satisfaction and intention to renew scores, however, the relative performance of our peers was particularly strong this year, which led to a reduction in our overall weighted satisfaction score.

	FY21	FY20	FY19	FY18	FY17	FY16
Weighted retail tenant satisfaction score (revised)	75%	80%	82.5%	72.5%	75%	78%

Retail shoppers

The overall shopper experience was significantly impacted by lockdowns and other COVID-related restrictions in FY21. We still managed to exceed our shopper satisfaction target (80 per cent), having achieved a portfolio-wide score of 81.3 per cent, but we remained below the weighted industry average.

The survey results attributed this year's performance to various elements, but most notably accessibility and navigation, parking, and facilities and amenities; all of which were rated above the industry benchmark by our shoppers.

Moving forward, we intend to address ongoing disruptions to our centres by providing trusted and reputable brands for our shoppers and creating retail centres that offer safe, community-focused experiences. These emerging needs and values are well aligned to our Future of Retail Strategy.

	FY21	FY20	FY19	FY18
Shopper satisfaction across the Stockland portfolio ¹	81.3%	80%	80%	76%
Weighted Industry Average (reflective of Stockland's main centre type) as measured by Monash	85.4%	83%	82%	77%

¹ Based on percentage rating satisfaction as 6-10 out of 10.

Workplace and Logistics tenants

In FY21, we resumed our annual workplace and logistics tenant survey, following a pause in FY20 due to the sector disruption caused by COVID-19 where our operational teams focused their efforts on the wellbeing of our customers and staff and were unable to complete all of the material required for the survey. Our overall tenant satisfaction score this year was 87 per cent, which comfortably exceeded our target of 80 per cent. This was driven largely by our logistics tenants, who recorded higher levels of satisfaction on various metrics. Workplace tenants were heavily impacted by COVID-19 lockdowns and related restrictions, resulting in a higher proportion of neutral ratings.

	FY21	FY20	FY19	FY18	FY17	FY16
Combined Workplace and Logistics tenant satisfaction	87%	N/A	83%	89%	N/A	N/A

In FY22, we will use new targets based on a derived score that reflects both performance, as well as the relative importance of three core satisfaction pillars – property satisfaction; business relationships; and satisfaction with team/staff.

COMMUNITIES

Liveability

Our annual Liveability Index Survey measures what matters most to our residents, so we can incorporate what is important to our customers into our community designs.

The results of these surveys inform community-level strategic planning, design and placemaking guidelines and sustainability initiatives and partnerships; all of which help us create communities of the future and make a positive difference to the lives of our residents.

In FY21, we achieved our Liveability target by scoring 75 per cent. This year’s performance was driven by a range of improvements across several communities, namely those in NSW following the delivery of new amenities, infrastructure and transport links. Additionally, we have seen an improvement in the proportion of residents who agreed that Stockland has delivered or exceeded expectations in terms of customer satisfaction.

The below table provides historical Liveability Index adjusted scores and resident satisfaction scores for comparison purposes.

	FY21	FY20	FY19	FY18	FY17	FY16
Average Liveability Index ¹ score across our communities	75%	74%	74%	78%	78%	84%
Average resident satisfaction across our communities	93%	91%	93%	93%	93%	93%
Average resident Personal Wellbeing score (national average of 74-77) ²	79%	78%	76%	77%	79%	80%
Proportion of residents agreeing that community has met or exceeded their expectations	86%	82%	87%	88%	N/A	N/A

1 The Liveability Index is a derived score that measures resident satisfaction on a range of attributes calculated using regression analysis. Results prior to FY18 have been adjusted to account for the change in scale and provide comparability guidance.

2 Our Personal Wellbeing Index is a derived score designed to assess how residents rate various aspects of their physical, emotional and cognitive wellbeing. It is measured using Deakin University’s methodology.

Our Liveability Index will play an increasingly important role at Stockland over the next few years as our residents continue to navigate the challenges presented by COVID-19. This will help us prioritise our efforts on designing and planning communities that are healthier, more productive and more connected both now, and in the future, which is an important part of our strategy.

WHAT IS THE LIVEABILITY INDEX?

The Stockland Liveability Index is an annual resident satisfaction survey that has shaped our customer engagement activities since its inception in 2011. The survey measures satisfaction by focusing on five key areas: Belonging, Connection, Health and Fitness, Safety, and Environment and Sustainability.

Health and Fitness

Safety

Environment and Sustainability

Belonging

Connection

CASE STUDY

THINKING CUSTOMER FIRST – LAUNCHING THRIVE, STOCKLAND’S NEW LIFESTYLE COMMUNITIES

In FY21, Stockland launched an exciting new product – Thrive lifestyle communities – to cater to the ageing population in Australia. Lifestyle communities (or Land Lease communities as they are sometimes known) are attractive and active gated communities with recreational, social and sporting facilities that are for the exclusive use of residents, their families and friends. They cater for a broad range of lifestyles and are fast becoming the preferred choice for Australia’s over-50s.

Guided by Our Customer Promise to make the experience ‘Great, Easier and Better’, we started designing the Thrive customer experience by mapping the customer journey, talking to prospective residents and understanding what is most important to them when considering this type of purchase.

We learned that simplifying the sales process was key to ensuring prospective customers had confidence and

clarity when securing the right lot and the right house. We also learned the importance of home visualisation, giving would-be residents the ability to digitally envision what their home would look like and how they can personalise it to make it “home”.

This ‘Think Customer First’ approach has resulted in a clearly defined Thrive customer value proposition, distinct from our retirement living proposition. Being customer led has provided us with a popular product for this demographic and a differentiated service offering. In less than 14 months, we have launched this new offering in Queensland and Victoria and given our first customers possession of their new homes. Growth of the land lease communities business is an exciting part of Stockland’s future.

Image: Thrive, Nirimba (Qld)



Prospective residential customers

In FY21, we saw a recovery in the Australian housing market stimulated by record low interest rates and various government packages designed to assist first home buyers and those planning to build. As a result of these favourable market conditions, our Residential business received unprecedented volumes of enquiries and strong product demand outstripping supply. This led to some unfavourable customer experiences for prospective buyers, who were unable to get into the market when they wanted to due to constrained supply or rising prices or both.

	FY21	FY20	FY19	FY18	FY17
Derived customer satisfaction score ¹	68%	81%	88%	82%	76%

¹ The KPI is a derived metric based on the relative contribution of various attributes to business value. As a result of this new methodology, comparisons to previous years is limited.

Despite challenges faced during the Leads stage, customers further along the purchase journey who have placed a deposit are significantly more favourable, with 82% indicating they are satisfied with the experience.

In FY22, Stockland will continue its efforts to strengthen proactivity and responsiveness to customer needs by implementing a service strategy that is flexible and tailored to different stages of the customer journey. We also remain very focused on our strategy of providing some of the most affordable homes in masterplanned communities across Australia. We will continue focusing on both prospective customers and liveability to satisfy customers across the whole residential chain.

Retirement Living customers and residents







Satisfaction amongst our prospective customers improved in FY21, reaching an all-time high of 80 per cent (up 2 per cent on FY20). This improvement was caused mainly by an uplift in the proportion of customers rating our offering as more relevant to their needs.

	FY21	FY20	FY19	FY18	FY17	FY16	FY15
Prospective resident satisfaction (Leads & Reservations)	80%	78%	72%	73%	79%	68%	71%

The business set an ambitious target of 85 per cent for resident satisfaction, which we exceeded, achieving a national satisfaction score of 87.3 per cent. Based on the survey results, this performance was driven mainly by improvements in our residents' view of Stockland as an organisation.

	FY21	FY20	FY19	FY17	FY16	FY15	FY14	FY13
Weighted Resident satisfaction score (KPI)	87%	-	-	-	-	-	-	-
Average overall happiness with their village (out of 10)	8.55	8.57	8.56	8.44	8.48	8.48	8.49	8.51
Proportion of residents rating satisfaction as seven or more	91%	92%	91%	90%	90%	90%	90%	90%
Number of residents completing the survey	6,596	6,659	6,643	6,813	6,614	5,897	6,668	6,143

PROGRESS ON KEY TARGETS

TARGETS	FY21 PROGRESS	PROGRESS	FY22 TARGET
Achieve retailer satisfaction of 75 per cent in FY21.	Achieved retailer tenant satisfaction of 75 per cent.		75%
Achieve a Liveability score of 75 per cent across our residential communities.	Achieved residential Liveability score of 75 per cent.		75%
Achieve tenant satisfaction amongst Workplace and Logistics tenants of 80 per cent in FY21.	Achieved Workplace and Logistics tenant satisfaction score of 87 per cent.		75%
Achieve 85 per cent happiness score amongst our retirement living residents.	Achieved satisfaction score of 87 per cent.		85%
Achieve 80 per cent retirement living satisfaction score amongst Lead and Reservation customers	Achieved satisfaction score of 80 per cent.		85%
Achieve 80 per cent residential satisfaction score amongst Lead and Reservation customers	We did not achieve our target satisfaction score due to the reasons described above. We have identified new strategies to help us achieve our FY22 target of 75%, which are outlined below.		75%

We will use the following initiatives to help us achieve our forward-looking targets:

- **Retailer satisfaction** – focusing on digital initiatives to optimise processes and service delivery for our retail tenants
- **Shopper satisfaction** – partnering with our tenants to deliver superior experiences and centre activations for our shoppers
- **Workplace and Logistics tenant satisfaction** - implementing customer experience (CX) strategies that align with customer needs along the journey
- **Residential customer satisfaction** – launching a new hybrid sales model with the Customer Support Centre to better triage new enquiries, re-qualifying our FY21 database to identify customers that are still engaged, tailoring communications to address specific segment needs and launching a new CRM nurture program to improve conversion and overall customer experience use
- **Residential liveability** – timely delivery of amenity and infrastructure, ongoing and transparent communication with residents, and various placemaking initiatives designed to foster greater community connectedness
- **Retirement living customer and resident satisfaction** – implementing wellbeing initiatives designed to support our residents as they transition to and from retirement living.

More information on our strategic priorities for customer satisfaction is provided in our Group Strategy, which is detailed in our [Annual Report](#).

Customer centricity

EMBEDDING CUSTOMER CENTRICITY

In FY21, we focused on driving and embedding customer centricity across the organisation by listening to and understanding our customers, empowering our teams with insights and ensuring our business strategy is customer and data led. In doing so, we're better placed to prioritise initiatives and ensure our future strategy delivers on genuine customer needs and values.

This year, we launched Customer Advocacy Groups to further our commitment to delivering a superior customer experience across all business units. We also re-launched our Stockland Listens program, which now consists of monthly customer sessions across each of our business units to help our teams better understand specific aspects of the customer journey. Combining these learnings with our survey results has enabled us to identify key initiatives that can maximise customer satisfaction in our Retail Town Centre business (B2B and B2C).

Over the past year, we've also focused on democratising customer insights by facilitating customer-led decision making. Our work on C-life has continued with the launch of Retail Shopper Segmentation, which allows the Retail business to better understand the spending patterns of customers and prioritise their initiatives accordingly. The development of Neighbourhood Mindset, a bespoke tool that identifies customer preferences and places of interest – means that marketing, development and placemaking initiatives address specific customer needs. In terms of data, we've further unlocked the value of CX by quantifying the commercial value of a great customer experience. We've also utilised machine learning and artificial intelligence to optimise various business processes and develop models that enable a superior customer experience.

DATA PRIVACY AND SECURITY

Our Customers Insights team has developed a number of processes and initiatives to help keep our customers' data safe and secure. These include:

- Working with accredited agency partners who comply with privacy legislation
- Where possible, undertaking research anonymously (personal information is not collected unless there is a specific need for it)
- Prior to collecting personal or sensitive information, sending a consent request to the customer from Stockland (not from a third party)
- Consent notices clearly stating how personal information will be used
- De-identifying and separating Personal Identifiable Information (PII) data from relevant lead, opportunity or contract data in our data warehouse

CASE STUDY

HELPING DREAMS COME TRUE – STOCKLAND DREAMCATCHER

The Stockland Residential business experienced high volumes of enquiry in FY21. Interestingly, 92 per cent of these enquiries came through digital channels (up from approximately 87 per cent 12 months ago), including our newly redesigned website as well as social media. In addition, Stockland held its first ever 100 per cent virtual land community launch at Katalia in Victoria, where 20 lots sold out in just six hours. This showed that customers are becoming increasingly comfortable with online, self-service channels. As such, digitising the customer journey is a critical strategic priority.

To assist customers in the ‘Dream’ phase of the customer journey, Stockland launched ‘Dreamcatcher’, a home visualisation tool and styleboard creator designed to help buyers early in the buying process. Dreamcatcher allows users to engage with the brand in an emotional and innovative way. It enriches the home buying experience through a design-led lens rather than a rational lens. At every stage of the buyer journey, Dreamcatcher enhances the customer experience by helping people

to unpack, collate and visualise their thoughts in one place. By providing inspirational home-based concepts, we’re engaging in dialogue with people that may not have previously considered Stockland. And for those who may have engaged with us, we’re engaging earlier to create that strong, initial connection.

In the six months since the launch of Dreamcatcher, we’ve had over 51,000 visitors to the site, driven primarily by social media influencers, and almost 120,000 pageviews in total. Pleasingly, thousands of visitors are returning for the site for additional visits, which shows they are seeing value in the platform and engaging regularly with it. Overall, Stockland continues to prioritise and refine the digitisation of the end-to-end customer journeys throughout the business, to respond to rapidly changing customer expectations and needs.

