

SCENTRE GROUP

Owner and Operator of *Westfield* in Australia and New Zealand

SUSTAINABILITY REPORT 2014

Published 2015



INTRODUCTION

Scentre Group, owner and operator of Westfield in Australia and New Zealand, was established in 2014 with a high quality retail portfolio and continues to make sustainability a core focus.

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MESSAGE FROM THE CEO



I'm pleased to present the inaugural Sustainability Report for Scentre Group.

During 2014, the Westfield Group underwent a major restructure which created two independent new entities. Westfield Corporation was created to own and operate Westfield shopping centres in the United States, United Kingdom and Europe. A merger between Westfield Group's Australia and New Zealand operating platform and shopping centres and Westfield Retail Trust has led to the establishment of Scentre Group – a new entity that owns interests in a high quality portfolio of 47 shopping centres valued at \$40.9 billion.

This report includes data and information that was previously contained in prior Westfield Group's sustainability reports, in so far as it related to the Australian and New Zealand portfolio. This report deals only with Scentre Group assets.

While our organisation's structure has changed, our sustainability principles have not. We have a unique opportunity to build on those principles and we remain committed to aligning them to our culture and operations.

Sustainability is a high priority for our organisation and we are driven to operate safely and efficiently, conserve energy wherever possible, produce less waste, regularly engage our stakeholders and embrace innovative technology and design techniques to help us achieve our goals.

Our purpose at Scentre Group is to create extraordinary places that connect and enrich communities. We seek to achieve this by regularly engaging with our stakeholders to understand their needs and the sustainability issues that matter to them. We believe that engagement is the key to building trust and maintaining transparency among our stakeholders, and continuous engagement will develop our sustainability capacity. We seek to integrate trust into our relationships by being reliable and consistent, doing what we say we will do and ultimately acting with integrity at all times.

Scentre Group is a vertically integrated business which funds, designs, develops, builds and manages its own assets. We are well placed to incorporate environmental considerations into each stage of our business processes. Environmental planning and monitoring are significant parts of our daily business practices, and as owners and operators of large-scale facilities, the efficient management of energy, water and waste is key to the overall efficiency and long-term sustainability of the Group.

The strong safety record we've maintained as part of the Westfield Group is one we aim to uphold as Scentre Group. We are continually improving our processes and, as a business, look at innovation and new technology in both our operational and design and construction practices to ensure we continue to provide a safer environment for our shoppers, retailers and staff.

Scentre Group is a new organisation - but we own and operate a portfolio of malls which bear a strong heritage and culture. Our opportunity is to build on that heritage while at the same time developing our own identity and culture. As a more geographically-focused business we can simplify our processes and position ourselves more effectively to respond to market needs. We can be agile and nimble, and fully leverage the capacity of our existing assets.

The board of directors and I believe we have an exciting future as we work towards ensuring the long-term sustainability of our portfolio and our business across Australia and New Zealand.

A handwritten signature in black ink, appearing to read 'P. Allen'.

Peter Allen
Chief Executive Officer

REPORT PROFILE

Scentre Group's 2015 sustainability report has been prepared in alignment with Global Reporting Initiative (GRI) G4 CORE level sustainability reporting guidelines.

Scentre Group reports on sustainability performance in the following ways:

- annual sustainability report;
- submitting responses to the Carbon Disclosure Project;
- responding to the Global Real Estate Sustainability Benchmark (GRESB); and
- regulatory reporting on energy and greenhouse gas emissions in Australia.

SCOPE

The scope of the report covers Scentre Group's physical assets in Australia and New Zealand, including shopping centres, office buildings and construction and development sites which we manage. It does not include assets in which Scentre Group has a financial interest but doesn't actively manage.

Scentre Group jointly owns a number of its shopping centres. Those that we jointly own and manage are considered to be under our operational control and will be included in our reporting. The reporting includes all operations where Scentre Group has had operational control for at least six months of the reporting year and has sufficient reporting systems in place. Tenant environmental impacts are excluded as they are not under Scentre Group's operational control.

PERFORMANCE INDICATORS

The G4 guidelines put materiality at the centre of the reporting process. We have structured our report this year according to our most material issues and selected 15 key aspects relating to these issues. Please refer to the GRI index for more detailed information on these performance indicators.

As our business evolves, some information in this report may vary from previous reports. As the inaugural report for Scentre Group, this report deals only with Scentre Group's assets, which are in Australia and New Zealand.

Scentre Group reports on its sustainability performance indicators using the same time period as its financial statements – 1 January to 31 December 2014. Due to the timing of the release of this report, some environmental data have been estimated and the methodology is outlined in the corresponding section of the GRI Index.

For selected indicators, the Global Reporting Initiative G4 (GRI G4) indicators definitions have been applied.

The energy use and GHG emissions information is derived from our Global GHG Inventory, which is prepared annually in accordance with ISO 14064 – Greenhouse gases, Part 1: Specification with guidance at the organisation level for the quantification and reporting of greenhouse gas emissions and removals. Scentre Group is committed to maintaining global best practice for the measurement, calculation and reporting of its GHG inventory. Each year the standards and methodologies are reviewed against any developments in local reporting obligations or GHG standards and guidance and adjustments are made as required.

