

SCENTRE GROUP
















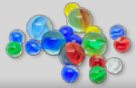





2016

SUSTAINABILITY REPORT

**Creating extraordinary places,
connecting and enriching communities.**

REPORT OVERVIEW

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MESSAGE FROM OUR CEO

Peter Allen

Sustainability is not just about the environment: it is about seeing our business through the eyes of our staff, retailers, customers and community. Our ability to grow and make a difference for the future requires a sustainable business model.

In 2016 we continued to focus on ensuring the long-term future of our business is sustainable in every sense of the word. Our purpose - to create extraordinary places, connecting and enriching communities - gives meaning and direction to every activity undertaken at Scentre Group.

Sustainability is a priority that underpins our purpose and the aim of our sustainable business practice is to operate safely and efficiently, conserve energy, produce less waste, engage meaningfully with our stakeholders and utilise technology and design to create extraordinary shopping centres. We are continuing to drive sustainability efforts across four pillars: Community, People, Environment and Economic Performance.

In 2016 we brought our purpose to life in delivering several extraordinary redevelopments including major projects at Westfield North Lakes, Casey Central and Warringah Mall. At Westfield Marion in Adelaide we opened a fresh food market and started work on a new lifestyle and entertainment precinct in Perth at Westfield Whitford City. Each of these projects has considered the needs of the local area and aims to enhance amenity for communities.

Our business continues to generate excellent financial returns for security-holders.

We are dedicated to achieving our 2018 vision of being the place for talent to thrive. We have improved workplace flexibility and made mental health and wellness a priority. Our Diversity and Inclusion agenda focussed on improving the participation of women in our industry and our LGBTI Action Plan was released to ensure all employees feel safe to be themselves at work. Importantly, we also launched our inaugural Reconciliation Action Plan during NAIDOC week, articulating our commitment to end the disparity between Indigenous and non-Indigenous Australians in one generation through employment. Our first employee engagement survey scored an impressive 85% for favourable engagement.

We are steadily managing and minimising our environmental impacts. At Westfield Warringah Mall – located in a floodplain – the \$310 million project included major civil works to manage the flow of stormwater, significantly reducing the centre's future environmental risks. We have invested in Australia's largest car park canopy solar installation at Westfield Marion and have implemented other environmental initiatives aimed at reducing our long-term energy usage and carbon footprint. In 2017 we will focus on understanding and managing the supply chain impacts of our construction projects.

To help bring our purpose to life, we undertook one of Australia's largest surveys gathering feedback from some 29,000 community members and will continue to seek new and meaningful ways to connect and enrich our communities in the future.

As we continue on our long-term journey to make our business sustainable, our strong and united team remains focussed on pushing the limits in everything we do, and the Board of Directors and I look forward to delivering long-term, sustainable growth that leaves a positive legacy and genuine value for all our stakeholders.

Peter Allen

Chief Executive Officer

2016 Highlights

Economic



JOBS CREATED¹

23,754 **1,910**

Construction Retail



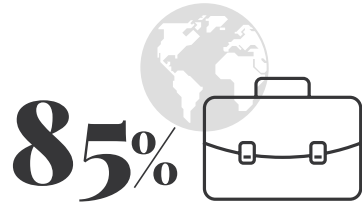
7 shopping centre openings and redevelopments

Community

369 

employee days used for volunteering (2015: 408)

People



85%

employee engagement score, placing Scentre Group in top 5% globally



5.09 LTIFR (6.59 in 2015) including only one LTI across development projects

Diversity & Inclusion agenda expanded to include:

- Mental Health & Wellness
- Reconciliation Action Plan
- Domestic Violence
- LGBTI

Environment



49%

operational waste diverted from landfill, improvement from 45% in 2014



0.38 GJ/sqm energy intensity of our portfolio (2015: 0.37 GJ/sqm)



3.5 star average NABERS energy rating, in line with industry average²



5 MWh added solar capacity by 2020

Benchmarking performance



Leading

in ACSI's 2016 research report, Corporate Reporting in Australia: Disclosure of sustainability risks among S&P/ASX200 companies



CDP³ score improvement from C (2015) to B



GRESB⁴ score improvement from **51** (2014) to **74**

Awards



Joe Curlewis Property Trust Industry Award for general excellence in Innovation and Outstanding Achievement category



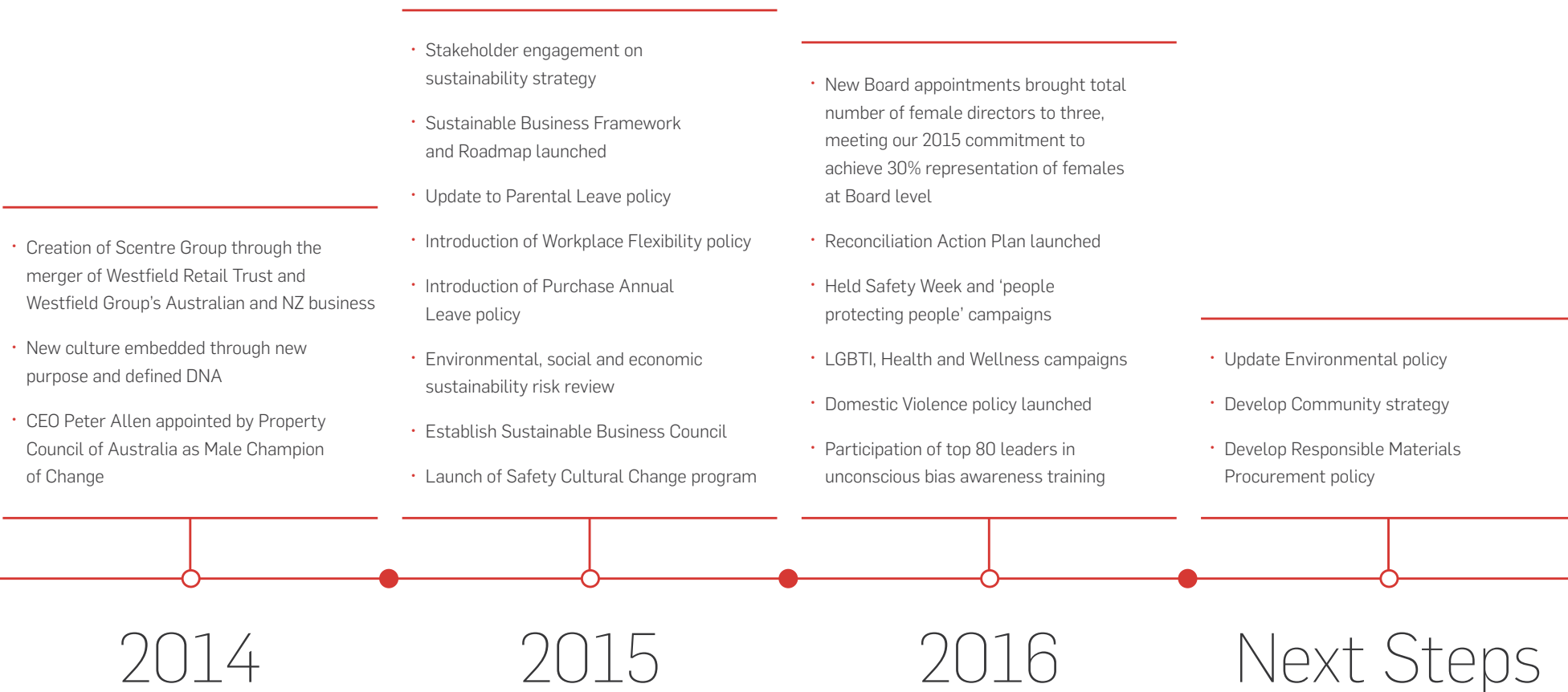
Shopping Centre Council of Australia Marketing Awards - Community Award for 'Sing with Us' campaign



2016 Stormwater NSW Awards for Excellence - Managing flood risk at Westfield Warringah Mall

1. Australian Bureau of Statistics: The construction industry's linkages with the economy
2. NABERS 2015/2016 Annual Report, shopping centre industry average is 3.5. nabers.gov.au/AnnualReport/2015-2016/201516-program-statistics.html
3. Carbon Disclosure Project
4. Global Real Estate Sustainability Benchmark

Making our business sustainable



COMPANY PROFILE

Scentre Group has a clear strategic direction for growing its business

through owning, managing and developing the best retail assets in Australia and New Zealand