Image: Stockland Dreamcatcher website



CASE STUDY

PRODUCT VISUALISATION: CREATING VALUE FOR SHOPPERS, RETAILERS AND STOCKLAND

The retail environment is evolving faster than ever. Advances in technology continually create a shift in consumer behaviour. In FY21, a period unlike any we have experienced, extensive changes to the ways we live, work and socialise changed the trajectory of retail in Australia and the acceleration rate of that change.

Last year, nine million Australian households shopped online, which represents 82 per cent of all households.¹ Additionally, each month saw an average of one million additional households buying online when compared to 2019. This can be attributed to two key factors: regular shoppers are buying more frequently and new shoppers are entering the market for the first time.¹

Customers want to support local stores, but the need for convenience sees shoppers buying both in-person and online. Customers want convenience and access to products and services when it suits them.

In FY21, Stockland launched Product Visualisation across its retail website portfolio. This project enabled retailers to list their products on their store pages in the Stockland website network. Retailers could opt-in and display products automatically (using syncing technology) or manually for retailers with less digitally mature systems.

Product Visualisation allows shoppers to search and find products online, an important step towards the hyper local omni-channel shopping experience, aligned to the Digital Ecosystem Strategy.

Stockland Product Visualisation focuses on intercepting shoppers in the search phase of the customer journey, which encourages interaction in search engines and connects them to the centre and its retailers. The website experience enables browsing functionality to allow shoppers to find the product they're looking for, at a time and place that suits them.

The Retail Product Visualisation program now has more than 52,000 individual products listed across 130 stores through our local shopping centre websites. The outputs of this pilot have helped to inform future omni-channel customer experiences in the digital roadmap.

Image: Product Visualisation website

1. Inside Australian Online Shopping - e-commerce Industry Report 2021, Australia Post.



Community investment and development

Despite the challenges of the past year, Stockland remains committed to generating a positive and lasting impact on the communities in which we operate. The contributions we make to these communities is coordinated through a combination of the following activities:

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

These activities span three key priorities – health and wellbeing, education, and community connection. These priorities reflect our strategic commitment to promoting active and healthy living practices, supporting self-sustaining social cohesion and providing access to quality education and skills development to help our communities benefit from shared economic prosperity.

In FY21, we contributed \$5.8m to programs across Australia that focused on making advancements in these areas.

CATEGORY	FY21
Community development	\$2,211,437
Community investment	\$1,104,180
Stakeholder contributions	\$222,405
Provision of space	\$1,348,034
Management costs	\$872,316

COMMUNITY DEVELOPMENT

Community development spans all projects and initiatives designed to enhance health and wellbeing, social cohesion and quality education across our Residential communities, Retirement Living villages and Retail Town Centres.

Our community development spend was lower for FY21 than in previous years as COVID-19 has impacted our business in several ways. Many of our community activations have been unable to be held due to the impacts of COVID-19, with a move towards more digital online activations rather than physical events. We continue to try to navigate the balance between physical and online activations with continual COVID-19 interruptions in order to continue delivering on these priorities. A further breakdown of these contributions by category is provided in our [ESG Data Pack](#).

Most of the activities undertaken in FY21 were delivered with the assistance of our community partners. The below table summarises outcomes and highlights across these partnerships during the last twelve months. More detail on our community development activities can be found in our [ESG Data Pack](#).

Stockland CARE Foundation and National Community Partners

PARTNER	DESCRIPTION	FY21 IMPACT HIGHLIGHT
Heart Foundation	Walking groups that promote physical activity, emotional wellbeing and community connection held in and around Stockland Retail Town Centres, Residential and Retirement Living communities.	Total of 36,281 walks completed in FY21. Based on self-reported data, 90% of Stockland walking group participants met the National Physical Activity guides in the previous week. 47 people completed 1,000 walks in the program with one in the Stockland Green Hills (NSW) walking group leading the tally with 2,125 walks.

PARTNER	DESCRIPTION	FY21 IMPACT HIGHLIGHT
Bowls Australia	Active lifestyle, learning opportunities and community connection through coaching clinics and master classes, along with health and wellness information sessions.	100% of respondents enjoyed feeling more connected to their friends and community. 76% of respondents learnt new bowling skills and techniques.
Jamie's Ministry of Food(JMOF)	Provides healthy eating and good nutrition hands-on education programs and cooking schools through Community Outreach programs, Mobile Kitchen programs, localised cooking demonstrations and Learn Your Fruit and Veg programs.	<p>Due to COVID-19 restrictions, the 5-week cooking program was offered to retirement village residents nationally via online sessions, with 32 residents enrolling and 16 attending live sessions.</p> <p>Increased social connectedness, particularly for socially isolated participants and participants with disabilities. Course included how to use zoom tutorials with JMOF staff. For several residents this was the first time they had used Zoom.</p>
Live Life Get Active	Weekly community fitness classes provided free of charge to local Stockland residential communities.	37,949 on demand videos accessed across Stockland communities during total period. This led to 7,728 kilograms lost across all our participants.
National Theatre for Children	Student education program focused on sustainability, offering students hands-on, in-class education and online resources tied together with a live performance.	<p>The National Theatre for Children provided a student sustainability education program and as part of their 2021 Big Battery Rescue National Schools Challenge, 18 public schools participated with over 785kg of batteries diverted from landfill, the equivalent of over 35,000 AAA batteries.</p> <p>Teachers rated the overall educational value of the 2021 program as 6.46 out of 7.</p>
Redkite	Provides essential support to children and young people with cancer (up to the age of 18).	As a result of Stockland's funding, Redkite was able to provide practical and/or emotional support services to 57 families at different stages of their child's cancer journey. Of the 57 families that Stockland supported, 41 received financial assistance grants, which help with the 'hidden' costs of cancer, such as fuel, transport, food and accommodation.
ReachOut	ReachOut is an online mental health organisation for young people and their parents. It is free and available 24/7 for any young person who needs support with their mental health and wellbeing.	<p>Enhanced community connection and sense of belonging by working with Stockland assets to engage with mental health messaging. This was particularly relevant during times of heightened challenge.</p> <p>ReachOut supported Stockland's LGBTI+ Employee Advocacy Group hosting a webinar for IDAHOBIT on how to be a good ally.</p>
R U OK?	R U OK? is a public education charity whose vision is a world where we're all connected and are protected from suicide. The R U OK? mission is to inspire and empower everyone to meaningfully connect with people around them and support anyone struggling with life.	<p>The 'Your Natter Matters' campaign launched in December 2020 (noting this can be a difficult time of year for many) under the 'Give the Gift of Conversation' call to action with downloadable resources, dedicated landing page, Foundation recognition, stakeholder engagement, media release, media coverage and social campaign.</p> <p>Focusing on mental health and raising awareness through R U OK? Day has continued to promote more connected communities across Stockland assets.</p>

CASE STUDY

RESIDENT COMMUNITY GROUP AT WATERLEA

Our Waterlea community, situated in Rowville (Vic), is a 6 Star Green Star development comprising 190 standalone and semi-detached homes with a 45-hectare parkland wetland and heritage precinct. The community-friendly design connects residents to green open spaces and walkable neighbourhoods to help foster stronger social connections and community-led events and experiences.

In the early stages of development, the Stockland project team recognised the importance of representative community governance in driving positive outcomes for social cohesion. This motivated us to engage My Neighbourhood, a consultancy group who provide authentic community development by facilitating deeper engagement between residents. The scope of this work was to establish a Community Reference Group, which provides Waterlea residents with a stronger voice in shaping and managing their own community. In FY21, the group

facilitated their first community event to help connect Waterlea residents and made plans to use a recently awarded Stockland CARE grant to build a community notice board. The group is also intending to work more closely with local council to improve access to publicly funded community programs. This is an important step in our transition away from the project, which will occur in February 2022.

This partnership with My Neighbourhood has provided Stockland with a better understanding of the importance of early engagement with residents and how community workshops can help build greater social connectedness before we begin the process of exiting the community. This work supports our strategic commitment to foster capacity building and leave a positive legacy in our communities.

Image: Waterlea, Rowville (Vic)



COMMUNITY INVESTMENT

At Stockland, we facilitate a range of community investment initiatives through workplace giving, corporate donations, in-kind support and employee volunteering. This continues to provide our business and workforce with opportunities leave a clear, positive and lasting impact on community health, education and connection.

Giving

In FY21 our employees donated \$111,061 to more than 117 individual charities. Stockland matched 90 per cent of these donations via our workplace giving program to a total of \$100,000. Over the year, 25 per cent of employees participated in our workplace giving program, meeting our FY21 community investment target of 25 per cent.

Volunteering

Our employee volunteering program was significantly impacted during 2020 by COVID-19, with all of our scheduled events for employees indefinitely postponed and then cancelled completely. Given the pressure our employees were under due to bushfires, managing COVID-19 and the launch of our integrated enterprise core system, a decision was made to reduce the scope of our volunteering. The one exception was the new digital mentoring opportunities with our partner ABCN, which meant we have been able to reintroduce a small element of

our volunteering program, though to a significantly lesser degree than in previous years.

Recognising the important role that volunteering plays in an organisation's culture along with maintain employee engagement with volunteering initiatives more broadly, we also piloted an initiative that saw many employees volunteer together over the course of one day (COVID-19 permitting).

This initiative involved a group-wide Clean Up Australia Day activation in May 2021 to align with National Volunteers Week (17-23 May). The decision to support Clean Up Australia was driven by its alignment with the 'regenerative and circular living' focus area of our new 2030 Strategy.

Employees who were unable to attend this national day on 18 May 2021 were offered a number of alternative opportunities through Eat Up and Conservation Volunteers Australia. Asset-based staff were encouraged to participate where possible with local organisations in and around their asset.

By undertaking this new approach, Stockland's volunteering rate increased from 6 per cent in May 2021 to 20 per cent by 30 June 2021.

STOCKLAND CARE FOUNDATION

The Stockland CARE Foundation was established to support charity organisations that can help Stockland deliver on our aspiration to improve the health, wellbeing and education of Australian communities.

In 2019, the CARE Foundation established a collaborative partnerships between our three charity partners ReachOut, Redkite and R U OK?. The establishment of this new

collaborative partnership has been timely given the outbreak of COVID-19 and its impact on wellbeing. Over the next three years, the CARE Foundation will invest more than \$1m as well as ongoing non-financial support to our Foundation partners to help raise awareness and support for mental health programs that will assist Australian communities as they recover and rebuild into the future.





STOCKLAND CARE GRANTS PROGRAM

Stockland CARE Grants is an annual program held across our Retail Town Centre, Retirement Living and Residential portfolios to provide local organisations with the opportunity to help create more cohesive, inclusive and engaging community-based programs.

In May 2021 we awarded \$285,000 to local community groups as Stockland CARE grants. The program, now in its eighth year, has supported grassroots community

development by awarding over \$2m to more than 2,000 community groups since its inception. From a shared value perspective, Stockland receives positive media coverage and social media content related to our community grants program. This coverage provides visibility of the reach of the program and further raises awareness of both the CARE grants and the recipients in our communities.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Conduct a nationwide digital campaign for R U OK? Day at our retail town centres to promote our CARE Foundation partner charity R U OK? and increase awareness of the importance of mental health.	Through the CARE Foundation, R U OK? has worked to conduct a digital campaign across the whole business during Mental Health Month which focused on the 'Power of Connection' and ensured key messaging about the importance of mental health was received.	
Deliver a diversified program of volunteering opportunities that are focused on digital activation.	<p>ABCN digital mentoring programs were delivered across the financial year to continue employee volunteering online. Opportunities for the Customer Experience team to do virtual skilled volunteering with Redkite have also been activated.</p> <p>An All Employee Volunteering Day with Clean Up Australia was piloted in May 2021 to encourage more employees to volunteer again, and a range of in person volunteering activities were offered when in line with COVID restrictions.</p>	
Deliver Neighbourhood Watch programs in at least two new residential communities in FY21.	Discussions underway with Neighbourhood Watch Victoria to develop a proposal for residential communities.	
Pilot a Compost Revolution (CR) program to residents across four communities in FY21 to educate residents on the benefits of composting and to improve diversion from landfill in Stockland's communities.	Pilot rolled out to four residential communities (Cloverton, Vic, Elara and Altrove, NSW, and Calleya, WA) with 61 residents composting ¹ and 3,591kgs of waste diverted from landfill. All calculations based on independent bin audits before and after the CR pilot programme and our yearly participant survey.	

¹ Calculated based on survey results showing over 90% retention rate.

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Healthy and connected living Inclusive and accessible living

Moving forward, we will remain committed to coordinating activities that encourage our communities to enjoy active and healthy living practices, social cohesion and new opportunities access quality education and skills development at all life stages. The impacts of COVID-19 have made these priorities more difficult to achieve for many of our customers, which has intensified our focus on adapting our approach to community engagement to cater for the changing needs and expectations of our people.

More information on our future strategic priorities and targets related to community investment and development can be found in our [2030 Sustainability Strategy](#).



Goal 3 Good Health and Wellbeing, Goal 4 Quality Education, and Goal 8 Decent Work and Economic Growth

By delivering targeted community development initiatives and facilitating community giving and volunteering across our three focus areas, we are making contributions to these SDGs.

People and culture



The events of the last year have affected people differently and accelerated the adoption of new ways of working.

Key achievements in FY21

Percentage women in Management

47%

Equileap's Global Top 100 gender-equal companies - ranked

11th

Percentage of women in Senior Management

41%

Maintained high levels of employee engagement

83%

Employee engagement

The events of the last year have accelerated the adoption of new ways of working. We have implemented several initiatives in FY21 that provide employees with greater access to skills and training in order to encourage personal growth and development as they continue to adapt to this new normal.