Further details on Scentre Group's GHG reporting approach, including the gases included in the calculation, the base year, the standards applied and the emission factor sources can be found in Scentre Group's Carbon Disclosure Project Survey response (refer to www.cdp.net)

BUSINESS PROFILE

OUR PURPOSE

Creating extraordinary places,
connecting and enriching communities

OUR DNA



**WE ACT WITH
INTEGRITY**



**WE WORK
TOGETHER**



**WE PUSH
THE LIMITS**



**WE ACT AS
AN OWNER**



**WE NEVER
GIVE UP**



**WE LEAVE A
POSITIVE LEGACY**



2,035
of employees

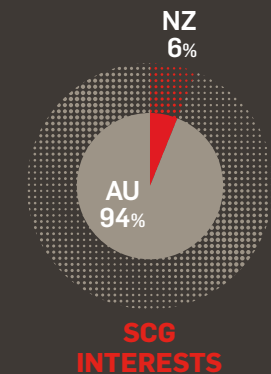
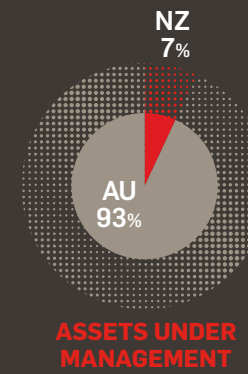
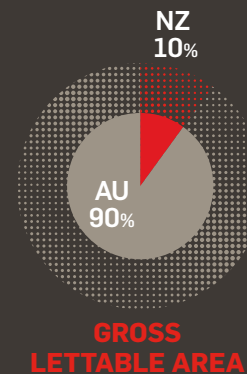
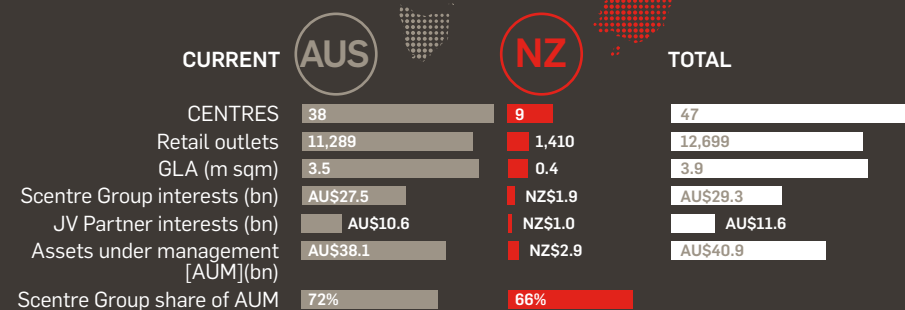


560m
shopping visits



\$22b
in retail sales

PORTFOLIO SUMMARY



Note: Exchange rate as at 31 December 2014: AUD/NZD: 1.0472

SCENTRE GROUP IN NUMBERS

3,416.5
Direct economic
value generated
(\$m)

19%
women in
management and
professional
roles

1,389
Number of
employees
(Male)

1,351
Number of
employees
(Female)

805
New hires



ECONOMIC (\$m)

Direct economic
value generated

\$3,416.5*

Direct economic
value distributed

\$(2,447.9)*

Direct economic
value retained

\$968.6*

Note: All amounts in Australian dollars unless otherwise specified.



PEOPLE (No.)

Total number of
employees

2,740

Men

1,389

Women

1,351

Contractors

4,483

Full time

1,739

Part time

209

Casual

705

Temporary

87

New hires

805

Employees
who left

619

Including casuals in Australia, excluding independent contractors.

*GRI methodology applied; figures differ materially from International Financial Reporting Standards and cannot be compared to or provide any accurate indication of the Group's profitability as reported in its statutory accounts as at 31 December 2014.

The financial data presented is only for the Australian and New Zealand businesses of the Westfield Group for the six months ended 30 June 2014 (prior to the Restructure and Merger) and of the Scentre Group for the six months ended 31 December 2014 (subsequent to the Restructure and Merger). In addition, there are no comparatives to be presented for the Scentre Group.



TRAINING

Hours devoted to training **13,738**



OCCUPATIONAL HEALTH AND SAFETY

5.5

Lost time
frequency
rate

8.2

Average
lost day
rate

0.0

Total
fatalities

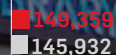
1.5%

Total
absentee
rate

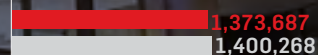


ENVIRONMENT

Direct energy
consumption
(GJ)



Indirect energy
consumption
(GJ)



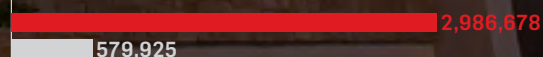
Direct and indirect
emissions [Scope
1 & 2] (t CO2-e)



Other indirect
emissions [Scope 3]
(t CO2-e)



Total waste
disposed
(metric tonnes)



Total water
withdrawn
(m3)



■ 2014 ■ 2013

CHANGE

2% ▲

2% ▼

2% ▼

9% ▼

415% ▲

0.4% ▲

*GRI methodology applied; figures differ materially from International Financial Reporting Standards and cannot be compared to or provide any accurate indication of the Group's profitability as reported in its statutory accounts as at 31 December 2014.

The financial data presented is only for the Australian and New Zealand businesses of the Westfield Group for the six months ended 30 June 2014 (prior to the Restructure and Merger) and of the Scentre Group for the six months ended 31 December 2014 (subsequent to the Restructure and Merger). In addition, there are no comparatives to be presented for the Scentre Group.

SUSTAINABILITY GOVERNANCE

Sustainability is a priority for Scentre Group's board and senior management. We incorporate sustainability into our culture and operations. Sustainability is managed and implemented by:

Scentre Group's Governance Bodies are the Board of Directors, Audit and Risk Committee, the Human Resources Committee, the Nomination Committee and the Executive Committee.

SCENTRE GROUP BOARD

Responsible for corporate governance policies and risk management practices including sustainability

SCENTRE GROUP'S EXECUTIVE COMMITTEE

Operate the business adhering to these policies

Chief Executive Officer

Chief Financial Officer

Group General Counsel

Divisional Directors

SENIOR MANAGERS AND TEAMS

Nominated teams in each operating market assume responsibility for Scentre Group's response to sustainability initiatives.



AUSTRALIA

General Manager Facilities and Sustainability Australia

Responsible for sustainability for Scentre Group's Australian operations. The role reports to Director Shopping Centre Management and prepares reports for the Senior Corporate Management team addressing key sustainability issues.

NEW ZEALAND

General Manager of Construction and the General Manager for Centre Management and Marketing

Manages sustainability practices and reports at monthly operational board meetings and bi-annual sustainability meetings with the New Zealand Director. Two dedicated team leaders implement key objectives from the New Zealand sustainability plan.

ECONOMIC CONTRIBUTION

At 31 December 2014, Scentre Group's portfolio of 47 centres under management was valued at \$40.9 billion. More than 560 million customer visits were made to these centres, generating more than \$22 billion in retail sales.