2,776
employees



>525 m
customer visits



>\$22 bn
retail sales

**>\$3 bn future
development pipeline**



\$605 m
projects
started



\$665 m
projects
completed

10,714

Retail Outlets

3.4 m/sqm

Gross Lettable Area

\$31.1 bn

SCG Interest

\$12.3 bn

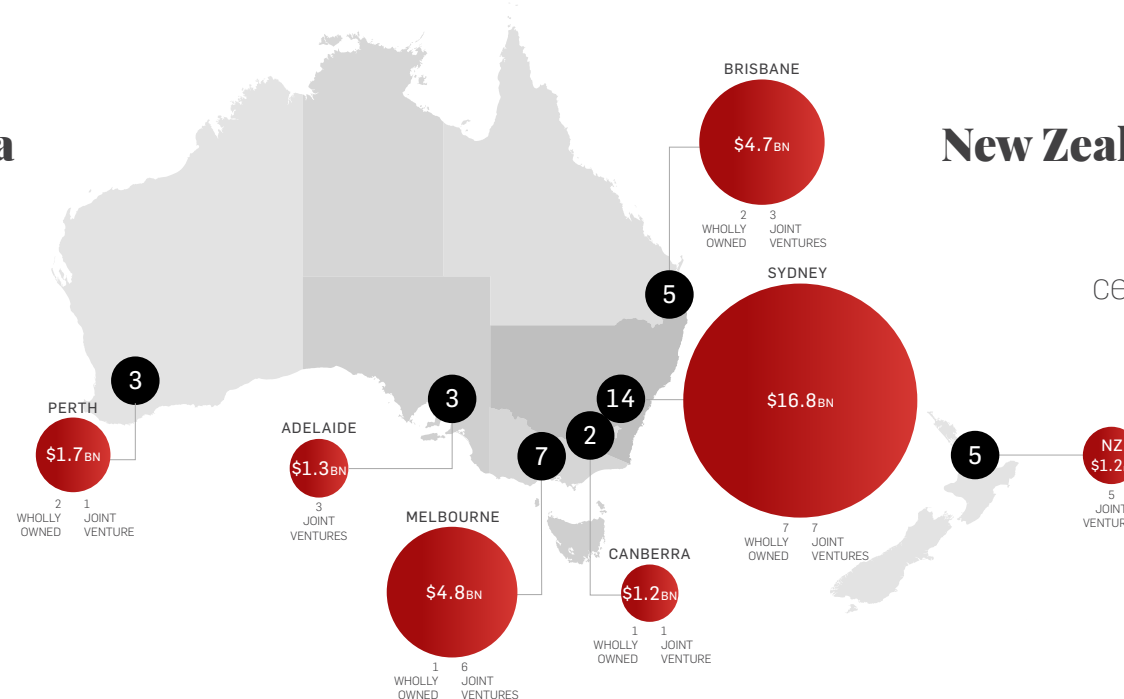
JV Partner
Interests

\$43.4 bn

Assets Under
Management

Australia

34
centres



New Zealand

5
centres

831

Retail Outlets

0.2 m/sqm

Gross Lettable Area

\$1.2 bn

SCG Interest

\$1.1 bn

JV Partner
Interests

\$2.3 bn

Assets Under
Management

TOTAL AUSTRALIA AND NEW ZEALAND

# Retail Outlets	Gross Lettable Area	SCG Interest (bn)	JV Partner Interests (bn)	Assets Under Management (bn)	Weighted Average Capitalisation Rate	Occupancy Rate
11,545	3.6 m/sqm	\$32.3	\$13.4	\$45.7	5.33%	>99.5%

at 31 December 2016

SUSTAINABLE BUSINESS Framework

The Sustainable Business Framework identifies our sustainability guiding principles and material issues. It helps the Group ensure that its sustainability practices contribute to creating extraordinary places, connecting and enriching communities.

Material sustainability issues were identified through a rigorous materiality assessment process as those being of highest importance to our internal and external stakeholders.

Our Sustainable Business Framework guides us in the continuous improvement of our business and in fulfilling our purpose by creating assets aligned with customer and community expectations. A sustainable business is also about improving the quality of our portfolio by creating resilient assets that operate optimally, while reducing risks and maintaining value over the long-term.

Through internal and external communications, Scentre Group continues to demonstrate that we are aware of key drivers for sustainability performance. We are working towards improving performance by implementing the recommendations of the Sustainable Business Roadmap, and raising awareness throughout the organisation and among our stakeholders, in line with our Sustainable Business Framework and objectives.





What is relevant to Scentre Group?

In delivering our strategic sustainability priorities, we continue to test and refine their relevance to our stakeholders. Our Sustainable Business Framework guides us in managing our impact on stakeholders.

Prioritising the most important issues

In 2015 we engaged our stakeholders on prioritising material risks and opportunities in relation to sustainability. The material issues identified, validated and prioritised by stakeholders were endorsed by our executive team, and informed the development of our Sustainable Business Framework and our three-year Sustainable Business Roadmap.

In 2016, we have continued on our stakeholder engagement and sustainability materiality journey. We conducted our first employee engagement survey and scored an impressive 85% for favourable engagement. We have also collected feedback from 29,000 community members that will help us tailor meaningful community programs to achieve our purpose of enriching communities. The major surveys are helping us to test and validate material issues for some of the most significant stakeholder groups.

Reporting on material issues

Displayed on the next page is how each material issue impacts our stakeholder groups. [Disclosures of Management Approach \(DMA\)](#) are available on the [GRI section](#) of the website. Where it has not been possible to disclose information, omissions and reasons for non-disclosure have been noted in the [GRI G4 content index](#).



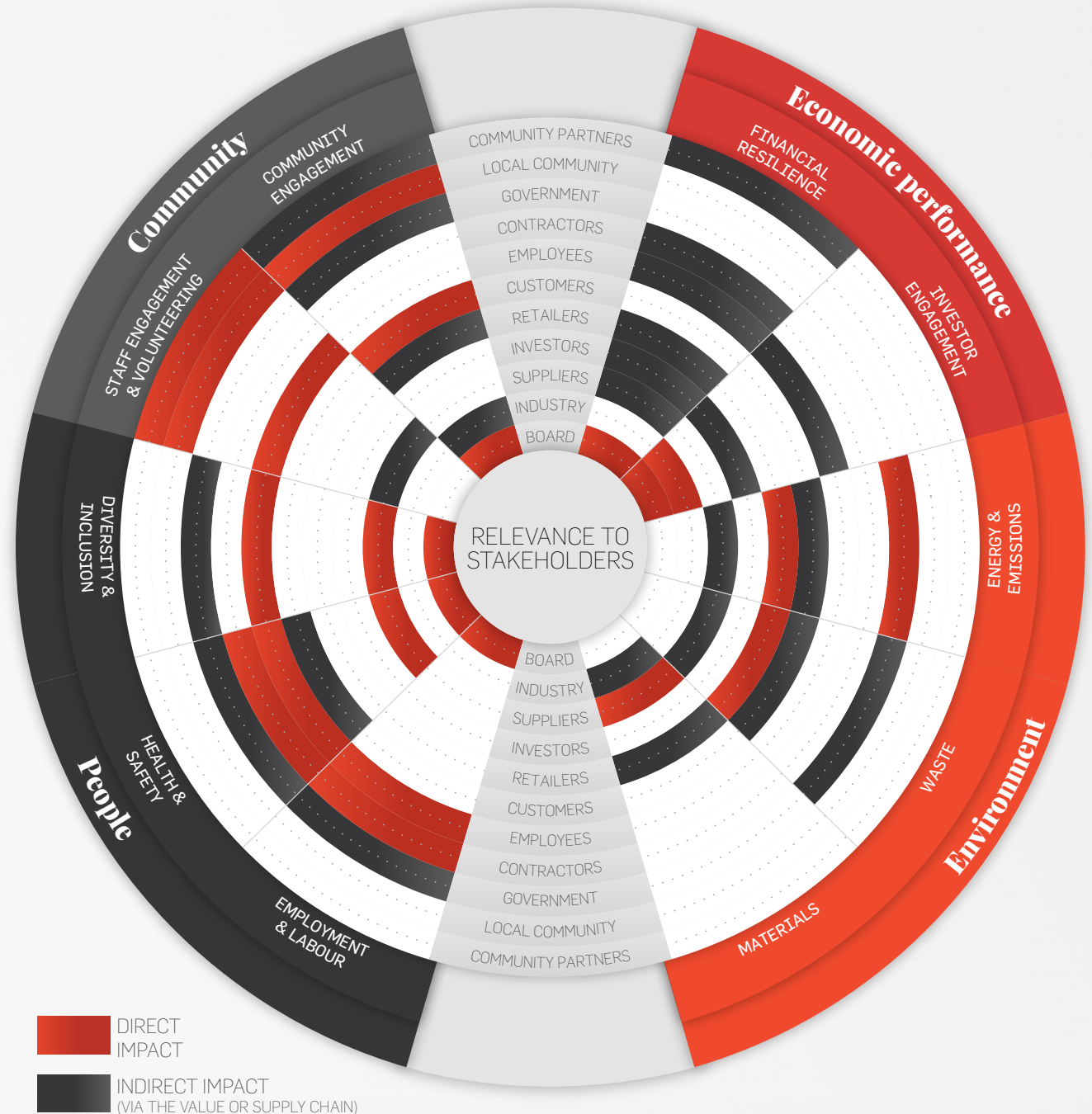
OUR STAKEHOLDERS

A number of internal and external stakeholders have an interest in Scentre Group's business:

- Internal stakeholders are our staff and contractors working in the various teams of our business: design and construction, development, leasing and retailer relations, human resources, customer experience, group risk and our leadership team.
- External stakeholders comprise our community of retail and brand partners, suppliers and service providers, co-owners, security holders, industry groups and the communities in which we serve and operate.