We appreciate that the impacts of COVID-19 have affected people differently, which means it is critical for us to build on our culture of diversity and inclusiveness. This will in turn enable our business to benefit from greater breadth

of thought, more informed decision-making and improved employee engagement and talent retention.

In FY21, we continued to focus on strengthening Stockland culture to help our workforce adapt to times of significant change. To achieve this goal, we evolved our approach to employee listening to better understand the changing needs and experiences of our people, as well as providing them with the requisite skills to continue delivering on our business strategy and purpose.

EMPLOYEE LISTENING

We worked with our employee engagement survey provider in FY21 to transform our annual survey into a series of smaller pulse surveys. The intention of this approach was to offer employees more opportunities to provide feedback on specific issues that occur at certain points throughout the year. It also narrowed the scope of employee feedback, which made it easier for our leaders to implement solutions. This has been supported by the evolution of our data analytics capabilities. Business leaders are now provided with greater ownership of people data, as well as Microsoft workplace analytics software and Power BI People Dashboards, which enables them to interpret and respond to feedback more efficiently. In FY21, these new systems helped support improvements relating to the quality of meetings, reducing individual cognitive load and enhancing flexible work practices.

Our employee engagement results remained strong in FY21, especially when benchmarked against other Australian companies and industry norms. We maintained high engagement at 83 per cent this year, which is 5 points

above the Australian National Norm. This result was underpinned by an increase in our people's belief in the goals and objectives of Stockland, as well as strong results in 'Diversity & Inclusion' and 'Corporate Responsibility and Sustainability'. We also saw notable improvements in our major areas of strategic focus over the past two years, which include 'Senior Leadership', 'Alignment and Communication of Strategy' and 'Collaboration'. Our 'Sustainable Engagement' score declined 2 points from last year but remains strong relative to industry benchmarks. This was driven by a perception that it was more difficult for employees to perform their roles this year with the tools and resources available to them. This feedback has intensified our focus on process improvement, building capability and enhancing flexibility to ensure that our workforce can continue to function as we adapt to new ways of working.

A larger sample of survey results is provided in our **ESG Data Pack**.

CAPABILITY

Our commitment to building employee capability at Stockland was reinforced in FY21 due to the changes affecting our working environment. This led to the enhancement of our enterprise-wide learning and development strategy, as well as changes to our internship and graduate development program.

In FY21, we converted all key training programs to virtual learning experiences. This was a response to COVID-19 and also part of a deliberate strategy to improve employee access to our learning and development resources. We also expanded 'Leader Zone', our online resource for leaders that comprises three modules on 'Leading Real Conversations', 'High Performance Planning' and 'Development Conversations'. A total of 235 employees participated in 25 of these virtual training sessions over



the course of the year. By further upgrading our systems and processes, we accelerated our move to 'just in time' learning, which allowed our people to more efficiently learn and apply their new skills on the job.

In February 2021, Stockland welcomed its largest ever cohort of 22 Graduates to our two-year program, which brought our total number of Graduates in our two-year rotation program to 38. We continued to achieve a favourable gender split with close to 60 per cent female Graduates in this year's cohort and strong female representation in typically male-dominated teams such as Development, Project Management and Technology. The graduate development program includes on-the-job training, structured formal learning and career planning to help our new employees build important capabilities while

paving the way for entry into full-time roles at Stockland at completion of their Graduate program. In FY21, we ranked in the top 20 in the AFR Top 100 Graduate Employers (up 2 places from FY20) and achieved the award for Most Popular Employer in the Property, Infrastructure & Logistics sector.

In support of our commitment to diversity and inclusion, Stockland also offers internships through our Stepping Into program (for undergraduates who identify as having a disability) and Career Trackers (for undergraduates who identify as Aboriginal or Torres Strait Islander persons). In FY21, we welcomed 3 interns across both programs.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Maintain an employee engagement score of 80 per cent or above, and above the Australian national norm.	83 per cent employee engagement score, 5 points above the Australian National norm.	
Deliver progress against our Reconciliation Action Plan (RAP), including developing a cultural learning program and at least one internship for an Aboriginal and Torres Strait Islander student through our Career Trackers pilot in FY21.	We are currently developing the cultural learning program in partnership with external experts. We have 1 Career Trackers student who identifies as an Aboriginal or Torres Strait Islander person.	

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



People Strategy

The various changes we've made to our People Strategy and programs across the organisation have delivered more meaningful career pathways for our people and supported the delivery of Stockland's strategy in unprecedented times. We will continue to evolve our approach to employee listening and professional development to help inspire and equip our workforce to enhance their performance and wellbeing.

Our key employee engagement target for the next year is to maintain an employee engagement score of 80 per cent or above, and above the Australian national norm. More information on our future strategic priorities related to employee engagement can be found in our People Strategy, which is detailed in our **Annual Report**.



Goal 8 Decent Work and Economic Growth

These initiatives will enable us to continue to make further contributions to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Diversity and inclusion

To support our Diversity and Inclusion strategy, we have established five Employee Advocacy Groups (EAGs), which are represented by a mix of employees with different demographic backgrounds and roles within Stockland. Our EAGs now cover:

- Gender equity
- Flexibility
- LGBTI+
- Wellbeing
- Accessibility and cultural inclusion.

These action groups are a key part of our commitment to consulting with our employees, raising awareness of diversity and inclusion and strengthening our culture.

Gender equity

We have strong and longstanding support for gender equity. This year has continued to reinforce the importance of maintaining a culture where we encourage and support career development and advancement of all genders.

Our previous CEO & Managing Director, Mark Steinert continued advocating for gender equity in the property industry as a member of the Property Champions of Change group. This was supported by strong comments made by our CEO and Head of People and Culture in FY21 regarding our zero-tolerance policy of harassment at Stockland. This demonstration of leadership and commitment to gender equity contributes to our ongoing recognition as an Employer of Choice for Gender Equality by the WGEA. Our new Managing Director and CEO will continue this strong advocacy role both within Stockland and the broader property industry.

Every two years we run an 18-month Senior Women's Sponsorship program, pairing talented women with members of our Stockland Leadership Team (SLT). From FY20 to FY21, we supported seven employees through this program, supporting them with skills and encouragement to grow and develop. This initiative continues to create career growth and exposure across the organisation. To help build on its success, we have eight participants confirmed for FY22.

We set targets for Women in Management (40 per cent), Women in Senior Management (40 per cent) and Women in Leadership Team (40 per cent) as part of our Diversity & Inclusion scorecard. In FY21, we met our targets for Women in Management (47.4 per cent) and Women in Senior Management (40.7 per cent). We did not meet our target for Women in Leadership (38.5 per cent in FY21). In FY22 we will be focused and continuing our progress on these important metrics.

Staying connected with employees during parental leave is an important way we support return to work rates. Our rate

of return from parental leave within the 12-month period was 83 per cent in FY21 and the number of men taking parental leave continues to increase year-on-year. Our 'Keeping in Touch' events invite those on leave back to their workplace. These events are run quarterly and generally consist of a panel discussion focused on providing business updates and transition to work advice. We aim to make the session interactive and encourage participants to share their experiences.

Other notable achievements in relation to gender equity include:

- annual campaign focusing on 16 Days of Activism to end Gender-Based Violence Launch of our Domestic Family Violence (DFV) First Responders network made up of 37 employees spread across our national footprint now equipped to help victims of domestic and family violence
- improved people data and reporting insights on gender equity for our leaders and employees
- launch of 40/40/20 gender targets within our project management job family

Flexibility

Flexibility@Stockland has long been part of Stockland's culture. The events of the last year have reaffirmed our view that workplace flexibility should continue to be actively encouraged as it becomes a more significant enabler of attracting and retaining employees of different genders, age groups and backgrounds.

Approximately 80 per cent of our people already had some form of flexibility arrangement in place prior to COVID-19, which gave us a strong foundation to build upon in FY21. These arrangements are supported by our flexible work policy, which provides resources and tools for employees to use as they customise their own working plan with their manager.

The key initiatives we've implemented in FY21 to bolster our approach to flexibility include:

- Developed and launched Stockland 'Hub and Home' hybrid work model.
- Held our annual Flex in Feb campaign to promote flexible ways of working. Currently 73 per cent of employees have a "One Simple Thing" agreement in place and 90 per cent of employees have a flexible work arrangement.
- Commenced a deep dive into exploring what flexibility can look like within an asset-based operational setting, trialling new practices in these parts of the business.
- Revised 'Dress For Your Day' and Carers policies to support greater flexibility.
- Continued to drive awareness of the wellness benefits of Flexibility through Flexible Working Day as part of employee wellbeing month in June 2021.

CASE STUDY

‘HUB & HOME’ – THE EVOLUTION OF WORKING FLEXIBLY

Due to the impact of COVID-19 on our workforce and operations, we recognised the need to evolve our flexible work practices. This led to the creation of ‘Hub & Home’, our hybrid work model aimed at encouraging all employees to better balance their personal and professional lives.

Our longstanding flexibility principles still apply to our hybrid model, and were reiterated in leadership team forums towards the end of 2020 to ensure we:

- work smarter, not longer
- recognise one side does not fit all – while flexibility should be available to all employees, it may look different for different business areas e.g. asset-based customer-facing split shifts or start times vs office-based synchronised team days
- reinforce trust and open dialogue
- focus on the triple win (individual, team, Stockland)
 - so we can sustainably deliver for our customers and securityholders.

The shift to our first iteration of Hub & Home was supported in numerous ways, including:

- Introduction of quiet areas to take online and phone calls
- Introduced group collaboration workspaces to comfortably fit more people into meeting spaces with physical distancing
- Staggered start / finish times as required dependent upon public transport and office attendance numbers

- Capability training for Managing Virtual Inclusive Teams and manager guidelines for collaboration and synchronised office work
- Social plans by office, including places for social events to encourage networking in COVID-safe environments and safe activation of cafes
- Ongoing communication with the Stockland Leadership Team on what is and isn’t working; what we are learning

Hub & Home is an evolving model and we have developed a measurement framework to measure its effectiveness from an organisational and individual lens. The framework gauges perceptions of continued productivity, collaboration, innovation and wellbeing by using data from Our Voice (our employee engagement pulse survey), trends from Workplace Analytics and office attendance data.

Preliminary findings support our views on the benefits of advancing flexibility in the workplace. Employee engagement data has shown flexibility plans drive a 20-30 per cent increase in job satisfaction, and those in the office 40-60 per cent of the week (2-3 days) seem to have more positive perceptions of engagement (markedly so compared to those in the office 80 per cent or more).



LGBTI+

It is important that our employees feel supported and comfortable to be themselves at work irrespective of their identity. In FY21, we sought to increase employee awareness and understanding of LGBTI+ issues through events such as Wear It Purple Day, IDAHOBIT Day and activations during Mardi Gras and Pride Week. This work was supported by continuous updates and changes to internal policies, employee surveys and external customer-facing communications to ensure our people are exposed to more LGBTI+ inclusive language.

Other highlights throughout the year include:

- establishment of LGBTI+ Ally network with over 224 employees
- achieved Bronze Status in the 2021 Australian Workplace Equality Index survey which helped benchmark LGBTI+ inclusive practice
- successful implementation of an All Gender bathroom option across all Stockland state offices

Wellbeing

The importance of employee wellbeing came to the fore over the last year. Our Wellbeing EAG implemented a series of targeted campaigns and other initiatives to help our workforce navigate the challenges associated with COVID-19. More information on these initiatives is provided in the [Health, Wellbeing and Safety](#) chapter of this report.

Accessibility and cultural inclusion

In FY21, Stockland took further steps to deliver on our commitment to improve equitable access and provide enriching opportunities for all by creating the Accessibility and Cultural Inclusion EAG. This group was established to reinforce our support for employees with disability needs, whilst also encouraging people to exercise their right to express their cultural identity and feel recognised and understood.

Accessibility

Looking beyond our own workforce, the changing needs of our customers and other stakeholders over the last year has made it increasingly important to provide equitable access to the places and opportunities we create.

The foundation of this commitment is our Accessibility and Inclusion Strategy, which was developed to respond to the needs of people living with disabilities within and around our communities. It helps integrate standards, such as those published by Liveable Housing Australia (LHA) and Changing Places, across our portfolio of assets.

This strategy has firm commitments which have translated to a number of key achievements in FY21. We completed sensory mapping assessments at four Retail Town Centres for the first time, which gave us new insights about how we could create a less overwhelming environment in our assets for people who live with autism. We also continued

the rollout of wayfinding apps for the vision impaired in our Retail Town Centres with the installation of BindiMaps at Stockland Forster and Nowra in NSW. This brings our total number of installations to six, although we divested one of these assets in FY21.

In order to spread further awareness about accessibility, we participated in this year’s International Day of People With Disabilities (IDPWD) by promoting employee stories through StockXchange and Yammer posts, as well as PurpleLightUp, a 24-hour Global Broadcast focused on the contribution of disabled employees.

More information on project-level accessibility initiatives is detailed in the case studies below.

Cultural inclusion

At Stockland, we encourage support for cultural participation, access and the right to express and interpret culture. Over 41 per cent of our employees identify as as culturally diverse. We encourage our employees to think about how they can personally contribute to Stockland being a more inclusive workplace. Our leaders also have a critical role to play in creating workplaces where a diversity of people feel valued and respected, have access to opportunities and resources, and can contribute their perspective and talents to improve the organisation.

Reconciliation and indigenous engagement are also key components of our cultural inclusion strategy. In March 2021, we launched our third Reconciliation Action Plan (RAP), which will guide Stockland’s reconciliation efforts over the next two years.