Scentre Group inherits Westfield Group's long and successful track record of shopping centre development in Australia and New Zealand. Scentre Group has a future development pipeline in excess of \$3.0 billion and major projects were completed in 2014 at Westfield Miranda in Sydney and Westfield Garden City in Brisbane. These statistics highlight the different ways Scentre Group generates economic value. Each of our shopping centres is a powerful generator of economic activity, producing investment opportunities, direct and indirect employment and innovation. They are community hubs visited every week by millions of people who work, shop, do business and have fun.

In 2014, Scentre Group provided \$7.5 million in community support across Australia and New Zealand. As in the past this support was a combination of cash contributions as well as in-kind contributions through strategic partnerships encompassing employee volunteering programs, shopping centre space and other activities.



\$7.5 million in community support across Australia and New Zealand

				Six month period ended 31 Dec 2014 ⁽ⁱ⁾
Direct Economic Value Generated ⁽ⁱ⁾				\$m ⁽ⁱⁱ⁾
Revenues				3,416.5
Direct Economic Value Distributed ⁽ⁱ⁾				
Operating costs		(877.7)		
Employee wages & benefits		(289.9)		
Payments to government by:		(161.6)		
– AU entities	(137.7)			
– NZ entities	(23.9)			
Payments to government as agent by:		(59.4)		
– AU entities	(47.4)			
– NZ entities	(12.0)			
Community investments		(7.5)		
			(1,396.1)	
Payments to providers of capital			(1,051.8)	
Total economic value distributed				(2,447.9)
Direct Economic Value Retained ⁽ⁱ⁾				968.6

(i) GRI methodology applied: figures differ materially from International Financial Reporting Standards and cannot be compared to or provide any accurate indication of the Group's profitability as reported in its statutory accounts as at 31 December 2014.

(ii) On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

- Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and
- Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

• A restructure stage, where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;

• A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and

• A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Accordingly, the financial data presented is only for the Australian and New Zealand businesses of the Westfield Group for the six months ended 30 June 2014 (prior to the Restructure and Merger) and of the Scentre Group for the six months ended 31 December 2014 (subsequent to the Restructure and Merger). In addition, there are no comparatives to be presented for the Scentre Group.



MATERIAL ISSUES



Senior management assesses the materiality of key sustainability issues after consulting relevant staff throughout the business, mainly through Corporate Social Responsibility Working Groups in Australia and New Zealand. This ensures topics previously identified remain material and allows for new indicators to be identified and reported.

This year we have identified the issues most material to our business as:



* The key reporting standards applied are GRI G4, ISO 14064 and Greenhouse Gas Protocol 'A Corporate Accounting and Reporting Standard', April 2014

** Documentation and record keeping is done at two levels: by the country coordinators to support the information they have provided in the Environmental Data Tool, and through updating the central Scentre Group Sustainability Methodology document with the sources used each year.

MATERIAL ISSUES

ENGAGING STAKEHOLDERS

Scentre Group works hard to understand sustainability issues that matter to our many stakeholders. Engaging with our stakeholders is key to building trust and maintaining transparency among our stakeholders. We endeavour to understand, measure, assess and adjust our impact on our stakeholders through our sustainability program.



The Scentre Group DNA provides a 'cultural blueprint' for our organisational behaviour. Elements of our DNA are:



We act with integrity

We work together

We push the limits

We act as an owner

We never give up

We leave a positive legacy

1.1

EMPLOYEES

2014 marked a year of significant transition for our business with the creation of Scentre Group in June. A critical objective of the restructure was to mitigate the risks surrounding the human resources of the new Scentre Group – both in terms of the highly visible and costly turnover of key staff, but also the potential loss in engagement, which had traditionally been high within the Australian and New Zealand operations of the former Westfield Group.

THE TRANSITION TO SCENTRE GROUP

A steering committee was established to oversee the implications of the restructure for human resources, with a focus on the rebranding to Scentre Group and associated systemic changes. A detailed change management plan was implemented, consistently communicating changes and impacts on the business via executive briefings, sub-committee meetings, staff forums, the provision of online information, and general updates.

The first six months of Scentre Group's existence was a period of stabilising the workforce's transition to the new entity. Intensive communications to all employees shared by CEO, Peter Allen, provided clarity on the change, the new organisation and its direction. The aim was to ensure employees understood the goals of and felt confident in becoming part of Scentre Group.

While the vast majority of employees continued in the same roles and teams with the same managers, a small number of individuals, mainly in the corporate headquarters of the former Westfield Group, did experience a change to their functions. These individuals were consulted on a case-by-case basis to ensure they were clear about their role in the new organisation.

Since the restructure, the Group's leadership structure has been proactive in driving the human resources agenda. A senior leadership forum with directors and general managers was conducted in July 2014 to agree to an overarching organisational purpose and core operating principles that would anchor people's performance and contribution in the new business.

The outcome was agreement that Scentre Group's aim is "creating extraordinary places and connecting and enriching communities." This purpose is far-reaching, incorporating Scentre Group's shopper, retailer, partner and employee communities. It is also supported by six operating principles we call our DNA that capture the core behaviours that every person at Scentre Group is expected to demonstrate. Drawing from the best of the Westfield Group culture and with a nod to the future of Scentre Group, the DNA provides a 'cultural blueprint' for our organisational behaviour.

The DNA has been incorporated into the core people practices of the organisation and has provided a clear direction to employees on what is expected of them as part of Scentre Group.

Overall the transition to Scentre Group was seamless. The change initiatives deployed enabled employees to shift their engagement to the new organisation confidently.

WORKPLACE COMPOSITION

At its creation, Scentre Group directly employed 2,740 people across Australia and New Zealand. Of these employees, 2,499 were based throughout our Australian offices and shopping centres with 241 direct employees in New Zealand.