A snapshot of how we have engaged our stakeholders on each material issue is provided in the [DMA](#).

Our stakeholders' views and interests are important to Scentre Group. This diagram represents how aspects of our environmental, social and economic performance have a direct or indirect impact on each stakeholder group. These were identified through ongoing engagement with our stakeholders and has subsequently informed the content of this report to ensure we address those concerns.



Economic performance

WE MAINTAIN AND INCREASE
LONG-TERM FINANCIAL RETURNS THROUGH
SUSTAINABLE BUSINESS PRACTICES

The Group aims to create sustainable value in many ways: by developing assets that enrich the communities with new experiences and by connecting customers and retailers in a curated retail environment that resonates with the local community.





ECONOMIC PERFORMANCE

Financial resilience

DMA →

Scentre Group has a clear strategy for growing its business, through owning, managing and developing the best retail assets in Australia and New Zealand.

The Group's results for 2016 reflect its strong financial performance, stable financial position and optimal capital structure.

At 31 December 2016 Scentre Group's portfolio of 39 assets had a combined value of \$45.7 billion, increasing by \$2.4 billion since 2015¹.

Every Westfield centre stimulates significant economic activity and investment opportunities, as well as providing direct and indirect employment through normal operations and major redevelopments.

More than 525 million customer visits generated in excess of \$22 billion of retail sales across Westfield shopping centres in 2016.

Reflecting the strategy to consistently improve the quality of the portfolio, the Group recycled capital through asset acquisition and divestment, and its redevelopment program.

During the year Scentre Group acquired a strategic asset adjacent to its flagship Westfield Sydney location, at 77 Market Street in Sydney's CBD, providing a key development opportunity in the future.

Two non-strategic assets were divested for \$368 million, at Casey Central in Victoria and Westfield WestCity in New Zealand.

The Group also commenced \$605 million worth of redevelopments at Westfield Chermshire and Westfield Whitford City, and completed a further \$665 million worth of redevelopments at Westfield Warringah Mall, North Lakes, Marion and Casey Central. Each of these projects has provided a significant economic injection to its local community as well as increasing the quality of local infrastructure.

During the year the Group provided significant employment opportunities for communities around Australia, generating 25,664 jobs in total across seven development projects, with 23,754 in construction and 1,910 in retail on completion.

Scentre Group continues to maintain its future development pipeline in excess of \$3 billion, providing further opportunity for growth and investment.

In 2016 Scentre Group provided \$7.5 million in community support across Australia and New Zealand. As in previous years this support was a combination of cash and in-kind contributions through strategic partnerships encompassing employee volunteering programs, the provision of shopping centre space and other activities.

Scentre Group recognises that its financial performance may be impacted by a number of risk factors associated with property ownership, property management and development, financing and general economic conditions. The Group's internal risk management systems have been formulated to ensure the identification, assessment, control, review and reporting on key risks and risk management processes.

At 31 December 2016
Scentre Group's portfolio of
39 assets had a combined value of



\$45.7 billion

increasing by \$2.4 billion since 2015¹.

\$7.5m



in community support
through monetary, in-kind
and in-time contributions
(2016: \$8.6M)

¹. Pro forma post sale of two New Zealand assets

ECONOMIC PERFORMANCE

Risk

Global Risk Trends

The current global risk landscape reflects a dynamic and interconnected world. Scentre Group does not operate in isolation and considers the current global risk trends which include:

- the continued migration of people to major urban areas and areas of prosperity
- further recognition of the impacts of climate change on the economy
- the impact of technology, including artificial intelligence, machine learning, and the digitisation of communications on social structures
- increasingly targeted cyber threats
- shifts in the mode of terrorism events, including low unsophisticated attacks

Economic, social and environmental risks

In line with ASX Corporate Governance Principles and Recommendations (7.4), in 2015 the Group conducted a review to identify any economic, environmental and social risks that may materially impact the business. No material risk has been identified which was not already documented in the corporate and divisional risk registers. Divisional and business unit risk registers have been updated and amended with new identified non-material sustainability risks and controls, and are continuously reviewed as part of the annual Enterprise Risk Management process.

Real Estate Risks

As a property group involved in the design, development, management and operation of retail shopping centres, the Group faces a number of risks which have the potential to affect the Group's achievement of its targeted financial outcomes. Business risks are subject to continuous assessment and review. Appropriate strategies are then implemented to control or otherwise mitigate the impact of those risks. The Group's Risk Management Framework forms part of the its everyday business processes and is supported by a dedicated risk management function. A number of important strategic risks and how the Group manages and monitors such risks are outlined overleaf.

Leading
in ACSI's 2016 research
report, Corporate
Reporting in Australia:
Disclosure of sustainability risks
among S&P/ASX200 companies



Property Risks

Risk	Description	Monitor and manage risk
PROPERTY OWNERSHIP RISKS	<ul style="list-style-type: none"> • A significant portion of the Group's earnings are derived from rental income • Anchor tenants occupy a significant portion of the total GLA of the Group's centres • Changes in consumer sentiment or shopping preferences • Emergence of alternative retail channels • The Group's assets are subject to a range of catastrophic risks - natural and man-made 	<ul style="list-style-type: none"> • The Group focuses on creating and owning leading retail destinations across Australia and New Zealand • The Group's intensive management of its portfolio is aimed at maximising the sales productivity of retailers and to provide superior experiences to consumers • The Group seeks to improve the quality of the portfolio by adapting to the next generation of retail • The Group focuses on new income opportunities including: expanding media and advertising revenues, digital, car parking and infrastructure services • The emergence of digital technology is seen as an important element in better connecting the retailer and its centres with the consumer • The Group has a comprehensive insurance program that is regularly reviewed • The Group has dedicated risk and security personnel, risk mitigation procedures and security infrastructure
PROPERTY MANAGEMENT AND DEVELOPMENT RISKS	<ul style="list-style-type: none"> • The Group's financial performance will depend in part on the continued redevelopment and growth of its centres • The Group derives a significant portion of its income from property management activities 	<ul style="list-style-type: none"> • The Group seeks to ensure discipline and agility in decision making processes to take advantage of opportunities to deliver appropriate risk related returns • The design and construction division remains focused on the right product in the right location • Development capabilities include all elements of development, design, construction and project leasing • The Group's portfolio provides a consistent pipeline of redevelopment and expansion opportunities for existing centres in the portfolio
FINANCING RISKS	<ul style="list-style-type: none"> • The Group's ability to repay principal and interest on its debt depends on the future performance and cash flow of its business • The real estate investment and development industry is highly capital intensive 	<ul style="list-style-type: none"> • The Group manages its exposure to key financial risks in accordance with the Group's treasury risk management policies • The Group's gearing is 33.3% • Further information relating to financial risk management is detailed in note 31 of the financial statements • The Group maintains high levels of interest rate hedging
ECONOMIC DOWNTURN	<ul style="list-style-type: none"> • Economic downturn creates challenging operating conditions 	<ul style="list-style-type: none"> • The Group's focus is on a strong balance sheet with low gearing • The Group utilises diverse funding sources • The Group continually discloses its financial performance through regular market updates
REGULATORY CHANGES	<ul style="list-style-type: none"> • Regulatory changes may impact our business model 	<ul style="list-style-type: none"> • The Group engages with industry and government on policy areas and reform
WORKPLACE HEALTH AND SAFETY	<ul style="list-style-type: none"> • Financial or physical impact arising from an accident or event at an asset owned or managed by Scentre Group 	<ul style="list-style-type: none"> • The Group maintains comprehensive work health and safety programs • The Group has dedicated risk and security personnel and infrastructure
PEOPLE AND CULTURE	<ul style="list-style-type: none"> • Inability to attract and retain the talent required to execute the strategy 	<ul style="list-style-type: none"> • The Group recognises the following principles as key contributors to attracting and retaining talent <ul style="list-style-type: none"> — A workforce that is reflective of the communities in which the Group operates — Recognition that diversity in the workforce is a key contributor to the success of our business — Creating an inclusive culture that supports employees at all stages of their career and encourages employees to succeed to the best of their ability • The Group has implemented a number of workplace initiatives in relation to diversity and work place flexibility
CORPORATE SYSTEMS	<ul style="list-style-type: none"> • Failure to comply with regulatory framework • Cyber attack or privacy breach • Failure or outage of critical business systems 	<ul style="list-style-type: none"> • The Group has invested in appropriate systems and personnel and maintains an effective compliance program • The Group has implemented standards, policies and systems to address associated risk with data and information • The Group has a robust disaster recovery and business continuity plan



ECONOMIC PERFORMANCE

Investor engagement

Scentre Group is committed to industry best practice in investor relations. Our Continuous Disclosure and Communication policy underlines our commitment to providing investors and the market with high-quality, relevant and accurate information in a timely manner to enable Group securities to trade in a market which is efficient, competitive and informed. We are committed to complying with the continuous disclosure obligations contained in the ASX listing rules of the Corporations Act. The policy includes a vetting and authorisation process to ensure that disclosures are factual, complete and objective.