Our first two RAPs have taught us the importance of our shared histories, cultures and achievements. The aspirations and commitments in our new RAP will help us contribute further to building relationships, showing respect and creating economic and social participation opportunities for First Nations communities across Australia. The diversity of Stockland’s skills and the breadth of our reach means we have a unique opportunity to make a difference.

The key commitments of this RAP include:

- mentoring Indigenous students
- increasing procurement from Indigenous suppliers
- providing employment opportunities to First Nations people
- recognising Indigenous people and culture during design and placemaking
- developing an engagement strategy and cultural learning framework

More information on our Reconciliation Working Group and the ways in which we’re enhancing our focus on reconciliation and indigenous engagement is provided in the [Responsible Supply Chain Management and Human Rights](#) chapter of this report.

CASE STUDY

INCLUSIVE PLAYSPACES

Through our work with children's charity Variety, Stockland has delivered three new inclusive playspaces during FY21 at our Retail Town Centres in Cairns (Qld) Merrylands (NSW) and Shellharbour (NSW). Playspaces are an integral part of our sustainability and placemaking strategies and are a key attractor of families to our centres. Our longstanding commitment to inclusive play principles and the process we use to engage the community in design, ensures that all playspaces we construct are accessible for children of all abilities.

The playspaces in each centre have a theme connected to the community that inspires their design for the children that will play and engage in the space. The focus on inclusive play makes interactive, friendly play more likely, enriching the experience for everyone and fostering a stronger appreciation of diversity and inclusion.

Shellharbour 'Ship Ahoy', features a fishing boat, pirate ship and the RRS Sir David Attenborough research vessel, where children are encouraged to interact, role play and play. Merrylands 'Global Village' celebrates the local

community's multi-culturalism and diversity through a vibrant and engaging space where children are encouraged to interact, role play and play. Working with the Community Migrant Resource Centre, 12 young women from new migrant and refugee backgrounds were involved in the design. Cairns 'Tropics of the imagination' has 3 play zones 'Reef, Rocks and Rainforest' featuring a giant Dugong creates a space where local families can enjoy the largest free indoor play area of its kind in North Queensland. In addition to the playspace for Cairns, a state of the art 'Quiet Room' has been provided nearby to allow families of children with autism to calm and reset after what can sometimes be an overstimulating play experience.

The continued rollout of these spaces has brought the total number in our Commercial Property portfolio to eleven. We also have six across our Residential business, with two more planned for FY22.

Image: Stockland Cairns (Qld)



CASE STUDY

SENSORY MAPPING

Stockland has had a long-term focus on accessibility in our Retail Town Centres to improve the customer experience for people who live with disability. Many people who visit our centres experience challenges with the high sensory environment that is common in a shopping centre, particularly those people who live with autism, whose experience as a customer is very different most of our customers. Autism is a condition that affects how a person thinks, feels, interacts with others, and experiences their environment. It is estimated that 1 in 70 people are on the autism spectrum.

In FY21, we commenced working with ASPECT (Autism Spectrum Australia), a not-for-profit organisation who describe themselves as Australia’s largest autism-specific service provider. ASPECT works in partnership with people of all ages on the autism spectrum and their families to deliver evidence-informed solutions that are person-centred, family-focused and customer driven. These solutions provide people on the autism spectrum with the opportunity to realise their unique potential, as well as

providing much-needed support to their families, carers, friends and colleagues.






An area of expertise ASPECT offers is to undertake environmental assessments or ‘sensory mapping’ of indoor environments to identify areas of high sensory stimulation that people may prefer to avoid if they had access to information and able to plan ahead. In FY21, we undertook sensory mapping exercises at Stockland Merrylands (NSW), Green Hills (NSW), Wetherill Park (NSW), and Shellharbour (NSW) which has given us new, valuable insights into how we can create a less overwhelming environment in our Retail Town Centres for people who live with autism.

From the assessments our aim is to develop a sensory map and other resources such as visual stories so that we can promote community autism awareness and provide people with information to help them plan a visit to our Retail Town Centres and provide a better customer experience.

Image: Stockland Wetherill Park (NSW)



PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
40% Women in Management (in-line with our gender balanced workforce of 40/40/20 across all levels).	47.4% Women in Management in FY21.	
40% Women in Senior Management (Senior Managers, General Managers and Stockland Leadership Team), in-line with our gender balanced workforce of 40/40/20 across all levels).	40.7% Women in Senior Management in FY21.	
40% Women in Senior Leadership (General Managers and Stockland Leadership Team) in-line with our gender balanced workforce of 40/40/20 across all levels).	38.5% Women in Senior Leadership in FY21.	
Achieve 10% improvement in Australian Workplace Equality Index (AWEI) score and Bronze status	Bronze status maintained but only 4% improvement achieved in FY21. Shortfall caused by not meeting COVID-related items (e.g. face-to-face engagement via conferences and training).	
Increase number of employees working flexibly to over 80% as measured by employee pulse survey.	90% of Our Voice respondents told us their team has a plan in place which allows them to work flexibly.	

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



People Strategy

In order to maximise the potential of our people, we will continue to enhance the diversity of our workforce and build on Stockland's culture of inclusion. This is key to creating a sense of belonging and community and delivering on our purpose.

Our key diversity and inclusion targets for the next year include:

- achieve a Diversity & Inclusion index score (as measured by Our Voice survey) of at least 1 per cent above Australian national norm
- achieve 40 per cent Women in Management, 40 per cent Women in Senior Management and 40 per cent Women in Leadership (in-line with our gender balanced workforce of 40/40/20 across all levels)
- achieve parental return rates of 80 per cent
- achieve WGEA citation

More information on our future strategic priorities related to diversity and inclusion can be found in our People Strategy, which is detailed in our [Annual Report](#).



Goal 5 Gender Equality and Goal 8 Decent Work and Economic Growth

The work we're doing related to diversity and inclusion is allowing us to make contributions to the goals to "achieve gender equality and empower all women and girls" and decent work and economic growth by enabling our workforce to continue work flexibly in safe and secure working environments as they continue to navigate the challenges associated with COVID-19.

Health, safety and wellbeing



The impacts of COVID-19 have amplified our focus on delivering strong and healthy places where our employees, tenants, residents, customers and suppliers can feel safe and contribute to their full potential.

Key achievements in FY21

Australians reached through mental health awareness campaigns

250,000

Maintained low employee lost time injury frequency rate (LTIFR)

3.4

Achieved a Residential Personal Wellbeing Index score

79.4%

2.4% above Australian national average

Achieved a Retirement Living Personal Wellbeing Index score

84.4%

7% above Australian national average

Employee wellbeing

The impacts of COVID-19 have amplified our focus on the health and wellbeing of our people. We introduced a range of new initiatives in FY21 to ensure we continue to deliver strong and healthy places where our employees, tenants, residents, customers and suppliers can feel safe and contribute to their full potential as COVID-19 continues. The achievements, targets and future priorities detailed in this chapter demonstrate how we are delivering on our strategy to empower people to live healthy and connected lives.

RESPONDING TO THE IMPACTS OF COVID-19

The importance of employee wellbeing came to the fore throughout the last year. We appreciate that stress and anxiety can impact job performance, employee satisfaction and talent retention, which ultimately affects the achievement of organisational goals and objectives. We have consequently enhanced our focus on physical and mental health by implementing targeted strategies and utilising our mental health partnerships to help our workforce navigate the challenges associated with COVID-19.

Targeted campaigns and initiatives

Our Wellbeing EAG has developed and launched a series of wellbeing campaigns in collaboration with our CARE Foundation partners ReachOut and R U OK?.

- *Mental Health Month in October 2020* – encouraged all employees to think about their mental health and wellbeing, regardless of whether they may have experienced mental illness. The campaign involved sharing stories with other Stockland employees and our CARE partners. Employees also had the option to participate in Coffee Roulette, an online forum that encourages meaningful connections and regular check-ins by connecting employees based on common working days.
- *Employee Wellbeing Month in June 2021* – designed to encourage our people to make time to try something new, get active and prioritise their mental and physical wellbeing. In order to raise awareness of this campaign, we promoted a variety of ways employees can stay physically and mentally well, and shared tips, stories and activities on Yammer and stockXchange. Employees could win prizes by posting stories and examples of participation on these mediums.

- *Wellness on Demand in July 2020* – launched by Wellness Solutions, Wellness on Demand provides all employees with a suite of instructional videos on activities such as Yoga, Pilates, and Meditation, as well as higher intensity classes like Cardio, Strength and Dance.

Temporary Pandemic Leave was made available to employees if they were prevented from working (including working remotely / from home) due to COVID-19. This covered employees who were required to self-isolate or quarantine while waiting for the results of a COVID-19 test, or because of measures taken by government or medical health authorities in response to the pandemic.

Additional communications throughout the year were provided by the Wellbeing EAG Sponsor (and Stockland Leadership Team member) with references to our internal Wellbeing@Stockland website, Benestar EAP service (MyCoach), CARE Partner resources, Flex Guides, as well as Domestic and Family Violence Support. Further support has been provided by the People & Culture team to encourage use of existing Leader Zone tools relating to individual self-care and wellbeing.

This year, we continued to work collaboratively with our CARE Foundation partners, RUOK? and ReachOut on regular events to help our employees navigate social isolation, stress, workplace pressure and sleep. We ran a sleep and productivity webinar for over 300 employees and commenced an internal research project into psychological safety.

Moving forward, we will continue to provide our workforce with opportunities to advance their physical and mental health as the pandemic continues.

CASE STUDY

WELLNESS LOUNGE AT STOCKHOME

In March 2021, we launched a trial of the Wellness Lounge at our Sydney head office, Stockhome. The Wellness Lounge is open to all local employees to deliver a mind and body ‘tune up’ through four unique spaces:

- Yin Room - designed to provide a relaxing experience with yoga, Pilates, breathing, meditation and stretch classes. This room also provides a dedicated space for prayer inclusive of foot wash basin and privacy screens.
- Yang Room - designed to provide a more active experience with cardio, strength, barre, dance, spin and boxing classes
- Quiet Zone - offers ultimate relaxation, utilising modern equipment including meditation and oxygen chairs, a massage chair and a relaxation chair, which can be used for 8 to 15 minute relaxation sessions
- Breakout Zone – this comfortable and informal space invites you to take a break from your busy day, collect your thoughts or practice some quiet meditation



Most of these sessions are booked online, with others remaining available throughout the day as ‘drop-in’ sessions.

The Lounge is constantly being monitored for technical issues and usage patterns, which will inform the trial of a customer app, Mindbody. This will provide a booking and marketing portal to allow for external participation in the future.

The Wellness Lounge plays an important role in our Future of Work thinking and will be considered for use across more of our assets and future developments.



PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Maintain our Wellbeing Index Score at 3% above the Australian Norm and meet global high performing norm.	On track. Final results to be released after September 2021 pulse survey.	
Achieve an improvement in “I feel anxious at work” result in Our Voice by achieving a score of over 55% in FY21.	On track. Final results to be released after September 2021 pulse survey.	

We are continuously looking for opportunities to connect our workforce to new tools, resources and programs to assist them adopt and maintain healthier behaviours. This will remain a key priority for the business over the next 12 months as our people continue to navigate the ongoing impacts of COVID-19.

By encouraging our workforce to enhance their mental and physical health and wellbeing through targeted campaigns and other forms of engagement, we are making contributions to Goal 3 (Good Health and Wellbeing) and Goal 8 (Decent Work and Economic Growth) of the UN Sustainable Development Goals.

Our key employee wellbeing target for the next year is to maintain our Wellbeing Index Score above the Australian national norm. More information on our future strategic priorities related to employee wellbeing can be found in our People Strategy, which is detailed in our [Annual Report](#).

Customer wellbeing

As Australia’s largest diversified property groups, we have a responsibility to help our customers feel safe and healthy in the places in which they live, shop and work. We believe there is a better way to live and our goal is to create and shape communities that enable our customers to advance their health and wellbeing now and into the future.

In FY21, our efforts to advance customer wellbeing were delivered mainly through our Stockland CARE Foundation and its collaborative partnerships with ReachOut Australia, R U OK? and Redkite. This was supported by our state employee volunteer committees, who ran numerous events, fundraisers and volunteering activities throughout the year.

Highlights included:

- Collaborative activation by all four of these organisations during October 2020 for ‘Mental Health Month’ under the tagline ‘The Power of Connection’. This was a digital brand and marketing campaign, which tapped into the resources of our national strategic partners to provide vital resources to our customers and communities on mental and physical wellness.
- Reached over 250,000 Australians raising awareness of mental health, social isolation and importance of connection by sharing resources, information and communications.

In the coming years, we will continue to advance the health and wellbeing of our customers, with particular focus on delivering resilient communities where people can maintain strong connections and a sense of belonging through challenging times.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Identify opportunities to promote R U OK?'s Indigenous 'Stronger Together' campaign across Stockland assets during NAIDOC Week 2020.	Work was undertaken with R U OK? during its campaign to share relevant communications and discuss ideas for future campaigns including key messaging through our workplace logistics portfolio.	●
Conduct a nationwide digital campaign for R U OK? Day at our Retail Town Centres to promote our CARE Foundation partner charity R U OK? and increase awareness of the importance of mental health.	Through the CARE Foundation, R U OK? has worked to conduct a digital campaign across the whole business during Mental Health Month which focused on the "Power of Connection" and ensured key messaging about the importance of mental health was received.	●
Maintain a resident Personal Wellbeing Index (PWI) score above the Australian National average.	Achieved a PWI of 79.4 per cent compared to the National average of 74-77 per cent.	●
Maintain a Retirement Living resident PWI score above the Australian national average.	Achieved a PWI of 84.4 per cent nationally compared to the National average of 74-77 per cent.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Healthy and connected living

Moving forward, we will remain committed to creating places and experiences that help our customers enhance their physical and mental wellbeing. Our partner organisations and the community development initiatives they help us run will continue to play an important role in raising awareness of health-related issues in our communities.