MATERIAL ISSUES

1 Engaging stakeholders

- 1.1 Employees
- 1.2 Retailers
- 1.3 Shoppers
- 1.4 Community
- 1.5 Partners
- 1.6 Investors
- 1.7 Service providers
- 1.8 Government



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The SCG employee base has a balanced gender distribution with 1,389 males and 1,351 females



805 new hires
619 employees left

The employee base also has a balanced gender distribution with 1,389 males and 1,351 females employed at Scentre Group.

There is a diverse mix of employment types across the business, including 1,739 full-time employees, 705 casual employees, 209 part-time employees and 87 temporary employees. Over the course of the year, 805 new people joined the Scentre Group team and 619 employees left the business.

Analysis of the employee exits showed a trend of higher levels of voluntary turnover within the first three months of employment from 0.5% in 2013 to 0.6% in 2014. Similarly, voluntary turnover within the first 12 months of employment rose from 2.2% in 2013 to 3.0% in 2014.

RETENTION REVIEW

In response to the rise in turnover, a 'Retention Review' was conducted in October 2014 to ensure that any contributing factors were identified. Findings indicated that with the introduction of the DNA from July, managers were much clearer on performance and behavioural expectations of employees and this resulted in more focused performance management during probation (three months) through to the end of the first year.

Additionally, respondents highlighted that flexibility and inclusion practices, along with some fine tuning of the organisational operating model, particularly its systems and processes, was needed to ensure a more optimum workplace experience for new starters.

These findings have been incorporated into the Australasian Operating Plan and Diversity and Inclusion Plan for 2015 to ensure they are addressed.

WORKPLACE CULTURE AND ENGAGEMENT

Engagement Survey

As Scentre Group was newly established in 2014, it was decided that an engagement survey would be postponed until 2015. Typically measured every two years, the last survey was conducted in 2012 with an 81% engagement score achieved.

Despite no organisational-wide survey, one Australian team chose to conduct a pulse check in December 2014 and achieved an eight-point increase in their engagement score from 2012. As engagement measures an employee's relationship to the organisation as defined by their intent to unlock their discretionary effort to achieve the company's results, this small sample would indicate that engagement to the Scentre Group business remains strong.

Despite no survey results, Scentre Group leadership affirmed its commitment to a number of key focus areas which are known to positively influence employee engagement levels. These included fostering greater workplace flexibility, improving processes and systems and ensuring a more consistent approach to performance planning and reward.

DIVERSITY & INCLUSION

Another key lever of employee engagement re-affirmed by Scentre Group's leadership was Diversity and Inclusion. In 2014, we expanded our initial focus on gender diversity to a broader diversity and inclusion agenda. We recognise that diversity is about valuing the contribution of people from different backgrounds, with different perspectives and experiences and we seek to ensure that we have a workforce representative of the communities in which we operate. Diversity includes but is not limited to: gender, age, sexual preference, disability, ethnicity, religion and cultural background.

With its broader purpose, the Group set about reviewing its practices and policies to ensure that it offered equal opportunity, career development and remuneration and benefits to all employees.

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- 1.2 [Retailers](#)
- 1.3 [Shoppers](#)
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Diversity includes, but is not limited to: gender, age, disability, ethnicity, religion and cultural background.



6.2% increase in female GMs in Australia since 2012

The following principles are key to our approach to diversity and inclusion:

1. To develop a workforce which directly reflects the communities in which it operates;
2. To recognise that diversity in the workplace is a key contributor to the success of our business; and
3. To foster an "inclusiveness" culture that supports employees at all stages of their career development and encourages employees to succeed to the best of their ability.

We also renewed our commitment to our key focus area from previous years which was to improve the representation of females at senior management and executive levels of the organisation. The following content provides an overview of the key achievements of the Group against its Diversity and Inclusiveness Plan for 2014 including:

- the Property Council of Australia's Champions of Change membership;
- recognition by Australian Human Resources Institute and the Telstra Women's Business Awards for Scentre Group;
- the development of improved practices for females returning to work from parental leave; and
- a focus on Indigenous employment.

Champions of Change

The importance of diversity to Scentre Group was demonstrated through CEO Peter Allen's participation in the Property Council of Australia's *Champions of Change* initiative. The Property Council of Australia was responsible for forming the *Male Champions of Change* group to drive gender equality in the historically male-dominated property industry.

Scentre Group and the Property Council of Australia believe that female talent has the potential to drive economic growth and prosperity and should be a national priority. An agenda of key issues facing the property industry and female representation at senior levels will be addressed during 2015.

Demonstrating policy effect

Integral to Scentre Group's ability to increase the number of females in senior management roles is understanding the effect that the improved policies have had in recent years. Key metrics tracked since 2012 show that the Group has successfully increased the representation of female General Managers from 10.2% in 2012 to 17% in 2014 in Australia.

In addition, female employee promotions in Australia have increased from 49% in 2012 to 53% in 2014. In New Zealand, female employee promotions have increased from 60% in 2012 to 63% in 2014.

Although these shifts are positive, more focussed initiatives have been developed in the Diversity and Inclusion Plan for implementation in 2015.

National awards and recognition

During the year, Scentre Group's Human Resources Director, Janine Frew, was recognised by the Australian Human Resources Institute's Diversity and Inclusiveness Awards as a finalist in the 'Diversity Champion for 2014' category.

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Scentre Group is also proud of its finalist in the Australian Human Resources Institute's Diversity and Inclusiveness Awards 'Diversity Champion for 2014', as well as its two finalists in the 2014 Telstra Women's Business Awards Private and Corporate Sector Category.



75% of staff who take paid parental leave return to work

2014, the Australian business had 52 female associates on parental leave with approximately 17% returning to work during the year and only 4% resigning to pursue other opportunities.

Over the past three years from 2012 to 2014, 132 people have taken parental leave. Of these, 99.3% have been female and 0.7% male (1 person).

At the commencement of 2015, 50 people remain on leave, while 82 have ended their leave. Retention of those who have ended leave is strong with 75% returning to work in either their former capacity (30%) or on reduced hours (45%). Only 25% have left the business; 10% through redundancy and 15% through resignation.

With an average of 40 to 50 females accessing parental leave each year, Scentre Group is committed to improving the way it keeps these employees up to date with changes in policy and practices in the organisation during their absence.