We strive to keep all our investors and the investment community well-informed by providing regular updates on our financial performance and strategic priorities via our investor roadshows, annual general meeting, half-yearly results presentations, ongoing media announcements and updates, webcasts, asset visits and one-on-one investor meetings.

We believe that our sustainability disclosures assist investors form a view about our approach to dealing with non-financial aspects of performance.

Scentre Group annually updates its sustainability report and submissions to investor-led sustainability surveys. These surveys include the Global Real Estate Sustainability Benchmark (GRESB), which benchmarks our performance on environmental, social and governance aspects of performance with industry and geographical peers, and the Carbon Disclosure Project (CDP) survey which is used by global companies to report on climate related risks, opportunities and performance. In 2016 Scentre Group has demonstrated continuous improvement in these investor-led assessments and is pleased to be increasing our scores in comparison to previous years.

We maintain regular communications with our joint-venture partners to ensure we share all relevant details relating to the management, development opportunities and financial performance of our jointly held assets. We respond to information requests and provide regular reports on the environmental performance of the assets we manage.

In addition, we review and provide feedback on independent sustainability assessments to ensure the investors that use these services have adequate information to rely on in order to integrate environmental, social and governance aspects of performance in their investment decision-making process.

CDP score
improvement from

C to **B**
(2015)



GRESB score
improvement from

51 to **74**
(2014)



Environment

REDUCING OUR ENVIRONMENTAL IMPACT

In 2016 we completed a number of major redevelopments, including Westfield Warringah Mall. We diverted 49% of operational waste from landfill and our energy intensity was maintained at 0.38 GJ/sqm, despite major centre redevelopments.





ENVIRONMENT


Energy & emissions

DMA →

In 2016 we continued our efforts to improve energy efficiency, achieving a reduction in electricity consumption of 1.8% and a decrease in scope 1 & 2 greenhouse gas emissions of 0.8%. This demonstrates a downward trend in reduction of both energy consumption and emissions generation since 2014.

Following our stakeholder engagement and materiality review in 2015, we identified energy, materials and waste as material environmental matters. During 2016, we made progress in minimising our environmental impact by implementing strategic initiatives and innovative technologies.

In 2016 we completed the redevelopment of four Westfield shopping centres. These construction projects led to increased consumption of fuels for transport and stationary purposes. Although developments significantly increase the area of our properties, we have achieved a marginal reduction of electricity usage resulting in our total energy intensity remaining comparable to previous year at 0.38 GJ/sqm.

3.5 
star average
NABERS energy rating
in line with industry average¹

Energy and emissions are material aspects of Scentre Group's environmental performance. The procurement of energy is ruled by

regulatory requirements. Its usage represents a significant portion of controllable operating expenses for our assets and its reporting is associated with stringent energy and emissions reporting obligations.

Purchased energy is the single largest source of emissions for Scentre Group, representing 94% of its Scope 1 and 2 emissions. Our stakeholders including our tenants, co-owners and, increasingly, customers expect us to operate our assets efficiently, saving energy wherever possible. We are actively pursuing opportunities to reduce energy usage, such as investing in energy efficiency, managing energy demand and investing in renewable energy generation. An example of this is Westfield Marion's car park canopy solar installation.

Programs and initiatives to reduce energy and emissions:

During 2016 Scentre Group has made progress implementing the following initiatives:

- Implementation of a three-year energy audit program to identify energy efficiency opportunities and prioritise actions for improvement, based on return on investment
- Retrofit or upgrade of plants and equipment, such as cooling and ventilation systems

Our electricity usage is the most important contributor to total greenhouse gas emissions, therefore our efforts are focussing on improving energy efficiency.

Indirect energy consumption (GJ)

Non-Renewable source (electricity)

2014	1,245,159
2015	1,202,407
2016	1,196,051

Renewable source (Hydro energy)

2014	128,673
2015	128,867
2016	111,305

Direct energy consumption (GJ)

Natural gas, transport and stationary fuels

2014	149,359
2015	122,060
2016	134,439

Direct and indirect emissions (tCO₂-e)

2014	328,455
2015	306,364
2016	303,829

1. NABERS 2015/2016 Annual Report, shopping centre industry average is 3.5. nabers.gov.au/AnnualReport/2015-2016/201516-program-statistics.html

- Installation of building management systems with adequate control strategies combined with plant optimisation
- Development of demand management strategies and peak/off-peak energy usage strategies, including reviewing the potential of battery storage
- Installation of variable speed drives and power factor correction units for optimum plant operations
- Adoption and retrofit of UV treatment to Air Handling Units (AHUs) for improved efficiencies
- Review and rollout of Photo Voltaic (PV) Solar, combined with car park shade structures for existing and new assets
- Review and changeover of lighting to Light Emitting Diodes (LEDs)

Ten sites achieved over 5% electricity savings in 2016 through energy saving initiatives, saving 5,106 tonnes of greenhouse gas emissions between 2015 and 2016.

Nearly 65% of all energy used in our centres is used for cooling and ventilation (HVAC). Results showed significant reductions in cooling demand, energy use and costs. The technology has been rolled out across four other centres and is now a standard specification across the portfolio.

Following the successful trial of LED lights in Westfield Hurstville (NSW) car park, all redevelopments now feature LED lighting as part of design concepts and LED technology will be rolled out at Westfield Chatswood (NSW) and Helensvale (QLD) centres in 2017.

In an industry first, Scentre Group worked closely with the NSW Office of Environment and Heritage to deliver voluntary energy and water efficiency NABERS ratings across the majority of our Australian portfolio of shopping centres. Our portfolio has an average of 3.5 stars for NABERS Energy ratings.

Regulatory reporting for energy and emissions:

The energy and greenhouse gas (GHG) emissions regulatory requirements are still evolving in Australia, despite the international Paris Agreement. Risk of additional financial, legal or reputational constraints exist and need to be proactively managed.

Scentre Group operates under the following energy and emission regulations in Australia and New Zealand:

- The National Greenhouse and Energy Reporting Act 2007 (NGER Act) requires Scentre Group to report annually to the Clean Energy Regulator on our GHG emissions for Scope 1 and 2, as well as on our energy consumption and production data.
- The Commercial Building Disclosure (CBD) Program requires most owners and tenants of office space of 2,000 square metres or more to have an up-to-date Building Energy Efficiency Certificate (BEEC). Some of our commercial buildings are subject to this requirement.

Other legislation in our operating markets:

- Scentre Group benefits from carbon emission credits, resulting from energy efficiency activities under the NSW Energy Saving Scheme and, as such, is not eligible to participate in the Emissions Reduction Fund (ERF), which took effect in November 2014 following the repeal of the Carbon Price Mechanism (CPM).
- Scentre Group does not take part in the New Zealand Emissions Trading Scheme (ETS) as it covers industry sectors not related to Scentre Group. However, the ETS impacts Scentre Group through higher electricity prices, due to a price placed on carbon emissions generated from electricity production.

Participation in voluntary reporting:

Alongside our operational initiatives to minimise our environmental impacts from energy and emissions, we are focussed on improving our voluntary disclosure of material risks and opportunities, so our investors can make informed investment decisions. Our ranking in the Carbon Disclosure Project (CDP) has improved from C (2015) to B (2016) and our Global Real Estate Sustainability Benchmark score has improved from 51 (2014) to 74 (2016). The Australian Council of Superannuation Investors (ACSI) 2016 research report rated Scentre Group's 2015 disclosure of sustainability risks among S&P/ASX200 companies as 'Leading'.





ENVIRONMENT

Waste

DMA →

Since 2014, we have increased the share of operating waste diverted from landfill to from 45 percent to 49 percent.

As part of our Sustainable Business approach, our objective is to increase the amount of waste diverted from landfill. Organisational targets are being developed in this area and we continue to set asset specific targets to incentivise facilities teams to improve assets' performance.

Operational waste to landfill is the largest contributor to Scentre Group's indirect (Scope 3) emissions. We generate significant amounts of demolition and construction waste materials. Based on large projects that were completed in 2016, the percentage of construction waste materials recycled in projects is 91% (58% in 2015). Our total waste tonnage from Design and Construction activities has reduced significantly, the waste reduction is a reflection of the projects selected to estimate the total waste amounts.

Our shopping centres experience significant foot traffic and trade cycles that generate large amounts of operational waste. In 2016 we diverted 49% of waste generated on site to recycling waste streams, up from 47% in 2015.

In 2016 the total waste generated by our business was approximately 159,179 tonnes, down 62% compared to 2015 largely due to the different nature of the projects completed in 2016. Hazardous waste from demolition or excavation activities generated an estimated 155 tonnes, down 98% compared to 2015. The waste was disposed in accordance with regulatory requirements.

Scentre Group has strict health and safety procedures in place in relation to handling and disposal of hazardous waste products,

in particular asbestos. The majority of our waste was classified as non-hazardous. The share of material recycled or re-used as compost increased to 63% in 2016.