More information on our future strategic priorities and targets related to customer wellbeing can be found in our [ESG Data Pack](#).



Goal 3 Good Health and Wellbeing

This work is allowing us to make further contributions to Goal 3 (Good Health and Wellbeing) of the Sustainable Development Goals.

CASE STUDY

'YOUR NATTER MATTERS': R U OK? SENIOR AUSTRALIANS CAMPAIGN

R U OK? joined Redkite and ReachOut as a National Strategic Partner of the Stockland CARE Foundation in 2019. As part of this partnership Stockland CARE Foundation is working closely with R U OK? to launch its first national campaign for Senior Australians.

The social scaffold of family, friends, workmates and the broader community with whom people interact are a key contributor to a person's wellbeing. For Senior Australians this might be caused by the loss of a partner, health issues or significant changes to their life or family circumstances.

'Your Natter Matters' is a public education campaign aimed at Australians aged 65+. The campaign tailors the R U OK? message to this audiences in a way that is safe, relevant, memorable and practical, empowering our seniors to use their experience to support each other through life's ups and downs.

Improving the mental wellbeing of older people and helping them to retain their independence can benefit families, communities and society as a whole. Those seniors at risk of poor mental wellbeing or losing their independence may reduce, delay or avoid their use of health and social services, so it is imperative to provide them with resources.

The campaign taps into the power of connecting through conversation. Printed and digital resources have been developed with the support and guidance of seniors, advocates, researchers, and those working with older Australians.

Learn how to ask at www.ruok.org.au.

Image: Selandra Rise Retirement Village (Vic)



Health, safety and security

Stockland understands the importance of creating healthy, safe and secure environments for its customers, contractors and employees. We remain committed to fostering a culture where continuous improvement of our health and safety performance is part of our normal business practice.

In FY21, our first priority was the health and safety of our people due to the ongoing impacts of COVID-19 and the subsequent disruption to the business. Throughout the year, we have responded to these challenging events by evolving our systems and processes to provide safer working environments.

HEALTH AND SAFETY INITIATIVES

LTIFR Improvement Plan

Our LTIFR Improvement Plan has evolved over recent months to include a more targeted approach to injury prevention. We established forums that facilitate risk-based discussions with employees most likely to incur injuries based on previous data, including gardening and maintenance officers.

We also held one-on-one interviews with injured workers to better understand their experience and

identify improvement opportunities with regards to injury prevention and returning to work. In addition, we completed a peer review of our LTIFR Improvement Plan, leveraging established relationships with other risk functions across our industry to determine if additional control measures can be implemented. We continue to implement the enduring aspects of the Plan, including pre-employment medical assessments as well as Manual Handling and Injury Management Training.

EMPLOYEE HEALTH AND SAFETY

Fatalities and Lost time injuries

In FY21, there were zero fatalities and life changing injuries in our business, which is consistent with previous years. Our lost time injury frequency rate (LTIFR) was 3.4, which remained consistent with FY20. We believe that our continuous focus on injury prevention in line with our LTIFR Improvement Plan will improve our performance in FY22.

More information on our FY21 performance is provided in our [ESG Data Pack](#).

CUSTOMER SAFETY AND SECURITY

Bushfire Preparedness Reviews

Our Bushfire Preparedness Reviews for the 2020/21 bushfire season were completed in November 2020. Findings from the preparedness reviews were largely positive with no material or systemic risk issues identified. Asset and project teams were found to be displaying a heightened level of preparedness and an increased focus on bushfire management, which was anticipated due to the previous year's catastrophic bushfire season.

The key improvement opportunity identified by the reviews related to training and evacuation exercises, which required appropriate amendments to continue during COVID-19 restrictions. The review also suggested assets or projects located in bushfire prone areas implement other preparation and risk mitigation measures, such as the removal of fuel sources from sites (e.g. dead plant matter, pallets), supply of P2 Particulate Respirators for workers

with respiratory conditions and banning use of machinery with internal combustion or heat engines during extreme fire conditions.

Emergency management during COVID-19

This year, we sent out communications to our head offices related to emergency management during COVID-19. As many employees are currently working remotely throughout the year, staff have been reminded that Fire Wardens and First Aid Officers may not always be present. Accordingly, office staff are now expected to be familiar with emergency response protocols. We will continue to communicate any changes to evacuation procedures and warning systems to our teams as we evolve our 'Hub & Home' model.

CYBER SECURITY

Technology and data safety is an integral part of the overall working environment and there have been several measures put in place in order to protect Stockland's business and employees from cyber security related threats. As we continue to digitise our business, protecting our information and the privacy of our customers has become increasingly important.

During FY21, we strengthened our cyber security posture by:

- appointing a head of cyber security (General Manager for Information Security) and extending our cyber security team

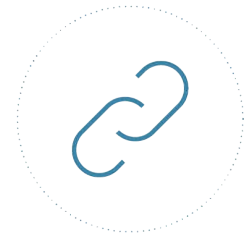
- extending user security awareness training and providing more cyber-related communications to end users
- developing a third-party risk management framework
- conducting targeted security reviews and security incident response simulation exercises
- implementing a heightened level of monitoring and alerting with automation (Security Information and Event Management, Vulnerability Management, Threat Intelligence)

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Evolving Sights On Safety by adopting a deep dive approach to high risk areas across all asset classes (e.g. hazardous materials).	Completed Bushfire Preparedness Reviews in FY21. Findings were largely positive with no material or systemic issues identified. Our teams displayed a heightened level of preparedness which was expected following the previous year's catastrophic season.	
Review and streamline the Operational Risk Audit & Assurance program including the scope of audit parameters.	Completed strategic review of our audit program and engaged external specialists to review and verify our audit criteria.	

We remain committed to providing safe and secure working environments for our people. The changing nature of the COVID-19 pandemic means that we must continue to review the risk policies, systems and processes we have in place to support our employees, customers and contractors. More information on our future strategic priorities and targets related to health and safety can be found in our [ESG Data Pack](#).

Responsible supply chain management and human rights



Our commitment to promote responsible supply chain management and human rights **underpins our business activities and stakeholder relationships.**

Key achievements in FY21

Achieved Indigenous procurement target twelve months early

\$10m

spend in FY21 alone

Launched modern slavery e-learning module (mandatory for all employees)

100%

Mapped our sustainable procurement practices against

ISO 20400

Category A (high risk, high spend) suppliers awareness of modern slavery issues

100%

Supply chain management

Our commitment to promote responsible supply chain management underpins our business activities and stakeholder relationships. This year, we partnered with over 3,800 suppliers including construction contractors, professional services consultants, building services providers and suppliers of office products. We work to

build strong partnerships with these suppliers so they are motivated to operate in a manner that is consistent with our values and standards, as well as the high standards of governance and legislation relating to human rights and labour standards in Australia.

SUPPLY CHAIN FRAMEWORK AND GUIDELINES

The foundation for responsible supply chain management at Stockland was formalised in FY16 when we developed our first supply chain framework. The primary purpose of this framework is to hold our suppliers accountable for demonstrating our values and expectations. It also puts the onus on Stockland to respond to any environmental, social, and labour practice risks or impacts identified during the work we do together.

Our commitment to continuously improving our supply chain management has resulted in the implementation of our policy 'What Stockland Expects from its Suppliers'. This policy details key considerations for our suppliers – such as health and safety, materials and resource use, human rights and local employment – organised according to the core themes of the supply chain framework. We reinforced the communication of this policy in FY21 through various mediums including webinars with suppliers, embedding the policy requirements in our contracting precedents, and supplier on-boarding practices. All suppliers are also required to formally acknowledge our What Stockland Expects of its Suppliers policy as part of the supplier on-boarding process.

We continue to engage with our suppliers on various other themes and initiatives that support our supply chain framework, such as the Sights on Safety initiative, as well as emerging issues such as modern slavery. This year, we commenced our internal due diligence process to map Stockland's sustainable procurement practices against ISO 20400 in addition to the Modern Slavery Act strategy. This initiative is another action taken by Stockland to reinforce the importance of ensuring our business practices are sustainable and relevant in the current environment.

We did not terminate any supplier agreements in FY21 due to actual and potential negative environmental, social, or labour practice-related impacts. Where potential issues are identified, we engage with the supplier to learn more about the issue and implement mitigation and monitoring strategies through corrective action plans. We provide the necessary support and encouragement to those suppliers who have a plan and a commitment to demonstrate continuous improvement.

GOVERNANCE AND MANAGEMENT

As part of our direct and asset management procurement due diligence process, we undertake a legal, reputational and a financial viability assessment of our Critical Tier 1 suppliers and Sustainability High Risk suppliers. We also conduct contract assurance reviews to assess the end-to-end procurement process. This ensures that our procurement governance and contract obligations are met by Stockland and the supplier (contractor). The contract assurance reviews include all development works, including civil and infrastructure projects, built form-communities projects and commercial property projects.

Within our asset management portfolio, our facilities management contracts pertaining to preventative and corrective maintenance services include key performance indicators, which govern our suppliers' performance in delivering the services.

We continued our approach to strengthening stakeholder management and engagement via our National Procedure for Stakeholder and Supplier Management to maintain key stakeholder and supplier relationships. This procedure delivers a proactive and consistent approach to capturing valuable conversations with our stakeholders and suppliers, as well as measuring and sharing performance throughout the business. The engagement process is two-way, with feedback regularly sought from suppliers on Stockland's performance.

MATERIALS

Stockland is progressing its approach to identifying potential risks in our supply chains of construction materials. In FY21, we extended the scope of our materials assessments from modern slavery risks to other factors such as health and safety, embodied carbon and circular economy principles. The analysis was performed at Stockland’s Coomera Foreshore (Qld) and Vida North Lakes (Qld) medium density projects to assess the risk profile and sustainability of five materials: aluminium, bricks, tiles, carpet and cladding.

In order to understand the relative ‘circularity’ of these materials, we analysed both upstream supply chains and downstream material journeys. Coreo, who we collaborated with on this project, developed a Circular Economy Maturity Assessment (CEMA) to help us understand the relative performance of these materials

and the maturity of the suppliers’ transition towards a circular economy. This assessment generated a ‘circularity score’ and a carbon footprint for each material based on factors such as recovery potential, energy and water use, and material content.

We have established a working group to ensure the outcomes of this work are embedded into our materials strategy. This will enable us to make more informed decisions during product and materials selection in the future. The development of an extensive materials database and a supplier due diligence system will help us extend these insights across the rest of our portfolio, including retail and office and industrial projects. We continue to assess modern slavery within building materials as detailed in the below case study.

HEALTH, SAFETY AND QUALITY

Stockland’s ongoing commitment to Sights on Safety was further demonstrated through an acknowledgement campaign, which was held on all construction sites to recognise the safe work of our suppliers through FY21. This also coincided with R U OK? Day.

Sights on Safety has been a critical part of our management of construction works through the COVID-19 period. Stockland released regular information sheets throughout FY21 to increase awareness of Sights on Safety "better practice". We spoke to this initiative in our ‘What Stockland Expects from its Suppliers’ webinar, including serious

incident performance statistics and information related to COVID-19.

Stockland also has a Quality Working Group, which focuses on key strategic initiatives that ensure a quality product and experience is provided consistently to our customers, delivering on our purpose of ‘a better way to live’. In response to the market volatility experienced in FY21, the Quality Working Group has concentrated on supplier solvency, access to materials and ensuring quality is maintained in a market that is impacted by reduced labour availability.

INNOVATION, CAPABILITY AND CAPACITY

Stockland continues to track, test and discuss supplier capability and capacity against our work pipeline to ensure we maintain a sustainable and achievable balance of appointed work. As an example, a corporate scorecard analysis is utilised to test supplier financial capability on a regular basis and in line with potential award values and timelines, as well as with shifting market cycles that adjust risk profiles.

We continue to encourage our suppliers to participate in programs initiated by the Supply Chain Sustainability School, of which we are a founding member, member of the Advisory Board and financial contributor. The School has over 1,900 people registered and over 1,000 unique organisations engaged, ranging from small businesses to large organisations in the public, private, and non-for-profit sectors.

SUPPLY CHAIN PROCUREMENT OVERVIEW

Our commitment to diversifying our network of suppliers took a significant step forward in 2021 with the achievement of our First Nations procurement target (indigenous supplier spend of \$4m by April 2022), which we did twelve months ahead of schedule. In fact, our spend in 2021 alone is approximately \$10m. We are working with Hansen Construction in North Queensland, Rork Projects on a Logistics project in Sydney, and running an all-indigenous tender for car park works in the Retail Town Centre portfolio.

To help accelerate our journey to supplier diversity, the National Project Management team has received training on utilising Supply Nation, an online database of majority indigenous-owned businesses with over 4,000 suppliers registered nationally. This has enabled our teams to more easily identify businesses around Australia that may be suitable Stockland suppliers.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Launch our procurement management system that includes an increase in sustainability objectives for suppliers (part of our internal Core Systems program).	Our procurement management system went live in August 2020.	●
Undertake a gap analysis of direct procurement practices against the international standard for Sustainable Procurement ISO 20400.	We worked in partnership with KPMG, which delivered the results of this gap analysis in December 2020.	●
Improve social and economic outcomes for Aboriginal and Torres Strait Islander people through increased indigenous procurement.	Indigenous spend of \$10m in FY21, which meant we achieved our indigenous spend target of \$4m by 2022 twelve months early.	●

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Inclusive and accessible living

In order to further strengthen the social and environmental performance of our supply chain, we will focus on:

- developing a sustainability impact tool, aligned to our [2030 Sustainability Strategy](#) key focus areas and goals, to help our built form project teams have strategic conversations with internal and external stakeholders about the environmental, social and economic issues most relevant and valuable to their projects
- refining our supply chain practices by conducting a deep-dive assessment into a selected manufactured product to build a proof of concept that can be extended to other high risks products in our supply chain.