The Group is also committed to improving dialogue between managers and their employees on parental leave so that 'return to work' options can be explored and agreed well ahead of the expected return date. This is seen as a key lever to maintaining or improving the retention of female talent from parental leave.

A pilot program for keeping in touch with employees while on parental leave was developed in Australia during December 2014. It is now up and running and is expected to be evaluated in May 2015 for wider company implementation later in 2015.

Indigenous focus

Scentre Group's diversity commitment also included a focus on indigenous education and training through its involvement in the Generation One partnership with Aboriginal Employment Strategy (AES) Limited.

The AES is a 100% Indigenous-managed, national non-for-profit recruitment company that has successfully operated since it was established in 1997. It aims to partner with organisations to provide School-Based Traineeships for Aboriginal high school students. The program includes participation in Certificate II or III in a nominated qualification, 800 hours of training with a host employer and accreditation points towards the Higher School Year 12 Certificate.

A member of Scentre Group's Executive Committee, Ms Frew is a champion for gender diversity. Through her leadership and example, other senior executives have initiated diversity and inclusion activities such as:

- educating leaders about principles, policy and benefits of inclusion, diversity and flexibility in the workplace;
- including key aspects of the Diversity Plan in Scentre Group's Australian Business Plan;
- updating Service Agreements for recruitment partners that specify gender diversity in all short-lists;
- including a monthly review of diversity metrics and performance against Scentre Group's plan with the executive leadership team;
- divisional directors sponsoring high-performing female talent;
- expanding Connect, a forum for senior female leaders, from an initial head office base in Sydney to be Australia-wide as well as in New Zealand;
- including and reviewing of diversity metrics and progress as a key agenda item in succession planning forums;

- completing analysis of a companywide *Inclusion and Flexibility Survey* in 2013 that aimed to identify how best to improve workplace flexibility, parental leave and return to work practices;
- appearances at company conferences and special event days (i.e. International Women's Day) to share and embed the diversity message; and
- a review and on-going tracking of gender pay equity across all company roles.

Scentre Group is also proud of its two finalists in the 2014 Telstra Women's Business Awards Private and Corporate Sector Category. Cathy Main (Centre Manager West Lakes) and Karen Skinner (Centre Manager Woden) became State finalists and followed in the footsteps of Alison Pearson, the winner of this category in South Australia in 2013.

Flexibility and inclusiveness

Flexibility and inclusiveness continued to be a focus area for the 2014 Diversity Plan.

Under Westfield Group, parental leave policies and procedures were specific to each region. Operating as Scentre Group, our commitment to parental leave was renewed. At the end of

MATERIAL ISSUES

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32.3% of
employees
received
training



13,738
hours devoted to
training in 2014

Career development remains critical to the retention of employees, and equipping managers with guidance skills to support their employees' choices within the Scentre Group organisational structure was recognised as a target area for development. In all, 189 managers across Australia attended the program between April and June 2014.

The Group further continued its investment in leadership and management development with an emphasis on developing female talent. In Australia and New Zealand, Scentre Group was targeting 30% to 40% female representation for leadership development programs.

This objective was achieved with female participation in leadership development programs rising from 35% in Australia and 60% in New Zealand in 2012 to 52% and 67% respectively in 2014. Management Development training representation held firm with 44.8% of females in Australia (down from 47% in 2012) and 61% of females (up from 30% in 2012) attending programs.

A new program initiated in 2014 was *Leadership in Action*, a two-day program designed to build the capability of senior leaders to deliver authentic and cohesive organisational messages. The program was established following recognition during the restructure that senior leaders were not used to delivering critical messaging as a collective, but rather had relied on individual skills.

General managers attended the program during the establishment of Scentre Group, ensuring these leaders could share clear messages with staff across the business, regarding organisation change and how it would affect individual employees. In total, 23 general managers attended (5 female and 18 male) with an overall participant rating of 100%. This indicated that the new skills were seen as both valuable and well taught by the provider.

A review of all Leadership and Management Development programs was undertaken at the end of 2014 to ensure content alignment to the Scentre Group business objectives. A revised program offer is expected in 2015 that will ensure tighter business alignment.

Formerly as Westfield Group, Scentre Group centre operations provided nine school-based traineeships since 2011. In 2014, an agreement was made with AES to recruit for 41 roles across New South Wales and Queensland in 2015. This represents a significantly increased commitment to indigenous education and development. Stage-one recruitment was finalised for 24 roles on 19 December 2014. A further 17 roles will be recruited for in 2015.

PROFESSIONAL DEVELOPMENT AND TRAINING

Development programs and education

Scentre Group continued to invest in employee development and training in 2014. Across the year a total of 67 programs were run through the company-wide Learning and Development Curriculum. From these, a total of 32% of employees received some form of formal training. Additionally, average training hours for females rose from 3.7 hours in 2013 to 5.1 hours in 2014. Likewise, average training hours for males rose from 4.0 hours in 2013 to 5.0 hours in 2014. A total of 13,738 hours of training was conducted during 2014.

Training topics covered several key areas:

- Induction programs designed to ensure that new starters had a working knowledge of the business, its history and areas of operation;
- Professional skills such as interviewing, powerful presentations, project management and data analysis;
- People manager education covering Scentre Group's performance and reward processes, employee relations, diversity and behavioural standards and people manager conversations; and
- Leadership and management development programs that build capability in leaders to better work with their teams and peers to deliver superior results.

During the year, a new management and leadership program was introduced known as *Career Coaching for Managers*. The program is focused on building skills so that managers could reasonably and effectively manage dialogue in relation to employees' professional development.