We are educating our teams and retailers about the importance of diverting waste from landfill. In 2016 we worked closely with the NSW Environmental Protection Agency (EPA) to implement the Reduce Waste, Recycle More - Bin Trim Program. The program has helped our centres educate retailers on waste management and recycling to divert more waste from landfill.

Australia discards an estimated 4.06 million tonnes of food every year. That food waste is valued at \$8 billion¹ and generates large amounts of greenhouse gas emissions. As dining and entertainment precincts increase in prominence within our centres, we will need to adopt innovative recycling and waste reduction practices to benefit our communities and the environment and reduce costs to the business.

A strategic initiative for 2016 was to recycle organic waste, including coffee grounds, from across our portfolio for use in a closed loop energy recovery facility. The initiative reduced landfill costs, generated clean energy to power the community and reduced greenhouse gas emissions. As a trial at Westfield Woden (ACT), we sent organic waste unfit for sale from food retailers to a local vermicomposting business to feed worms. These worms produce fertilizer that is used to grow the next season's crops. Westfield Woden diverted 36 tonnes of organic waste from landfill.

In 2016

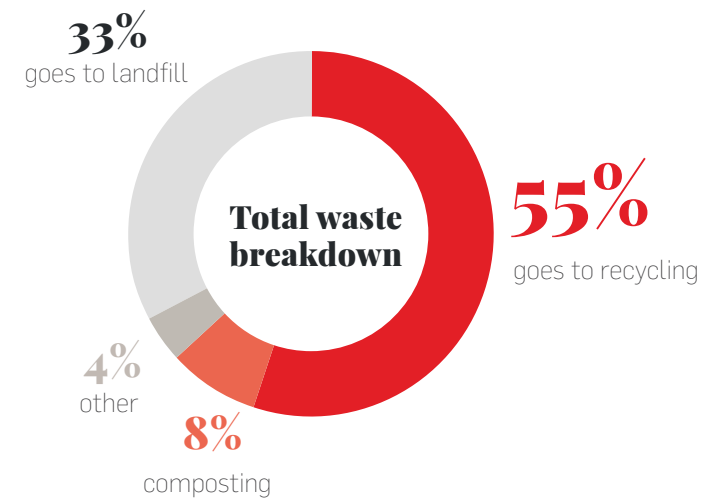
91%

OF CONSTRUCTION
WASTE WAS DIVERTED
FROM LANDFILL.
(2015: 58%)

In 2016

49%

OF OPERATIONAL
WASTE WAS DIVERTED
FROM LANDFILL.
(2015: 47%)



1. foodwise.com.au/foodwaste/food-waste-fast-facts/



ENVIRONMENT

Water

Our water intensity has increased due to major centre redevelopments in 2016.

We continue to look closely at our usage of water, and at ways of reducing municipal water wastage, wherever possible. Across our portfolio, our team of facility managers is driving our national water efficiency project:

- Night audits continue to be undertaken to understand water consumption of assets outside working hours
- Establish a baseline for performance measurement going forward
- Identify any potential leaks
- We continued the installation of smart metering on all main water supplies.

Other measures to limit water usage included:

- Identifying water efficiencies
- Installing water efficient taps to amenities
- Rainwater storage
- Developing water-wise landscaped gardens and green spaces in our centres

On an absolute basis, we have reduced our water consumption by 2,314kL, maintaining our water consumption in line with 2015.

Water intensity has increased from 1.18m³/sqm in 2015 to 1.22m³/sqm in 2016, despite our increased total lettable area following several redevelopments in 2016.

Water intensity has increased from

1.18m³/sqm to **1.22**m³/sqm

IN 2015 ↑ IN 2016



ENVIRONMENT

Materials

DMA →

Materials have been identified as an opportunity area for Scentre Group's design, construction and operations, as part of our Sustainable Business strategy.

Because we procure large amounts of building products and materials, the environmental sustainability of our supply chain is significant. We are working hard to develop better systems to manage, monitor and review our suppliers of building products and materials, so we can better track our progress in sourcing responsibly, procuring sustainable products and using recycled materials wherever possible. Our design of Casey Central, completed in March, included sourcing alternative flooring material to reduce chemical polishing and cleaning treatments.



ENVIRONMENT

Designing for a resilient future


Our strategy and day-to-day practices are improving energy efficiency across our portfolio. We are actively designing our new and redeveloped assets to be resilient against the impacts of climate change.

Westfield Warringah Mall in Sydney (NSW) is located on a floodplain and is naturally at risk from flooding. The redeveloped centre opened in November 2016 and its stormwater expansion scheme has changed the site's flood hazard rating from high to low, resulting in an expected 90 percent reduction of the cost of damage from a major flood event.

Casey Central in Narre Warren (VIC) opened in March and has integrated innovative environmental features, such as common mall design, which facilitates spill airflow, and passive air conditioning systems that reduce the need for common mall air conditioning.

5 MWh
added solar
capacity by 2020

2016 saw the completion of a number of centre redevelopments. Partnering with Origin Energy, Westfield Marion in Adelaide (SA) initiated the installation of Australia's largest solar car park canopy. The installation size is 647kW with an annual generation capacity of 950MWh, saving approximately 650 tonnes of greenhouse gas emissions. Our future solar plans will add 5MWh of added solar capacity by 2020.

90% 
expected flood damage cost
reduction following Westfield
Warringah Mall's stormwater
expansion scheme



Community

CREATING EXTRAORDINARY
PLACES, CONNECTING AND
ENRICHING COMMUNITIES

Our engagement with the community takes place in many forms at Scentre Group: through our charity partnerships and grants program, staff engagement and volunteering, local engagement and our engagement with industry and government.



COMMUNITY

Community engagement

- Charity partnerships

DMA >

The relationship between every Westfield shopping centre and its local community is key to our success. Every year, Scentre Group partners with a number of important national charities, providing support through donations and employee volunteering.

We continue to sponsor our national partners, the Cerebral Palsy Alliance and Autism Spectrum Australia (Aspect). Aspect held its eighth Athletics Carnival, convening almost 600 students with autism from schools in metropolitan Sydney and regional NSW at Sydney Olympic Park. Scentre Group volunteers lent a helping hand and enjoyed assisting students participate in the fun activities. In 2016, the Design and Construction support office team hosted the annual Cerebral Palsy Alliance children's Christmas party to give children affected by cerebral palsy, and their family/carers, a chance to celebrate and take a break from the strains of everyday life.

Individual centres elect to support charities and community groups that address the needs of their local communities, whether through programs which increase the confidence of Indigenous youth, provide space for community groups or increase community safety.

Through the Penrith Panthers' Sticks to Stadium program, Westfield Penrith treated eight Indigenous teens to health care,

body image, and hair styling sessions, ending the day with a celebration dinner with the Penrith Panthers. This is an example of an initiative that brings our Reconciliation Action Plan to life.

In Auckland, New Zealand, our WestCity centre gave Rampage, a free community exercise program, space in the mall and six months' free rent to continue their community program. Westfield Manukau, in Auckland, worked with local community groups to improve police presence in the centre and substantially lower the crime rate for the local community.

Since 2008

\$15.4 million

has been given to local charities in Australia through fundraising, grants and donations of gift cards as part of the Westfield Community Program, providing support for children living with disabilities and their families.



This year, the Design and Construction support office team hosted the annual Cerebral Palsy Alliance children's Christmas party.



COMMUNITY

Community engagement

- National Grants Program

DMA >

Every year, Scentre Group provides grants for charities and community projects that focus on contributing to the wellbeing, development and growth of children living with disabilities.

In 2014, we awarded \$252,000 in grants to four two-year projects, which came to a close in 2016. These charities have reported on the community value their programs have created. The Cora Barclay Centre's Sound Start program provided specialist support to 37 families with deaf babies. Thirty families reported increased confidence and knowledge, happier and better adapted children and improved coping strategies. Lifestart Co-operative's Music Makes a Difference project provided an eight-week music therapy program for children with disabilities and their families. All families reported positive behaviour and attitude changes in the children and parents/carers obtained increased knowledge/skills to support their child.

Spina Bifida and Hydrocephalus (SPH) Queensland gained funding to help therapy teams support children aged 5-11 years with physical therapy and equipment. More than 40 percent of children developed skills such as hygiene management. Para Meadows School's Finding My Voice in Our Community project promoted language development skills. Students in all 17 classes began to initiate interactions using their communication device.

We are delighted to announce this year's grants, totalling \$1.17 million for five impactful projects:

- **Autism Spectrum Australia (Aspect):** Early Intervention Readiness Program
- **Bayside Special Developmental School:** Tick for Tech
- **Giant Steps:** Becoming Me
- **Assistance Dogs Australia:** training and placement of Assistance Dogs
- **Breakaway Inc.:** respite and recreation camps during school holidays



COMMUNITY

Community engagement

- Projects

Scentre Group's purpose comes to life in many forms – in the spaces we create, our investments in our portfolio and innovation and through meaningful engagement with the communities in which our centres operate.