More information on our future strategic priorities and targets related to our supply chain can be found in our [2030 Sustainability Strategy](#) and the People section of our [ESG Data Pack](#).



Goal 8 Decent Work and Economic Growth

These initiatives will enable us to continue to make contributions to this goal by promoting sustained, inclusive and sustainable economic growth, as well as productive employment and decent work for our broader supply chain.

CASE STUDY

ALL-INDIGENOUS TENDERS

We often include Indigenous contractors in our tenders as part of our commitment to diversifying our supplier network. In the past, we've found that Indigenous businesses are often at a disadvantage to other bidders due to inexperience or simply being unfamiliar with Stockland and its tender processes. In order to address this issue, we trialled a number of 'all-indigenous tenders' in FY21 across various projects and work packages.

The first step in this process involved identifying a suitable candidate pool. We worked in partnership with Supply Nation to identify a shortlist of fourteen Indigenous-owned businesses who were most likely to fulfil our tender requirements. We then went through an extensive Expression of Interest (EOI) phase to collect more detailed information about these organisations. This involved significantly more time and resources than a typical Stockland tender. Each of the fourteen contractors was assigned a separate Stockland Project Manager, who arranged face-to-face meetings as the first point of contact. During this meeting, Project Managers were responsible for explaining our RAP commitments to the contractors before issuing the EOI. We also worked with Njurrá Advisory to ensure the modifications we made to our standard EOI

package were vetted for cultural sensitivity. This gave us key insights into how Indigenous groups do business and a greater appreciation for the indigenous-related initiatives they facilitate to help support their local communities.

Our procurement teams selected three different projects that were suitable for this pilot. Importantly, the work packages we advertised had broad applicability to our different asset classes and locations. This helps successful bidders become eligible for further Stockland projects in the future. The due diligence process is ongoing for each of these projects, with the expectation that we will commence work with the successful bidders in late 2021.

In addition to increasing our Indigenous procurement spend, this initiative will ensure that many of these Indigenous contractors will become better equipped to compete in Stockland tenders in the future. This process also identified other opportunities for shortlisted contractors to work with Stockland based on their skills and experience.

Image: Stockland Nowra development (NSW)



Modern slavery

Forced, bonded and compulsory labour are serious human rights violations. It is incumbent upon us, as Australia's largest diversified real estate group, to use our leverage to prevent these forms of abuse.

WHAT IS MODERN SLAVERY?

Modern slavery is the severe exploitation of other people for personal or commercial gain. It takes many forms, including human trafficking, forced labour, debt bondage, and descent-based slavery. 40 million people are estimated to be trapped in modern slavery worldwide, with 1 of 4 those children and almost three quarters (71 per cent) women or girls.

We have previously developed a modern slavery supplier assessment tool in partnership with the PCA, subject matter experts and 14 other PCA member groups. The key objective of this work was to enable organisations to adopt an industry-wide approach to conducting modern slavery risk assessments. The assessment requires suppliers to complete over 100 questions on modern slavery, covering topics such as risk awareness, policies, and subcontracting activities. By providing all suppliers across the sector with a shared platform to record their feedback, we can increase the transparency of industry performance and the efficiency of this process.

We took practical steps in FY21 to extend this tool across a larger proportion of our supplier base.

All Category A suppliers (categorised as high risk, high spend) are now required to complete the Assessment as part of our contract award process. We also extended

this Assessment to our Category B suppliers (categorised as high risk, low spend) in FY21, reaching 43 per cent by year end. There has been a significant increase in our Category A supplier awareness and understanding of the Modern Slavery Act and modern slavery risks. Our suppliers have increased their understanding of sub-contracting arrangements in their supply chains and are working to increase visibility in this area. There is opportunity to engage further with our Category B suppliers on their understanding and plans to address modern slavery risks.

We use various other initiatives and collaborate with stakeholders to continuously improve our awareness of modern slavery risks. This year, all Stockland employees were required to complete Group-wide training. Our tailored modern slavery e-Learning module, which is delivered virtually, was mandatory for all Stockland employees. Modern slavery-related key performance indicators (KPIs) were included in the Balanced Scorecard for the relevant key management personnel to further encourage our workforce to take more responsibility for the operations and supplier networks under their control. Moving forward, we will embed improvement opportunities in our asset level procedures to enhance our due diligence and front-line worker engagement.

We're also committed to continue working with industry experts, civil society (including the UNGC) and other peers to develop a more robust and collective strategy for remediating modern slavery risks within the property sector's broader supply chain.

For more information please read our [FY21 Modern Slavery Statement](#).

CASE STUDY

PROJECT-LEVEL MODERN SLAVERY ASSESSMENTS

In FY21, we developed a new way of assessing human rights risks in our supply chain.

This work was completed at our Macquarie Park Redevelopment Project in Sydney, where we collaborated with Action Sustainability and our contractor, FDC on the development of a project risk assessment tool and supplier engagement strategy to help advance the sourcing and labour practices of our suppliers.

Prior to this initiative, our risk assessments focused mainly on the fair treatment of labour, particularly across our facilities management services, which typically involve more labour-intensive and low-risk work. By bringing construction materials into the scope of these assessments, we have increased our awareness of high-risk products and extended the reach of our overall risk management framework.

The first stage of the project involved developing a project risk assessment tool. This used risk factors such as geographical location, industry profile and buyer and supplier practices to assign a risk profile to each work package and project trade. These findings formed the basis of a prioritisation process, which allowed project teams to select ten high-priority suppliers to strategically engage.

A questionnaire was sent to each of these suppliers, which sought to gauge their awareness of:

- Key supply chain risks facing their business
- Capabilities to address these risks
- Potential areas for improvement
- Opportunities for future support and co-operation

Further workshoping sessions were held between FDC and Stockland teams to discuss specific supplier engagement actions that could be implemented; both on this project and beyond.




This new approach to assessing human rights risk helped us better understand the extent to which our suppliers understand modern slavery and its various complexities. Importantly, we realised that most of our suppliers could be grouped into one of two ‘preparedness’ categories – those that are ‘getting started’ and those that are ‘advanced’. Accordingly, we have identified the following opportunities for us to implement on future projects:

1. Tailored training sessions for ‘suppliers getting started’ – this would help these groups understand the importance of human rights due diligence, the risk factors most prevalent in their line of work, and the external resources that can be used to support their ongoing management of these risks.
2. Supply chain mapping project with ‘advanced suppliers’ – Stockland and its contractors can work more closely with these suppliers on identifying the origin of high-risk materials and refining their management strategies to help improve their overall response.

Moving forward, this extra layer of scrutiny and due diligence will build on our long-standing commitment to preserve the rights and wellbeing of all people working in our supply chain and across our operations.



PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Complete annual assessment of 100 per cent of Categories A and B suppliers.	We completed annual modern slavery assessments for 100 per cent of Category A and 43 per cent of targeted Category B suppliers in FY21.	
All employees to complete modern slavery awareness training.	Our tailored modern slavery e-Learning module was mandatory for all employees in FY21.	
Establish modern slavery-related key performance indicators for key management personnel and other employees.	Incorporated modern slavery performance target measures in objective settings for key personnel in FY21.	

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Inclusive and accessible living

We're continuing to take practical measures to evolve our risk policies and processes to promote fair treatment of labour and address modern slavery risks across our business. This is a key part of our commitment to strengthening our social impact within our supply chain.

More information on our future strategic priorities and targets related to our human rights and modern slavery can be found in our [FY21 Modern Slavery Statement](#) and our [ESG Data Pack](#).



Goal 8 Decent Work and Economic Growth and Goal 3 Good Health and Wellbeing

The work we're doing in this space is allowing us to contribute to these goals by improving working conditions for our people and promoting full and productive employment and decent work for all.

Reconciliation

At Stockland, we imagine a future where our employees, customers, partners and tenants understand and appreciate the value that First Nations people bring to our business and the unique cultural contribution they make to Australia. Our commitment to strengthening our relationships with Aboriginal and Torres Strait Islander peoples will require us to continually reflect on new learnings and nurture these connections to ensure shared and cooperative success over the long term.

INDIGENOUS ENGAGEMENT

We continued to actively engage with First Nations peoples in FY21 to improve project and business outcomes.

Throughout the year, Stockland’s Reconciliation Working Group (RWG) came together across two workshops to design tools and resources to help us to understand how we can better engage with First Nations Peoples to develop long-standing, genuine relationships with our communities.

The Stockland First Nations Engagement Framework (SFNEF) articulates our model for engagement with First Nations communities. The Framework provides our employees with guidance and tools for project-level activities in the areas of community consultation, cultural heritage, procurement and employment.

In FY21, we put Indigenous engagement into action in a number of ways.

In Ripley Valley Queensland, we’re working closely with the Yuggera Ugarapul People (YUP) to grow opportunities in training and procurement, as well as ensuring continual cultural engagement throughout the delivery of our communities. The YUP people have considerable aspirations to secure business opportunities with Stockland and build a long-term sustainable relationship.

The YUP are the registered native title claimant, and we ensure Duty of Care through compliance with a registered Cultural Heritage Management Plan (CHMP) to manage cultural heritage matters across all projects in the Ripley Valley region, such as site inductions and how to manage artefacts found on site. These plans are largely process driven. In order to develop a more direct and meaningful way of engaging with the YUP people, we’ve also implemented a ‘Relationship Agreement’ – our industry-first, best practice approach to project-level engagement with local First Nations groups. These agreements are designed to be longer-term engagement strategies,

whereas CHMPs relate to more upfront management of items of cultural significant (such as artefact mitigation). They cover issues such as communication, procurement opportunities with Stockland, cultural input in project design, Welcome to Country events, and entry signage, among other things.





Stockland and the YUP have developed an innovative method of implementation and constant communication through the use of a reference group that ensures elders and the wider community have meaningful engagement with the delivery of the agreed outcomes. We are looking at extending these agreements – and the insights we’ve gained from this process – to future Stockland projects in Queensland and across the country.

Another example of the opportunities we can use to foster reconciliation includes the creation of two full time job opportunities with one of our leading Queensland landscaping groups, as well as a new working relationship with an Indigenous stakeholder on a land care project to help us improve our training and knowledge on caring for country.

Our commitment to genuinely engaging and collaborating with First Nations people is a reflection of our strong workplace culture of respect and inclusion. In May 2021, we conducted a virtual, all-employee National Reconciliation Week webinar to educate employees on our new RAP commitments, engagement strategy and how we’re putting these into action at various projects around the country.

Our new Reconciliation Action Plan and Reconciliation Working Group (with Stockland Leadership Team sponsorship) will continue to set the foundation for the delivery of new strategies and actions that will create opportunities for First Nations people and communities across our projects.

PROGRESS ON KEY TARGETS

TARGETS	PROGRESS	STATUS
Launch and implement Stockland's second Innovate Reconciliation Action Plan in FY21 to deepen our understanding of shared histories, cultures and achievements and explore ways we can contribute to reconciliation in Australia.	Launched our Innovate RAP in early 2021.	
Improve social and economic outcomes for Aboriginal and Torres Strait Islander people through increased indigenous procurement.	Achieved indigenous spend of \$10m in FY21, exceeding our target 12 months early.	
Deliver progress against our RAP, including developing a cultural learning program.	We have rolled out an Indigenous Cultural Learning module on our company learning portal, SuccessFactors. We have achieved a completion rate of 44 per cent to date, with a goal to achieve 70 per cent by December 2021. We are also developing a cultural learning strategy for implementation in FY22.	
Provide at least one internship via Career Trackers per year.	We have one Career Trackers student who identifies as an Aboriginal or Torres Strait Islander person.	

STRATEGIC PRIORITIES AND CONTRIBUTIONS TO THE SDGS



Inclusive and accessible living

The progress we've made this year has built strong foundations for deep and enduring relationships with First Nations peoples. This is a key part of our commitment to responsibly develop communities that provide enriching opportunities for all.

More information on our future strategic priorities and targets related to reconciliation and indigenous engagement can be found in our [2030 Sustainability Strategy](#) and our [Reconciliation Action Plan](#).



Goal 8 Decent Work and Economic Growth and Goal 4 Quality Education

Our efforts to improve awareness and share learnings about reconciliation and indigenous engagement – both internally and externally – are helping us make meaningful contributions to Quality Education. We're also contributing to Decent Work and Economic Growth by providing inclusive and productive employment opportunities for Aboriginal and Torres Strait Islander employees and indigenous-owned suppliers.

Governance



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ESG leadership at the Board and senior leadership levels is critical to integrating sustainability management and performance into our culture, processes and business relationships.

We recognise the importance of effective management and remuneration methods that promote and incentivise proactive approaches to ESG both at Group and asset level.

Making business decisions involves 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 adopts a balanced risk profile to maintain a sustainable business and ensure we remain an attractive investment proposition over the long term.

Please go to our [Governance Management Approach](#) for our comprehensive reporting on sustainability governance and risk management. Our annual Governance Report, prepared in alignment with the ASX Corporate Governance Principles and Recommendations is available in our [Annual Report](#) and on our [website](#). The following content is a brief overview of our sustainability governance.