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ENGAGING STAKEHOLDERS: EMPLOYEE STATISTICS

Employment type and contract 2014

EMPLOYMENT TYPE	HEADCOUNT	% OF TOTAL
Full time	1,739	63.5
Casual	705	25.7
Part time	209	7.6
Temporary	87	3.2
Total	2,740	100

Employees and contractors by region at 31 December 2014

	AU	NZ	TOTAL
Employees	2,499	241	2,740
Contractors	4,236	247	4,483

Australia, excluding independent contractors

Employee totals, new hires and departures in year by gender, age group and region 2014

CATEGORY		EMPLOYEE HEADCOUNT AT 31 DECEMBER 2014*	TOTAL NUMBER OF NEW EMPLOYEE HIRES IN YEAR*	TOTAL NUMBER OF EMPLOYEES WHO LEFT EMPLOYMENT IN YEAR*	% OF TOTAL HEADCOUNT
Age	< 30 years	842	389	293	
	30 – 50 years	1,405	354	266	
	> 50 years	493	62	60	
	Total	2,740	805	619	
Gender	Male	1,389	410	305	50.7
	Female	1,351	395	314	49.3
	Total	2,740	805	619	100
Region	Australia	2,499	774	586	
	New Zealand	241	31	33	
	Total	2,740	805	619	

* including Casuals in Australia, excluding independent contractors

SOCIAL: GOVERNANCE BODIES

Composition of governance bodies by gender and age group 2014

DIVERSITY CATEGORY	DIVERSITY CATEGORY	TOTAL NUMBER OF WORKFORCE WITHIN GOVERNANCE BODIES	% OF INDIVIDUALS WITHIN GOVERNANCE BODIES
Age	< 30 years	–	0.0
	30 – 50 years	4	16.7
	> 50 years	20	83.3
	Total	24	100
Gender	Male	21	87.5
	Female	3	12.5
	Total	24	100

SOCIAL: TRAINING

Hours devoted to training personnel, by gender 2014

GENDER	TOTAL NUMBER OF HOURS DEVOTED TO TRAINING PERSONNEL	AVERAGE TRAINING HOURS PER EMPLOYEE*
Male	6,895	5.0
Female	6,843	5.1
Total	13,738	

*Total number of hours per gender / Total number of employees by gender

12,485



retailers in our centres
across Australia and
New Zealand

1.2

RETAILERS

In today's retail market, innovation and skill development are essential for success. Scentre Group believes in sharing our experience and resources with retailers who lease space in our centres to help them realise their goals. Scentre Group have developed retail education programs including retail study tours, mentoring initiatives and thought-leadership seminars.

THE WESTFIELD WORLD RETAIL STUDY TOUR

Scentre Group (and Westfield Group previously) have been conducting world retail study tours for retailers who lease space in our centres since 1996. We explore the world of retail highlighting five leading retail cities to immerse retailers in the very latest in best practice and observe innovative practices from the world's major markets. Further details can be found at: www.retailstudytour.com

ASIAN RETAILER STUDY TOUR

In 2014 Scentre Group conducted a retailer study tour to Asia. This year, 24 participants attended and broadened their understanding of the marketplace, retail, consumers and the retail supply chain in Asia.

SEED RETAIL

Since its inception, 4,500 retailers have participated in Seed Retail. This is a partnership between Scentre Group and the ARA Retail Institute, which provides online and in-person training and support to help retailers grow their business profitably.

An example of a Seed Retail initiative is the Job Seeker Program (Retail Ready) which will give target groups a comprehensive training and work placement program that will prepare them for employment in the retail sector. The training methodology includes practical training in life skills and retail principles.

More information is available at: www.retailseed.com.au

BREAKFAST SEMINAR SERIES

Westfield retailers interact directly with thought-leaders and executives from across the retail industry through our Breakfast Seminar Series. Each breakfast is an opportunity for our retailers to learn about the latest industry trends and insights from the most authoritative voices in retail. In 2014, over 2000 retailers attended the breakfast seminars across Australia and New Zealand.

RETAILER CONSULTANT PROGRAM

The consultant program helps small-to-medium-sized retailers move from good to great. We contract consultants who are independent retail specialists with deep industry experience and insight. The program advises Scentre Group retailers on critical issues including merchandise planning, visual presentation, financial management, operations, brand management, digital strategy and service delivery.

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We have a thriving community with over one million followers on our social media accounts

1.3

SHOPPERS

CONNECTING SHOPPERS AND RETAILERS
IN A DIGITAL WORLD

Scentre Group strives to better connect shoppers with our shopping centres and retailers, across any digital device at any time. We approach all digital initiatives focussed on connecting digital shoppers with the physical world through social, mobile and digital market opportunities.

Digital technology has exponentially changed the expectations and behaviours of shoppers. As a result, digital innovation among retailers is now essential.

Some innovative digital projects we have developed in 2014 include:

WIFI

The rollout of WiFi is a prime opportunity to deliver the best and most relevant content to shoppers.

Shoppers can choose to opt-in and receive information and we can deliver content on arrival to our centres including deals, rewards and offers. This allows for more personalisation of services and convenience for our customers.

SOCIAL MEDIA

Social media, especially Facebook, is now one of Scentre Group's main customer service tools. We have a thriving community with over one million followers on our centres' 50+ social media pages (Facebook, Instagram and Twitter) and two million subscribers to our email database.

We use our email database and social media pages to keep shoppers informed of all activity in our centres – events, new retailers, redevelopment activities, promotions and more. In particular, our Facebook pages have become a leading customer service tool where shoppers inform us of their experiences in centre or any issues they have, and we respond in a short time-frame, whether it is during business hours or the evening. We receive the highest engagement when we post content about our in-centre events and entertainment or when centres undergoing redevelopment share historical images and construction updates.

All centres email their database weekly and experience very high click-through rates based on the relevant and engaging content including information on the best deals and promotions as well as fashion and food inspiration.

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160+
retailers
integrated into the
Searchable Mall

THE SEARCHABLE MALL

The Searchable Mall (www.westfield.com.au) was launched in November 2013 and continued to grow in 2014. The Searchable Mall has shifted focus from an e-commerce site to a platform that helps shoppers explore their local Westfield shopping centre through a range of utilities including maps and navigation, deals, events, storefronts, click to call retailers and purchase products via retailer sites. Pivotal to this online experience is the integration of dynamic product feeds from Westfield retailers. In the last 12 months, over 160 retailers have been integrated into the Searchable Mall featuring over 190,000 products from brands such as David Jones, Oroton, Cue, Veronika Maine, Country Road Group, Napoleon, Sass and Bide, General Pants, Jeanswest, Bonds and more.