As the largest listed real-estate investment trust in Australia, Scentre Group's strategic objective is to own, manage and develop the best retail assets in Australia and New Zealand. Our portfolio continues to generate long-term growth and risk-adjusted returns for its investors and co-owners, and our assets continue to represent extraordinary places for retailers and customers.

In 2016, we completed a number of redevelopments at our centres. Westfield Marion in Adelaide (SA) opened a new fresh food market with 14 specialty food retailers. The redevelopment of Casey Central in Melbourne (VIC) was completed, adding a new Aldi, Coles, Target and 96 specialty stores. Our centre opening recognised our Indigenous community, including a Welcome to Country and an Indigenous smoking ceremony by the local Wurundjeri Tribe. The first stage of Westfield North Lakes in Brisbane (QLD) opened, with a new fresh food market, a casual dining precinct, state-of-the-art children's playground and an Event Cinemas complex. The second stage redevelopment of Westfield Warringah Mall in Sydney (NSW) opened, housing more than 70 fashion, home and lifestyle retailers.



shopping centre openings
and redevelopments

The Westfield Warringah Mall project team proactively engaged with the community around design changes to better address the community's needs. This engagement model fosters enduring community trust and positive sentiment for the centre. In 2016 Scentre Group undertook national market research to better understand the needs of the communities in which we operate. We asked 29,000 community members what was important to them, their families and their local communities. This valuable feedback will guide our future community initiatives, and by sharing it with other organisations in 2017, the information can benefit other communities.

In 2015, our CEO challenged the business by asking, "What is one thing we can implement in all centres that customers will consider extraordinary?" Following an ideation process and testing ideas with a range of stakeholders, three outstanding suggestions were selected to take from idea to reality:

- *place.active*: activating our malls with sporting and physical activities to promote active communities
- *Smarter+*: a Westfield Loyalty program that rewards visits and money spent with benefits such as free parking
- *5 More Minutes*: short-term, ad hoc occasional childcare for parents and their children

This year we celebrated new openings in Adelaide, Melbourne and Brisbane – creating new opportunities and experiences to enrich local communities.



COMMUNITY

Community engagement

- Industry and Government

Through our memberships with various industry associations, Scentre Group participates indirectly with government and policy makers. Our engagement with government and industry focuses on initiatives that address critical business issues facing retailers and property owners in Australia and New Zealand, including climate change.

The Group is a member of the following industry organisations in Australia and New Zealand:

- Energy Users Association Australia (EUAA)
- NABERS Retail Technical Advisory Group (TAG)
- New Zealand Green Building Council
- New Zealand Property Council
- Packaging Council of New Zealand
- Property Council of Australia
- Property Council Sustainability Roundtable
- Service Skills Australia
- Shopping Centre Council of Australia

Scentre Group engages with all levels of government in relation to a range of business activities, but first and foremost through the development of our shopping centres and the associated regulatory planning requirements. With more than 55 years of experience in planning and the regulatory environment, our property developments are not only compliant, but complementary to the communities in which we operate. Scentre Group engages with a number of other corporate and operational regulatory requirements across multiple divisions of the business, and directly between every Westfield shopping centre and its local government representatives.





COMMUNITY

Staff engagement & volunteering

At Scentre Group, we support our people to spend two days per year helping in their community. This year, our people gave 369 days of their time to charities. Our people are generous in their support, be it through donations, volunteering, or in-kind support. Their goodwill is helping us to enrich our local communities and leave a positive legacy.

369 
employee days used
for volunteering (2015: 408)

In February a team of eight Scentre Group employees rode their bikes 515km over five days across Thailand. Their pedal power raised an astounding \$48,000 for Hands Across the Water. Following the devastation of the South East Asian Boxing Day tsunami in 2005, Hands Across the Water was established to help at-risk Thai children continue to learn in a safe environment.

The Cerebral Palsy League support centre in Redcliffe needed revitalisation, so the team at Scentre Group spent a whole day giving the centre a backyard blitz. We surveyed our people about our Workplace Giving Program and they told us they wanted to donate to charities they are passionate about. We have committed to match any employee donation dollar-for-dollar to help our people make a difference for the charities of their choice.

With one in seven Australian children going to school hungry, many of our centres partnered with Foodbank to rescue surplus food from retailers to feed low income and single-parent families and the unemployed. The centres collected almost 15 tonnes of non-perishable food items for the charity.

More than 50 of our people spent a day in the OzHarvest kitchen transforming rescued food into more than 300 restaurant-quality meals for disadvantaged communities.

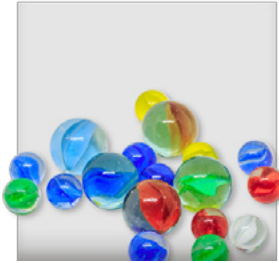


People

MAKING EXTRAORDINARY HAPPEN

Our first ever employee engagement survey returned an 85% favourable engagement score, placing Scentre Group in the top 5% of organisations globally. Our steady focus on diversity and inclusion has contributed to this exceptional result.





PEOPLE

Diversity & inclusion

DMA →

We are committed to creating a diverse and inclusive workplace, where people from different backgrounds, perspectives and experiences are recognised and valued.

For Scentre Group, diversity includes, but is not limited to, gender, age, disability, sexual orientation, ethnicity, religion and cultural background. Inclusion is about developing a culture where all employees can thrive and feel supported to bring their whole selves to work.

In 2016, we launched our strategy for Diversity and Inclusion (D&I) and focussed on gender balance and flexibility. Peter Allen, Scentre Group's CEO and member of the Male Champions of Change for the property sector, continues to be committed to flexible working arrangements for all employees. In 2016, our D&I Council has expanded our D&I agenda.

Diversity & Inclusion agenda expanded to include:

- Mental Health & Wellness
- Reconciliation Action Plan
- Domestic Violence
- LGBTI

Our Connect Network supports women to build confidence and grow professionally, while our Parents Connect forum supports working parents to balance their family life with work commitments. This year, Connect was extended to all women across Australia and New Zealand, with forums covering Innovation, Stress and Confidence, Personal Branding and Career Management.

In 2016 we launched our first Reconciliation Action Plan. Our vision for reconciliation is to educate our communities and demonstrate respect for, and work with, Aboriginal and Torres Strait Islander people. Our Indigenous Employment program, a two-year school-based traineeship, saw 18 of the 22 students graduating with tertiary qualifications through TAFE. Our NAIDOC Week campaign 'Sing With Us', won the Community Award at the Shopping Centre Council of Australia Marketing Awards. Welcome to Country, Indigenous smoking ceremonies and performances were features of our four centre openings, and we are steadily installing Acknowledgement of Country plaques across all Westfield Concierges and Centre Management offices.

We released our LGBTI plan to ensure all employees feel supported to bring their whole selves to work, and celebrated Wear It Purple Day in August 2016 in support of our LGBTI community.

Recognising the potential impact of poor mental health on our people and their families, our Mental Health and Wellness campaigns aim to remove the stigma attached to mental health issues and focus on preventative education. Our partnerships with the Black Dog Institute and Mates in Construction will help us to implement our programs.

Our Domestic Violence policy aims to create a psychologically safe workplace where all employees can disclose issues or concerns about domestic violence and sexual assault without fear of negative consequences.

IMPORTANT DATES CELEBRATED AS PART OF OUR D&I AGENDA IN 2016:

Diversity

Inclusion

MARCH 8
International Women's Day

MARCH 21
Harmony Day
(cultural awareness)

MAY 27 – JUNE 3
Reconciliation/NAIDOC week

AUGUST 26
Wear It Purple Day

SEPTEMBER 8
RUOK Day

OCTOBER 10
World Mental Health Day

NOVEMBER 19
International Men's Day

NOVEMBER 25
White Ribbon Day
(domestic violence)

[View our Reconciliation Action Plan here](#)



PEOPLE

Gender diversity & return-to-work performance

DMA →

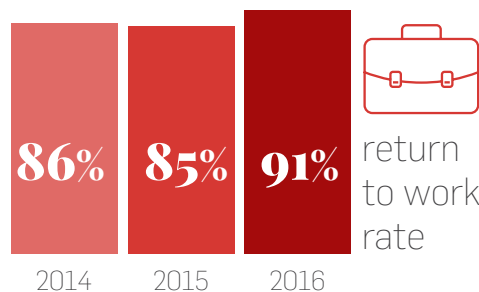
To attract and retain the best employees, we must offer more than monetary rewards. Scentre Group's steady focus on diversity and inclusion over the past year is paying off, with some pleasing results.

Gender balance continues to be a key metric of diversity within the business, with the Group maintaining gender diversity across its workforce. Continuing on previous year trends, Scentre Group promoted proportionally more women during 2016 to manager and professional level. There were 39.7% women at the manager and professional level as at December 2016, up from 38.1% in 2015. This represents a 1.6% increase while there was a 0.8% decrease at support level, going from 59% to 58% year on year.

During 2016, 70 employees initiated a period of parental leave (46 in 2015), most of which (86%) were still on leave at the end of the reporting period. Given that most employees who initiated parental leave in 2016 have not yet returned to work, opposite is an overview of our performance for the 2012-2016 period, which provides an accurate picture for return-to-work and retention over time.