Governance of sustainability strategy and performance

The Board

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

All directors of the Board are members of the Sustainability Committee, reflecting the integral role that sustainability plays in our business operations and brand value. This enables directors to be well informed and to engage in policy and decision-making relating to our economic, social and environmental performance. The Board Sustainability Committee Charter is available [here](#). In 2016, we initiated a Board Sustainability Sub-committee, which includes two independent directors with the purpose of approving reporting and providing strategic input on matters before consideration by the Sustainability Committee and Board.

Stockland Leadership Team (SLT)

Every member of our SLT has specific responsibilities relating to our sustainability performance, with strategic key performance indicators linked to our achievement of internal and external targets and objectives. Overall responsibility for sustainability at a Group level sits with our Chief Financial Officer (CFO) who reports directly to our Managing Director and CEO. Sustainability updates are submitted to the SLT each month, along with a Stakeholder Relations update that outlines all significant stakeholder issues.

Sustainability Steering Committee

Our internal Sustainability Steering Committee shapes and monitors our sustainability approach and strategy. The Steering Committee is chaired by the CFO and is composed of senior management from the various organisational departments including Strategy, Group Risk, Stakeholder Relations, Investor Relations, Project Management, Supply Chain, People and Culture, Operations, Development, Group Legal and Sustainability.

Sustainability strategy implementation framework

Sustainability is integrated and embedded into processes and systems across our business operations and project development life cycle. We have a proactive framework in place to support the implementation of our sustainability strategy across our communities, villages and assets.

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

For our operating assets, we establish annual asset management plans that are aligned with our sustainability strategy for all Retirement Living and Commercial Property assets. These plans incorporate strategic sustainability initiatives and objectives as per the annual asset planning cycle.

Risk management

We recognise the importance of building and fostering a risk-aware culture, such that every individual takes responsibility for risks in their area of authority. Our risk management approach is assured according to the **Three Lines of Defence**, which, along with a strong and sustained commitment at all levels of the organisation, contribute to our resilient, risk-aware culture.

The Board and Risk Committee provide overall oversight of our risk management framework. External Audit provides regular and independent assessment on the effectiveness

of financial controls and processes in connection with preparing the Group's financial statements, governance disclosures and environmental and social performance reporting. External Audit also provides an opinion on the accuracy, validity and reliability of disclosed data and information.

We have a clear investment and divestment review procedure that includes environmental, legal, social and governance concerns as well as operational and financial considerations.

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 related expectations placed on our employees. We ask all employees to confirm they have read and acknowledged the Code as demonstration of their commitment to our ethical standards, both on commencing with Stockland and as part of confirming their annual compliance statement. We act promptly to investigate any breaches of our Code of Conduct and apply penalties for substantiated breaches up to and including dismissal.

via the external 'Tell me' website, one through Stockland's external and independent whistleblowing service provider, Your Call, and another via a letter.

Collective bargaining

We support the right to exercise freedom of association and collective bargaining and are not aware of any operations or suppliers in which these rights are at risk. In FY21 approximately four per cent of our employees were covered by collective bargaining agreements. These agreements contain provisions for health and safety protections during dispute and/or grievance processes and in some cases contain commitments to maintain safe and healthy work environments. More broadly, our Work Health and Safety Policy applies to all employees which provides commitments to a safe and healthy work environment.

Corporate policies, breaches and grievances

We monitor compliance with corporate policies and report any breaches, as outlined below:

- **Employee Conduct** – There were 14 substantiated breaches in FY21, which resulted in four terminations of employment and ten formal warnings.
- **Privacy** – There was one notifiable data breach reported to the regulator, Office of the Australian Information Commissioner (OAIC).
- **Grievances** – There were four formal grievances raised in FY21.
- **Whistleblower** – During FY21, Stockland's Whistleblower Protection Officers (WPOs), received a total of 18 concerns via our whistleblower escalation channels (with five of these being customer related complaints). All of these matters have been investigated, actions taken and the matters closed. Two concerns were raised through internal escalation channels to the WPOs. Sixteen concerns were raised though external channels with fourteen matters raised

2030 Sustainability Strategy



Living for the future



We believe there is a better way to live and sustainability is a fundamental part of that belief. Our 2030 vision is to regenerate the environment, ignite inclusive prosperity, and inspire people to thrive.

In May 2021, we launched our enhanced **2030 Sustainability Strategy - Living for the future**. The strategy is purpose-led and responds to the global and industry megatrends that are impacting our business and stakeholders today and into the future. These trends include climate change, resource scarcity, growing inequality, changing demographics, market disruptors and recovery from the COVID-19 pandemic.

Recognising there are challenges ahead, we have developed a strategy that takes meaningful steps forward to realise a better, more sustainable, way to live.

Our 2030 Sustainability Strategy has been developed with clear 2030 goals supported by medium-term targets (FY22-24) and clear implementation plans that are measurable. This allows us to reset periodically, adapting to changing environments and incorporating key lessons, as we pursue the intended outcomes.

2030 SUSTAINABILITY STRATEGY LIVING FOR THE FUTURE

OUR 2030 VISION – Regenerate the environment, ignite inclusive prosperity and inspire people to thrive.

Regenerative and circular living

Enable circular systems that minimise environmental impact, advance climate action, and embrace new pathways to a regenerative future

Inclusive and accessible living

Create environments that allow responsible economic opportunities to flourish, and that improve equitable access to those opportunities to deliver a future of inclusive prosperity for all

Healthy and connected living

Enhance community health and wellbeing, while strengthening connections with others, so that we are creating liveable communities of thriving people now, and in the future

DELIVERING OUR PURPOSE WITH WORLD LEADING ENVIRONMENTAL, SOCIAL AND ECONOMIC OUTCOMES

Regenerative and circular living

Our 2030 goals

Our people and customers understand that our planet is the most precious resource for the communities we build and the businesses we empower. That's why we're innovating to enable circular systems and advancing climate action to drive sustainable management of materials.

ADVANCE CLIMATE ACTION

Advance actions that address our impact on the climate and develop resilience to a changing environment.

- Achieve Net Zero Carbon across our portfolio by 2028.
- Embed asset and community scale resilience for our portfolio.

Work towards a Net Zero Water future across our portfolio

STRATEGIC PRIORITIES	FY22-24 TARGETS
Achieve Net Zero Carbon across our portfolio by 2028.	<ul style="list-style-type: none"> • 4 Star Green Star Performance Portfolio Rating for Retail and Workplace. • Achieve a first time Green Star Performance portfolio rating in Logistics. • 5 Star NABERS energy Commercial Property portfolio average by asset class. • 10 per cent improvement in FY20 carbon intensity and 5 per cent improvement in FY20 energy intensity for Commercial Property. • All Retail Town Centres to offer electric vehicle charging stations. • Medium density developments to exceed minimum National Construction Code (NCC) energy related compliance standards by 25 per cent. • All new Apartments to exceed minimum NCC energy related compliance standards by 10 per cent. • All new Net Zero Carbon Built form homes by 2030. • 5 per cent reduction in Retirement Living energy consumption and 15 per cent reduction in carbon to FY20 baseline.
Embed asset and community scale resilience for our portfolio.	<ul style="list-style-type: none"> • Continue to conduct resilience assessments on all new and high priority assets. • All assets to target (as a minimum) 'moderate' resilience rating (as per Group Resilience Tool '9-16'). • All new masterplanned communities to include a minimum 10 per cent total tree canopy cover (to reduce urban heat island). • All new Residential developments to include options for light coloured or reflective roofs including demonstration in display villages.
Work towards a Net Zero Water future.	<ul style="list-style-type: none"> • 4 Star NABERS Water Workplace and Logistics portfolio average. • 5 per cent improvement in Commercial Property FY20 water intensity by asset class. • NABERS Water Retail Town Centre portfolio average of 3.5 stars. • Medium density and Retirement Living developments to exceed reduction in potable water building code compliance requirements by 7.5 per cent. • Water discharged from our residential sites and/or into natural water systems to achieve the following (benchmarked against regulatory standards): <ul style="list-style-type: none"> • 45 per cent reduction in nitrogen • 65 per cent reduction in phosphorous • 80 per cent reduction in suspended solids. • All new masterplanned projects propose water cycle efficiency options. • 5 per cent reduction on FY20 Retirement Living water consumption.

ENABLE CIRCULAR SYSTEMS

Demonstrate leadership in how our industry sustainably sources, uses, and manages the planet's resources.

- Reduce our embodied impacts by improving our lifecycle analysis.
- Enable our value chain to deliver better quality built form.
- Support the adoption and implementation of circular models with our stakeholders.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Adopt and implement circular models with stakeholders.	<ul style="list-style-type: none"> • Eliminate Single Use Plastics across Corporate Offices. • Divert waste from landfill <ul style="list-style-type: none"> • 40 per cent Retirement Living operations (Waste Options Contracts only) • 90 per cent Residential civil contracts • 55 per cent Retail Town Centre waste • 80 per cent Workplace and Logistics operations • Conduct NABERS Waste ratings on Workplace portfolio. • 30 per cent of new Residential projects to trial sustainable asphalt roads. • Deliver composting partnerships across all communities.
Enable our value chain to deliver better quality-built form.	<ul style="list-style-type: none"> • 5 star Green Star Workplace and Retail Town Centre ratings. • 4 star Green Star Logistics rating. • All new masterplanned communities (over 1,000 lots) to achieve a Green Star rating. • All new Retirement Living developments to achieve a Green Star rating.
Reduce embodied impacts through improved lifecycle analysis.	<ul style="list-style-type: none"> • Complete 3 Lifecycle Assessments on our built form home designs to identify a 10 per cent reduction in embodied impacts. • Establish minimum standards for material suppliers against Modern Slavery, Health and Safety, and Embodied Carbon criteria.

REGENERATIVE ENVIRONMENT

Build for a future that protects, restores and regenerates natural environments in our assets and communities.

- Creation and conservation of natural assets across our portfolio.
- Invest in on- and off-site habitat restoration.
- Recognise traditional land management practices that restore the natural environment.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Conservation and creation of natural assets across our portfolio.	<ul style="list-style-type: none"> • Provide opportunities for employees to undertake one day per year volunteering on sites where we are protecting and restoring biodiversity. • For new masterplanned residential communities, make an aggregated net positive contribution to the biodiversity value by FY24 as determined by the biodiversity calculator.
Invest in on- and off-site habitat restoration.	<ul style="list-style-type: none"> • All projects with significant biodiversity develop a biodiversity management plan. • Explore land bank opportunities to support habitat restoration including collection and propagation of provenance seed banks.
Recognise traditional land management practices that restore natural environments.	<ul style="list-style-type: none"> • Partner with a local First Nations organisation on a relevant major project (greater than \$100m total investment) to explore the ways in which cultural heritage and / or land management practices could support the project. • Investigate opportunities to engage First Nations organisations in traditional land care management practices to improve training and knowledge on caring for Country.



Inclusive and accessible living

Our 2030 goals

As a creator of places that people share, we are investing in new ways of working and developing economic opportunities that are available to everyone by improving equitable access.

IMPROVE EQUITABLE ACCESS

Improve equitable access to the places and opportunities that we create.

- Design assets that are adaptable and future focused.
- Continue to provide more quality, efficient and affordable housing solutions.
- Improve access to skills, training, and pathways for sustained livelihoods.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Design assets that are adaptable and future-focused.	<ul style="list-style-type: none">• Enhance the Stockland Accessibility Strategy to provide an improved customer experience to support those customers with a disability.• Undertake accessibility assessments for all Retail Town Centres and benchmark the level of compliance and customer amenity (including dignity, equity and inclusion).• Sensory maps available for all Retail Town Centres.• Deliver a Wayfinding application across Retail Town Centres (greater than 20,000 square meters GFA) to enhance the shopping experience of people living with vision impairments.• Develop a shopping experience rating/benchmark for people shopping with disabilities.• Deliver a minimum of one Livable Housing Australia (LHA) certified home (Silver Standard) in each display village with fewer than 20 lots, and two homes in display villages with more than 20 lots applicable where individual builders are allocated 3 lots or more.• All new medium density projects to deliver the following LHA Silver standards<ul style="list-style-type: none">• 5 per cent for all developments• 20 per cent for developments as a stretch target. <p>(developments with significant proportion of downsizers or people living with a disability).</p> <ul style="list-style-type: none">• All new Retirement Living village developments to be LHA Silver standard design.
Improve access to skills, training, and pathways for sustained livelihoods.	<ul style="list-style-type: none">• Target 3 per cent First Nations employment at Stockland in line with national population average.• Identify employment pathway training organisations to provide pathway programs to local communities at three suitable developments nationally.• Minimum of one education program per community (school delivery or direct community program).• Partner with community organisations including the Australian Retailers Association (ARA) through their Retail Ready Program to facilitate the placement of 100 long-term unemployed Australians (local residents/community members unemployed for more than six months).• Establish a partnership with indigenous owned businesses to facilitate First Nations employment programs in areas identified by Stockland eg Townsville.
Continue to provide more quality, efficient and affordable, housing solutions.	<ul style="list-style-type: none">• Continue to deliver Customer Value Offers such as the Natural Solar solar/battery to reach all of our home and village customer base.• Investigate alternative models for housing and accommodation options.• Implement Retirement Living Rental Strategy for new customers.

RESPONSIBLE ECONOMIC OPPORTUNITY

Responsibly develop productive communities that provide enriching opportunities for all.

- Strengthen our social impact with our supply chain.
- Utilise our places and spaces to enable a broader range of vibrant economic activity.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Strengthen our social impact with our supply chain.	<ul style="list-style-type: none"> • \$6m in direct Procurement from First Nations suppliers. • Annual assessment of all suppliers at 'high risk' for modern slavery. • Modern slavery-related key performance indicators for key management.
Utilise our places and spaces to enable a broader range of vibrant economic activity.	<ul style="list-style-type: none"> • Utilise Community Impact Valuation Tool to benchmark and improve placemaking outcomes that will contribute to local economic opportunities.