The Searchable Mall has continued to grow online in 2014 influencing \$279m in annualised sales in Westfield Shopping Centres plus a further \$64m in online sales for retailers viewed on the site.

TICKETLESS PARKING

Ticketless parking was introduced to Miranda Westfield as part of its \$475m redevelopment. This initiative uses licence plate recognition to allow shoppers to park without getting a ticket or stopping at a pay station.

At 31 December 2014, there were over 16,500 shopper registrations and over 2,900 retailer staff registrations following on from official launch of the service on 13 October.

EAT ON TIME APP

Following research revealing how workers dislike queuing to buy lunch, we introduced the Eat On Time App to Westfield Sydney. The app was developed by Westfield Labs and is a web ordering system that allows diners to pre-order and pay for their lunch, then skip the queues to pick up their orders.

17 retailers in the Westfield Sydney food precinct are participating including Din Tai Fung, Charlie & Co, Chat Thai and Snag Stand.

Eat on Time offers shoppers a diverse range of cuisine from premium food retailers and a technology solution that provides a quick, easy and convenient food experience.

In the first 10 weeks of operation, there were over 2,000 downloads proving the app's potential to be rolled out into other centres in the future.

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We are committed to being responsible leaders by investing time, money and skills in community projects



100%

of our operations have implemented local community engagement, impact assessments and development programs

1.4

COMMUNITY

Scentre Group recognises the importance of our role in the communities in which we operate and we are committed to enriching these communities. We actively support community initiatives through our shopping centres in Australia and New Zealand.

Scentre Group provide philanthropic donations, undertake fundraising initiatives and events, provide space in our shopping centres for local charities and community groups, work with local schools, and partner with local charities to help raise funds and awareness. While programs vary in Australia and New Zealand, at the heart of the Group's community efforts is helping children to develop and grow.

We have been giving back to the community for over 50 years. The company has contributed financially and helped raise funds for children's charities and to assist victims of natural disasters such as the bushfires in Victoria and NSW, the floods in Queensland and the earthquake tragedy in Christchurch. During natural disasters, we also open our centres' doors to provide practical assistance to local communities, whether that's as rallying points for the drop off for emergency goods or to set up relief stations.

Scentre Group is proud of its contribution and is committed to further developing the company's involvement in the community.

AUSTRALIA

In Australia, the Westfield Community Program was established in 2008 to provide support for children living with disabilities and for their families.* The program has a focus on fundraising and directs funds for therapy, equipment, respite programs that provide time out for families and carers, early intervention programs to deliver early diagnosis and treatment to young children, and programs to inform and educate families and the community.

Every Westfield shopping centre and Head Office division partners with a local children's disability service provider, that directly supports children living with cerebral palsy, autism, intellectual impairment, hearing and vision loss and other disabilities.

We work collaboratively with our 32 charity partners across the country to not only raise funds but also to raise awareness of the vital work they do in their local community.

* ABS 2009; Australian Demographic Statistics lists 4,186,021 children in Australia age 0–14; Survey of Disability, Ageing & Carers, Australia lists 288,300 children age 0–14 with a disability.

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Our focus is to help children develop and grow

Our key initiatives in 2014 include fundraising events such as GiveAbility Day (see case study on page 26) and corporate Golf Days in five states, staff volunteering including professional skills development and capacity building, dollar matching of staff workplace giving donations, provision of space in all Westfield centres, our annual grants program and our Incentive Award grants, which rewards team performance with funding to their Charity Partner.

Over \$8.3m has been given to charities across Australia through the Westfield Community Program since 2008, primarily to assist children with disabilities. With one in 14 Australian children living with a disability, Scentre Group is committed to further developing the Community Program to provide greater financial and resource support to these children and their families.

NEW ZEALAND

The Scentre Group New Zealand Community Program aims to make a positive and sustainable contribution to those most in need in the communities in which we operate. This includes providing funding, volunteering, in-kind support and capacity building using our skills and expertise, to support children's welfare, particularly those children (and their families) that are disabled or disadvantaged. We are committed to being responsible leaders by investing time, money and skills in community projects.

Scentre Group's Westfield New Zealand centres support many community groups and charities. We often provide space in our centres where they can promote their cause and raise funds. On top of that, we undertake community support ourselves.

This year has seen us support a number of organisations for the betterment of children's lives, particularly their health and wellbeing.

Some examples of initiatives we have been involved with include raising over \$105,000 for The Child Cancer Foundation and KidsCan through our Gift Wrap program, sponsoring local school sports programs and supporting the Variety of Chefs dinner to provide school shoes for kids in need.

Apart from corporate community work, our staff supported a variety of organisations, among others providing to Foster Hope, a charity that helps children going into foster care with clothing items.

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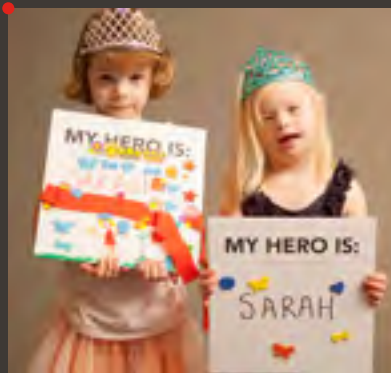
COMMUNITY

CASE STUDIES

FAMILIES ARE THE REAL HEROES OF KIDS LIVING WITH A DISABILITY

At Scentre Group, we recognise that for kids living with disabilities, the real heroes are their families. So Westfield centres across Australia hosted GiveAbility Day on Saturday 5 July, an annual fundraising event to celebrate these heroes and raise much needed funds for vital projects to support them.

All 38 Westfield centres across Australia came alive with fun-filled activities, events and entertainment to celebrate the event, where shoppers were encouraged to make a small donation with 100% of all funds raised going to the centre's local charity partner to support these kids and their families.