Between 2012 and 2016, a total of 257 people took parental leave. 49% returned to the organisation, 11% terminated their employment with Scentre Group and 39% are still on leave at the end of 2016. Of those returning to work, 42% did so in their former capacity while 58% returned to work on reduced hours.

These figures will change as employees currently on leave return to the workforce in 2017. We are encouraged by positive results of our annual performance between 2012 and 2016. Our return-to-work rate has increased from 86% in 2014 to 91% in 2016. Meanwhile, the ratio of employees terminating their employment during their leave has decreased steadily from 8% in 2014 to 0 in 2016.



Employees returning after taking parental leave

42%

RETURNED TO WORK
IN FORMER CAPACITY

58%

RETURNED TO WORK
ON REDUCED HOURS

Total workforce

2,776





PEOPLE

Employment & labour

DMA →

Development of our people in 2016 focussed on leadership, embedding our DNA and diversity and inclusion. Our employee survey results and feedback are helping us to align our people focus for 2017.

Training and development in 2016 was underpinned by the launch of a new skills model which helped us rethink how we educate people. To embed it we implemented a 70/20/10 learning approach allowing 70% of learning to take place on the job or by applying quick tips; 20% through mentors/peers/manager coaching; and only 10% to be delivered through face-to-face training programs.

This shift in approach led to a reduction in individual training programs from 39 sessions in 2015 to 25 sessions in 2016. Training hours for the year totalled 6,609 with the average for females being 2.3 hours and males being 2.5 hours. Despite the reduction in face to face training our new approach facilitates more frequent and relevant learning through real job experiences that are manager-led.

To support this approach, our management and leadership development offers were revised, ensuring managers had the right skills to support our peoples' learning on the job and be leaders of a diverse and inclusive culture. We also commenced the roll out of the Inclusive Management Program which focused on developing inclusive conversation skills that help build psychological safety in the workplace. All people managers will attend this program during 2017.

The focus for leadership development was on reviewing the effectiveness of our development program for key talent through executive debriefs, the creation of targeted career plans and building their development roadmap for 2017. This approach also included

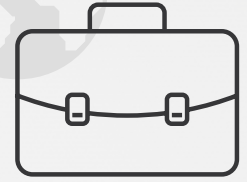
gaining clarity on our top female talent and identifying their pathway from high performers to successors for more senior roles within three years.

Since the identification of our 24 key talent in 2015, 17 (68%) have had a role change or promotion with plans in place for 2 others during 2017, with females representing 41% of those role changes. In addition our retention of key talent has remained strong at 100%.

As part of a twice-yearly review, we affirmed our executive succession plans with the Scentre Group Executive Committee and the Human Resources Committee of the Board and identified



85%



employee engagement score, placing Scentre Group in top 5% globally

successors for all key executive roles. We also developed individual investment plans to progress executives' skills to lead in an increasingly complex operating environment.

We launched our first ever DNA Heroes recognition campaign whereby over 60 individuals were nominated by their colleagues in recognition for their consistent demonstration of our cultural values. Thirteen nominees were awarded DNA Hero status and celebrated their achievements with a lunch hosted by our CEO.

We recognise that, as leaders, managers and colleagues, we can make a difference to create a safe and secure workplace. To further bring our diversity and inclusion agenda to life, we rolled out awareness training for mental health issues, providing managers with domestic violence guidelines to promote greater understanding; guidance on how to respond and access appropriate help for those at risk.

Celebrating the Group's second birthday in June, we surveyed our people to understand the level of employee engagement. 77% of our employees responded and our overall engagement score was 85% favourable. This score is considered best practice by all benchmark standards and places us in the top 5% of organisations globally. The survey has helped us to realign our people efforts with areas of improvement, which should be identified in our next survey to be conducted in 2017.



PEOPLE

Health & safety

DMA →

We are committed to extraordinary places being safe places. Our focus on 'people protecting people' has seen a step-change in behaviours and attitudes towards safety. Our aim is that everyone goes home safely, every day.

In 2015 we undertook a Safety Maturity Assessment. Like most organisations, the results told us there was opportunity to improve and develop a 'generative' safety culture within our business. We released our Workplace Health and Safety (WHS) strategy and set up a diverse WHS Steering Committee, charged with changing behaviours, values and attitudes around safety.

This year, we have focussed on three strategic elements: implementing the strategy, developing visible leadership and engaging our workforce. Concentrating on the highest risk area for our business, Design and Construction, our effort has certainly paid off. To engage our workforce, our monthly safety newsletters share positive safety initiatives and stories throughout Design and Construction teams.

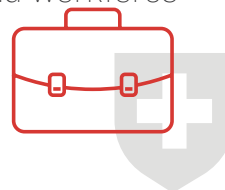
On construction sites, everyone experiences our '5-in, 5-out' safety campaign. Upon entry, five signs communicate site-specific safety messages, and upon leaving, five safety messages are displayed for everyone to think about as they leave the site. The messages are developed by the site teams to make them relevant for each site.

Our site toolbox meetings give everyone the freedom and confidence to speak up about any new ideas, identified risks or opportunities. We rebranded our personal protective equipment (PPE) and put up branded safety barricading on major projects to give a sense of area ownership and accountability for safety.

All of these efforts have been underpinned by our new safety purpose statement 'people protecting people'. During 2016, our performance in Lost Time Days across the whole business, despite four major active centre construction projects, has significantly improved.

Next year, we will continue to roll out the program across the Facilities Management and Customer Experience areas of the business. We will expand behavioural safety training, using our 'Did you PAT that?' campaign, where 'PAT' ensures people 'Pause, Analyse and Think' before they start work. We will implement our Wellbeing policy, expand our leadership training and complete the refresh of our e-learning safety training to make the content more relevant and engaging.

95% of the Australian workforce
100% of the New Zealand workforce
represented in formal joint management worker health and safety committees.



In bringing to life our new safety purpose 'people protecting people', we reduced our LTIFR significantly in 2016, with only 1 LTI across our 4 development projects.

Average lost day rate (ALDR)



Lost time injury frequency rate (LTIFR)



Total absentee rate (percentage) (AR)



Total fatalities



LTIFR = $\left(\frac{\text{number of Lost Time Injuries}}{\text{total hours worked}} \times 1,000,000 \right)$. This covers both employees and contractors. **ALDR** = Total number of Lost Time Days / Total number of Lost Time Injuries. This covers both employees and contractors. It represents the average number of days lost per lost time injury. **AR** = Total number of Absentee days / Total number of days worked x 100. This covers employees only, as absentee days data is not available for contractors.



OUR APPROACH

Ethics & compliance

Compliance seminars are held annually for key staff on legal requirements and procedures. It is the responsibility of each employee to understand Scentre Group's values and policies and report any conduct or activities that might be in breach of these values.

Whistleblowing policy

The whistleblower policy ensures that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal. Under the policy, Scentre Group has an appointed Whistleblower Protection Officer in both Australia and New Zealand. Employees are encouraged to report any genuine matter or behaviour that they believe contravenes our code of conduct, policies or the law. Matters may include any actual, or suspected, conduct or practices which are illegal, corrupt activities, theft or fraud, misleading or deceptive conduct of any kind, harm to public health or safety or the health or safety of any Scentre Group employee. We investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the outcome of the investigation. We take any necessary action in response to a report and where no action is taken, an explanation will be provided. Where appropriate, a third party may be engaged to assist in the investigation. Every six months a report is provided to the Audit and Risk Committee summarising the whistleblower activities for the period.

Gifts and Entertainment policy

In 2016 we updated our Gifts and Entertainment policy and requested that our employees register any benefits received over a \$100 threshold. This is to ensure that appropriate guidelines and personal accountability and responsibility standards are in place to maintain integrity in all business relationships.

Fines and sanctions

In 2016 Scentre Group received no significant fines or non-monetary sanctions for non-compliance with any laws and regulations, including those relating to the environment and the provision of goods and services. The Group defines significant fines as being \$100,000 or above.

All employees are provided with an employee handbook that outlines the values, policies, procedures and standards of conduct to be adhered to in all situations.



Governance

Creating a sustainable business is a strategic initiative of Scentre Group. The Group incorporates sustainability into operations through its business plan, which all teams must work towards.

Scentre Group has in place a number of governance bodies responsible for the strategic guidance of the organisation. Those bodies are the Board of Directors, the Audit and Risk Committee, the Human Resources Committee, the Nomination Committee and the Executive Committee. Sustainability is managed and implemented by Scentre Group's:

- **Board** – among other responsibilities, the Board is responsible for setting and reviewing the strategic direction and overseeing the effective management and operation of the Group.
- **Audit and Risk Committee** – maintains oversight of the risk management framework, including sustainability risks.

- **Executive Committee** – operates the business in alignment with the policies set by the Board. The Executive Committee is composed of the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel and operational directors.

While accountability for sustainability rests with the Executive Committee of Scentre Group, the Director for Design and Construction is the Executive Sponsor for Sustainability within Scentre Group. He is responsible for overseeing the development of the Sustainable Business strategy and the implementation of the energy efficiency, waste and water initiatives and programs in Australia and New Zealand, and reporting on the environmental performance of the business to the Executive Committee.