INCLUSIVE PROSPERITY

Contribute to a future where all people are empowered to improve their quality of life.

- Build resilience for people and places to help them adapt to a changing world.
- Create a lasting impact in our communities and places of work through valued social and human capital.
- Provide shared assets to support affordable, connected and thriving communities.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Build resilience for our people and places to help them adapt to a changing world.	<ul style="list-style-type: none"> • Embed key resilience issues into Liveability Index to measure resilience of community. • Complete community resilience assessment on all new projects and embed actions into project/asset business plans. • Embed key resilience issues into Liveability Index to measure resilience of community. • Complete community resilience assessment on all new projects. • Establish as group-wide skilled volunteering program.
Provide shared assets to support affordable, connected and thriving communities.	<ul style="list-style-type: none"> • Establish a community resource sharing network across select assets and communities.
Create lasting impact in our communities and places of work through valued social and human capital.	<ul style="list-style-type: none"> • All communities and villages to have a community resilience toolkit.

Healthy and connected living

Our 2030 goals

Resilient people mean thriving communities, and we’ll do that by enhancing people’s health and wellbeing, while providing the spaces that strengthen connections and create belonging.

STRENGTHEN CONNECTION

Shape ways we bring people together that create a sense of belonging and strengthen pride in one’s community.

- Design places and spaces to bring people together to connect in a meaningful way.
- Shape experiences and social interactions that contribute to a sense of belonging.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Embed connections into places and spaces to bring people together in a meaningful way.	<ul style="list-style-type: none"> • All new Retail Town Centre developments to include a quiet room and an adult change facility. • All Retail Town Centres to include an inclusive playspace where space allows. • Enable opportunities for Retirement Living residents to volunteer through our network of community partners including the CARE Foundation. • Develop a Group-wide First Nations Engagement Strategy for local implementation at asset level that responds to the needs of local First Peoples and includes elements of the local Traditional Owners cultural heritage. • Build a network of community partners that strengthen connection across all of our assets and projects.
Shape experiences and social interactions that contribute to a sense of belonging.	<ul style="list-style-type: none"> • All retail centres to develop a youth engagement strategy to respond to local youth challenges, needs and interests. • Continue to ensure all residential communities over 1000 lots deliver at least one inclusive playspace.

Birtinya NightQuarter, Qld - Boosting local economic activity



THRIVING PEOPLE

Inspire a bright future where we all thrive together enabling people to help each other and contribute to their communities.

- Grow people's resilience to adapt and emerge stronger as individuals and as a community.
- Empower people to contribute back positively to their communities to create lasting impact.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Grow people's resilience to emerge stronger as individuals and as a community.	<ul style="list-style-type: none"> • Conduct community resilience assessments at all retail town centres to understand the local social issues to be addressed through community development plans. • Achieve 75 per cent National Liveability Index score. • Achieve an average happiness score amongst our Retirement Living residents of 8.25 (out of 10). • Maintain above 80 per cent overall satisfaction in Residents Voice. • Achieve resident Personal Wellbeing Index score across our residential communities and Retirement Living villages above the national average (73-76 (as measured by Deakin University).
Empower people to contribute back positively to their communities to create lasting impact.	<ul style="list-style-type: none"> • Hold community development workshops at all of our communities (pre-exit) to establish exit strategies with the aim of leaving positive legacy. • Target \$21m contribution from Stockland and the Stockland CARE Foundation through community development and investment activities. • Refresh Community Partner Impact Valuation Tool to align with 2030 Sustainability Strategy framework.

ENHANCE HEALTH AND WELLBEING

Transform the wellbeing of our people and customers through enhanced places and spaces.

- Develop the spaces and experiences for people to enhance their mental wellness.
- Activate the places for people to be active and maximise their physical wellbeing.
- Create environments where people feel safe and secure.

STRATEGIC PRIORITIES	FY22-24 TARGETS
Develop the spaces and experiences for people to enhance their mental wellness.	<ul style="list-style-type: none"> • Develop a network of 'trained' mental wellness responders to support employee wellbeing. • Reach over 1 million people with mental health messaging through CARE Foundation and Community Partnership communications and activations. • Deliver community programs and activations that enhance social interaction and awareness on health and wellbeing targeting over 20,000 customers per year.
Activate the places for people to be active and maximise their physical wellbeing.	<ul style="list-style-type: none"> • All new communities to target best practice Walkability in design. • Over 10,000 community members participate each year in physical exercise programs across our communities nationally. • Provide activities to engage the elderly in all of our Retail Town Centres to prevent social isolation and enhance wellbeing.
Create environments where people feel safe and secure.	<ul style="list-style-type: none"> • All communities to initiate Neighbourhood Watch Programs or similar. • All new communities to be designed to Crime Prevention Through Environmental Design (CPTED) principles. • All communities achieve high liveability safety score. • Launch a safety program in all Retail Town Centres (eg. Safety House). • Provide a 'safe zone' to support victims of domestic and family violence in at least one Retail Town Centre in each state we operate.

Assurance



Our Conclusion:

Ernst & Young ('EY', 'we') were engaged by Stockland Corporation Limited ('Stockland') to undertake 'limited assurance' as defined by Australian Auditing Standards, here after referred to as a 'review', over selected performance information as presented in Stockland's environmental, social and governance (ESG) Reporting for the year ended 30 June 2021. Based on our review, nothing came to our attention that caused us to believe that the selected performance information has not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

What our review covered

We reviewed Stockland's alignment to the International Integrated Reporting (<IR>) Framework principles of Stakeholder Relationships, Materiality, and Reliability and Completeness.

In addition, we reviewed Stockland's ESG performance data and disclosures ('selected performance information') as presented within Stockland's consolidated ESG Reporting (comprising the ESG Review, Management Approaches, portions of the Integrated Annual Report, and ESG Data Pack) (the 'Report', available online stockland.com.au/sustainability/downloads) for the year ending 30 June 2021. Our review was limited to the selected ESG performance data shown in the table below:

Table 1: ESG performance data	
Environment data	<ol style="list-style-type: none"> 1. Total Scope 1 GHG emissions (tCO₂-e) 2. Total Scope 2 GHG emissions (tCO₂-e) 3. Total Scope 3 GHG emissions (tCO₂-e) 4. Purchased electricity intensity (kilowatt hours per square metre (kWh/m²)) and intensity reductions (%) for Commercial Property 5. Financial savings associated with electricity intensity reductions for Commercial Property (\$) 6. Operational waste for Commercial Property (t) 7. Communities contractor waste (t) 8. Water consumption in Commercial Property (ML) 9. Biodiversity impact and management performance data (ha)
Community contribution data	<ol style="list-style-type: none"> 10. Total Community Contribution including Community Development and Community Investment spend in Australian dollars (\$)
Supply chain data	<ol style="list-style-type: none"> 11. Spend with indigenous suppliers in Australian dollars (\$)
People (diversity and employee engagement) data	<ol style="list-style-type: none"> 12. Employee engagement (%) per Our Voice survey results 13. Turnover (employee initiated, employee initiated for employees with strong performance or above, Stockland initiated and total) 14. Workforce by cultural background (%) 15. Gender pay equity ratio (%) 16. Women in management by business (%)
Health and safety data	<ol style="list-style-type: none"> 17. Lost Time Injury Frequency Rate (LTIFR) 18. Development Contractor Lost Time Injury Frequency Rate (CLTIFR)
Customer data	<ol style="list-style-type: none"> 19. National Liveability Index scores (residential communities) 20. Wellbeing Index scores (residential and retirement living) 21. Retail Tenant Satisfaction (%)

Criteria applied by Stockland

In preparing the selected performance information, Stockland applied the following Criteria:

- ▶ International Integrated Reporting <IR> Framework, and specifically the principles of Stakeholder Relationships, Materiality, and Reliability and Completeness
- ▶ Global Reporting Initiative (GRI) Standards
- ▶ Sustainability Accounting Standards Board (SASB) Standards
- ▶ National Greenhouse and Energy Reporting ('NGER') Act 2007, NGER Regulations 2008, and NGER (Measurement) Determination 2018
- ▶ Stockland's own publicly disclosed criteria as stated in the glossary.

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a conclusion on the selected performance data based on our review. We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants* including independence, and have the required competencies and experience to conduct this assurance engagement.

Stockland's responsibility

Stockland's management ('Management') was responsible for selecting the Criteria, and preparing and fairly presenting the selected performance data in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review 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'), *Assurance Engagements on Greenhouse Gas Statements* ('ASAE3410') and the terms of reference for this engagement, as agreed with Stockland on 30 April 2021.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the selected performance data and related disclosures and applying analytical and other review procedures.

Our procedures included:

- ▶ Interviewing Stockland personnel, including members of the Board, senior leadership and management teams, as well as selected external stakeholders, to understand key sustainability issues relating to the subject matter and effectiveness of Stockland's response to the issues that matter to them
- ▶ Undertaking a gap analysis against Stockland's own materiality assessment to independently identify material matters in order to check for completeness
- ▶ Checking evidence provided by Stockland validates assertions made in interviews with key personnel and within disclosures in the Report as to its adherence to the <IR> Framework principles
- ▶ Conducting interviews with key personnel to understand the process for collecting, collating and reporting the selected performance information during the reporting period
- ▶ Checking that the calculations had been performed in accordance with the methodologies outlined in the Criteria, and testing assumptions supporting calculations
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ 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 checking claims to evidence provided

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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.

EY observations in respect to adherence with the <IR> Principles

Stockland integrates sustainability considerations within many aspects of its business. The group's approach reflects a long-term commitment to sustainability which is led from the top and aligns with the <IR> principles of Stakeholder Relationships, Materiality and Reliability and Completeness. We provide the following observations in relation to Stockland's adherence to these <IR> Principles, noting that these observations did not impact our ability to form an unqualified limited assurance conclusion.

Stakeholder Relationships

Within the ESG Review, Stockland has detailed its approach to engaging with key groups of stakeholders, including employees, government, investors, customers, suppliers, partners, media and the community. In undertaking our work, we noted that engagement occurs regularly, and within the ordinary course of Stockland's business. We found Stockland's approach to be consistent with the requirements of the <IR> principle of Stakeholder Relationships. For example, Stockland had disclosed the results of selected engagement activities (e.g. Our Voice employee survey, customer surveys) as well as how the business has responded to this feedback.

We suggest Stockland could consider how it can enhance its disclosures relating to the outcomes of stakeholder engagement activities which are designed to deliver sustainability outcomes across the value chain and for which it may not have direct control. For example, we suggest Stockland outline how the business engages with third-parties and how successful it is in driving more sustainable outcomes, such as its work with home builders to communicate the benefits of more sustainable aspects within residential properties (double glazing, solar panels, etc.).

Materiality

Stockland had in place a materiality determination process involving four key stages: identify, evaluate, prioritise, and determine disclosure, as recommended by the <IR> Materiality principle. The process considered both risks, as well as opportunities, and was aligned to Stockland's broader risk assessment. We understand that this allowed for the identification and integration of financial and operational elements in addition to traditional sustainability matters.

The outcomes of the materiality process included the determination of material matters reflecting the emerging trends and significant matters that impact the landscape in which Stockland operates – including both current and future risks and opportunities. We recommend Stockland could further consider how it evaluates and discloses timeframes, including more specifically defining short-term vs long-term risks and opportunities.

Reliability and Completeness

In accordance with the principle of Reliability and Completeness, Stockland's Report included disclosures of both positive and negative performance. For example, Stockland had internal processes in place to validate key performance information, that included the separation of responsibilities for preparing and reviewing information. Additionally, any estimates, assumptions and restatements were clearly marked in the Report.

Other observations on particular aspects of our engagement

Stockland has requested that we provide selected observations and areas for improvement, as identified throughout the assurance procedures, for the purpose of identifying improvement opportunities and areas of sustainability leadership. These observations did not impact our ability to form an unqualified limited assurance conclusion.

- ▶ On an annual basis Stockland tracks and discloses its sustainability performance against targets and has clearly marked if targets were not achieved. In 2021 Stockland launched its new Sustainability Strategy, which has a number of 2030 goals, supported by near-term targets (for FY22-FY24). We commend Stockland on this important milestone and recognise the ambition set out to achieve its 2030 goals. In communicating progress against these targets in coming years, we recommend Stockland also consider how it discloses performance against its longer-term 2030 goals and demonstrate connectivity between its shorter-term targets and longer-term goals. Additionally, we recommend the business consider how it can annually review the strategy goals and targets for relevance via its materiality assessment process.
- ▶ During the year Stockland accelerated its Net Zero target to bring forward the deadline (two years earlier to 2028) and extend the scope to all business activities. The revised target means that 170 of Stockland's active assets and projects across Australia, including residential development emissions, will be covered. We commend Stockland for this and suggest that as momentum continues to elevate globally for action on climate change, that the group regularly monitor its ability to strengthen its ambition in relation to issues of high importance to stakeholders. We expect that partnerships, such as that Stockland has with the Clean Energy Finance Corporation (CEFC), are likely to be critical in supporting organisations like Stockland delivering more complex and costly emissions reductions initiatives, and recommend Stockland actively seek these out.

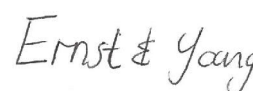
Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Stockland, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Meg Fricke
Partner
18 August 2021



Ernst & Young
Melbourne, Australia

Stockland Corporation Limited

ACN 000 181 733

**Stockland Trust
Management Limited**

ACN 001 900 741; AFSL 241190

**As responsible entity
for Stockland Trust**

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