The Executive Committee delegates the implementation of key community, people and environmental strategies to committees composed of diverse representatives from the business.

In 2016 the Sustainable Business Council was dismantled. The Executive Committee is now responsible for the implementation of key Sustainable Business strategies, and operational teams provide support for the implementation of initiatives throughout the business. Scentre Group continues to build sustainability accountabilities and responsibilities in role descriptions at all levels of the organisation, which will be pursued in 2017.

The priorities of the Work Health and Safety strategy revolve around three core elements: visible leadership, workforce engagement and WHS planning and strategy.

The Workplace Health and Safety Council was setup to align the Design and Construction team's Work Health and Safety (WHS) attitudes and behaviours to a 'generative' safety culture. The Council includes various members of the Design and Construction team. It quickly developed a charter, a purpose statement ('people protecting people') and developed a strategy document, including initiatives against each of the three core elements of the WHS strategy.

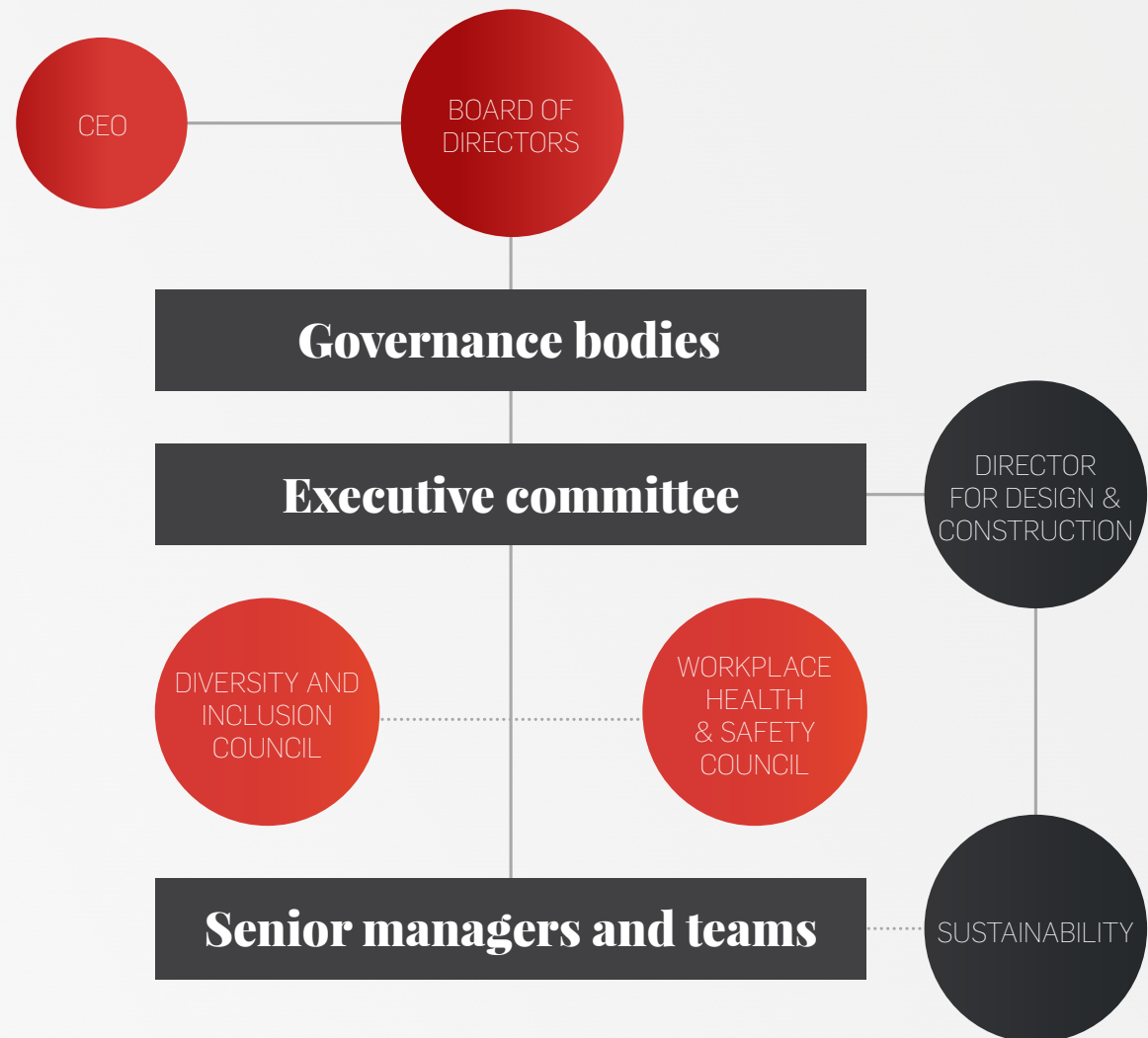
In 2016 Scentre Group trained senior managers to adhere to our WHS cultural journey, commitments and expectations and we have setup WHS cultural objectives for our project teams. Each project received a briefing on WHS alignment and monthly communications commenced to reinforce the focus driven by our WHS Council. For more details and results of our strategic initiatives, refer to the People section of this report.

 **30%**
of Scentre Group's
directors are female.

Since 2015 the Diversity and Inclusion Council has met monthly to drive strategies and implement initiatives focussing on:

- **Diversity:** to attract, recruit and retain a diverse workforce
- **Inclusiveness:** to provide a work environment where people feel safe to bring their whole selves to work, one that embraces all the ways in which we are different
- **Awareness and education:** to raise awareness and increase commitment to workplace diversity and inclusion across the organisation.

In 2016 the Council launched Scentre Group's Reconciliation Action Plan, and the Diversity and Inclusion agenda was expanded to include strategies that support our LGBTI employees and those impacted by mental health issues. More details are provided in the People section of this report.



Report profile

Scentre Group provides information to stakeholders on its sustainability performance through various voluntary and mandatory reports:

- Digital Sustainability Report
- Corporate Governance Statement and report to the Workplace Gender Equality Agency
- Carbon Disclosure Project submission
- Global Real Estate Sustainability Benchmark submission
- National Greenhouse and Energy Reporting on energy and emissions for operating assets in Australia

Organisational boundaries

Scentre Group is a vertically-integrated business which designs, constructs and operates the premier portfolio of Westfield branded shopping centre assets in Australia and New Zealand. The scope of this report covers assets owned and operated by the Group, including shopping centres, related commercial buildings and development, design and construction projects for which the Group has acted as principal contractor during the reporting period.

Scentre Group owns over half of its shopping centre portfolio in joint venture agreements with co-owners. Assets that are jointly owned and operated by Scentre Group are considered under its operational control. The performance of these assets is reflected in this Sustainability Report. Scentre Group also works with the world's leading retail and luxury brands to create a unique shopping and leisure experience for customers. The impacts of suppliers, service providers and tenants are external to our shopping centres and are excluded from this report.

Approach to reporting on material aspects

Scentre Group's 2016 Sustainability Report contains standard disclosures as prescribed by the Global Reporting Initiative's (GRI) sustainability reporting guidelines. The content of this report is informed by our stakeholders' views and interests in various aspects of Scentre Group's performance in the environmental, social and economic areas. Decisions related to the preparation of this report are consistent with the GRI G4 principles for defining report quality:

- **Balance:** both favourable and unfavourable year-on-year results are presented.
- **Comparability:** this report includes historical information for Scentre Group from 2014, to enable year-on year comparison of performance. There have been no significant changes to the organisation during the reporting period.
- **Accuracy:** Scentre Group is committed to maintaining best practice in relation to the measurement, calculation and reporting of sustainability performance data. The Group strives to use actual third party information, however, whenever estimates are used, references to the methodologies employed are made available. Reporting processes are in alignment with applicable global reporting standards and documented in methodologies to ensure consistency.
- **Timeliness:** Scentre Group will continue to report on its sustainability performance indicators annually, using the same period as its financial statements. This report is for the period 1 January to 31 December 2016.
- **Clarity:** Scentre Group provides sustainability performance information in various formats (case studies, quantitative data packs, qualitative DMAs, GRI G4 content index) across a range of reporting platforms to ensure the specific information relevant to each stakeholder group is more easily accessible.
- **Reliability:** The information presented in this report is subject to extensive review by the organisation's most senior executives. A number of indicators covering GHG, water and waste have been externally assured by independent assurance providers Ernst & Young.

Scentre Group

Scentre Group Limited
ABN 66 001 671 496

Scentre Group Trust 1

ARSN 090 849 746
(Responsible Entity: Scentre
Management Limited
ABN 41 001 670 579,
AFS Licence No 230329)

Scentre Group Trust 2

ARSN 146 934 536
(Responsible Entity: RE1 Limited
ABN 80 145 743 862,
AFS Licence No 380202)

Scentre Group Trust 3

ARSN 146 934 652
(Responsible Entity: RE2 Limited
ABN 41 145 744 065,
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Principal Share Registry

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