In 2014, Scentre Group committed to matching all donations dollar for dollar. The support and generosity from shoppers, retailers, suppliers and staff was overwhelming and made this GiveAbility day the most successful yet, raising over \$440,000 for our 32 charity partners.

Media, PR and social campaigns all focused on the new creative proposition of 'Supporting the Strong', with the theme of GiveAbility Day centering on families being the real heroes of children with a disability.

WHAT A WRAP – NEW ZEALAND'S CHRISTMAS INITIATIVE A HUGE SUCCESS

Two children's charities in New Zealand benefited significantly at Christmas, thanks to the generosity of shoppers who supported our 'Santa's Welcoming Party' activation, bolstered by a substantial donation from Scentre Group.

Kind-hearted shoppers' at all nine Westfield centres nationwide made gold coin donations to support our Christmas Gift Wrapping initiative, raising over \$106,000. This record breaking total, the most raised in the nine years our Christmas campaign has run, included a significant pledge from Scentre Group. The funds were shared between children's charities KidsCan and the Child Cancer Foundation.

The two charities were selected because Scentre Group recognises that both experience massive pressure points at Christmas.



The Child Cancer Foundation will develop an Essential Care Kit, a comprehensive pack that will help alleviate some of the stress that parents experience when they are told their child has cancer. Money raised for KidsCan will support under-privileged children at 448 low decile schools throughout New Zealand. They will be provided with food at school, clothing to keep them warm and dry and basic health and hygiene items through KidsCan's 'In Our Own Backyard' program.

Scentre Group staff backed the campaign and received support from a star-studded line up of celebrities who delighted shoppers by lending a hand to wrap, including One News presenter Bernadine Oliver-Kerby, actor Shane Cortese, New Zealand Warriors David Fusitua and Sione Lousi, current Shortland Street actors Sam Bunkall and Ria Vandervise and former core character legends Amanda Billing and Anna Jullienne.

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OUTDOOR INTERACTIVE PLAYSPACE FOR KIDS LIVING WITH DISABILITIES



Bayside Special Developmental School in Melbourne was awarded grants to fund the purchase of equipment and construction of Theraplay, an outdoor purpose built play space, and the employment of an Education Support person to specifically work in the Theraplay area to monitor, assess and implement programs devised by a multi-disciplinary team (of a Physiotherapist, Speech therapist and Occupational therapist).

All the students at Bayside have moderate to profound intellectual disabilities and many have a secondary diagnosis including autism. Theraplay is designed to meet the emotional, sensory and physical needs of students with significant intellectual disabilities.

The space has been carefully planned by a team including teaching, therapy staff and parents and is based on the most current research. The area included jumping, swinging and bouncing equipment and specifically designed equipment including a calming "squeeze machine". Some students have specific goals related to the use of Theraplay as a part of their Individual Learning Plans.

With an emphasis on participation and safe active play, the measurable results to date from the student's use of Theraplay has seen demonstrable reductions in anxiety and increased levels of concentration, with improvements in their learning capacity in the classroom following Theraplay sessions.

RESPIRE CAMPS FOR AUTISTIC KIDS



Camp Breakaway, on NSW's Central Coast, provides recreational camps for children with disabilities and was awarded grants to fund camps for children with autism spectrum disorder.

Parents who have children with autism rarely get a break – many are too tired and exhausted to ask for help or even know where to start. Breakaway helps to support families who are really struggling with everyday life. These camps were a result of a large number of requests from these parents, to give them much needed respite.

Breakaway understands that the very environment in which children with autism live, can seem hostile, and ordinary sights, sounds, taste and touch – everything we take for granted – can be downright painful for these kids.

The camps in 2011 gave 30 children with autism (between the ages of 7-12 years and for teens 13-16 years) an opportunity to have fun in a safe and caring environment, with a wide range of new, challenging and exciting opportunities to encourage their self-expression and independence and promote self-worth and confidence. They were able to develop and improve their communication skills with age appropriate activities and learning opportunities such as training in iPad use. They also made new friends and engaged in new activities.

As a result of the success of the camps in 2011 and through word-of-mouth, Breakaway had a waiting list of families requesting more camps for children with autism. The grant from 2014 will fund camps to support 45 children and their families.

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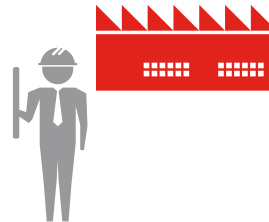


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PARTNERS

INVESTING IN AUSTRALIA AND NEW ZEALAND'S
RETAIL FUTURE



Reinvestment in our centres at attractive total returns ensures the assets continue to represent extraordinary retail spaces for shoppers and retailers and we have identified a development pipeline in excess of \$3 billion

Scentre Group is uniquely positioned in the Australian and New Zealand markets as a vertically integrated group that designs, develops, builds, leases, manages and owns shopping centres. Scentre Group has \$40.9 billion of assets under management, which includes a number of joint venture partnerships for which it is the manager, developer and joint owner of the shopping centres. Our portfolio of 47 shopping centres are the destinations of choice for shopping, dining, entertainment, events and socialising.

Following the restructure of Westfield Group, Scentre Group held debt facilities totalling \$9.05 billion, including a \$5.5 billion bridge facility and unsecured revolving bank loan facilities of \$4.05 billion. Since the restructure, the bridge facility has been nearly entirely refinanced.

In addition to refinancing our debt, in November 2014 Scentre Group entered into a joint venture with GIC, Singapore's sovereign wealth fund, in the ownership of five New Zealand shopping centres. Under the transaction, GIC acquired a 49% ownership interest in the New Zealand assets, realising \$930 million in proceeds for Scentre Group.

As a result of these transactions, our gearing has reduced to approximately 34.9 per cent, with debt facilities across a range of currencies and maturities through 2026. Because we hold the highest credit rating of any Australian REIT, our debt is in high demand from investors seeking low-risk, high yielding securities.

We'll continue to prudently manage our capital with a view to obtaining low-cost debt financing. This will allow us to redeploy our capital proceeds towards our development pipeline and debt repayment.

We have already begun redevelopment of our centres to adapt to the next generation of retail. In 2014, we invested over \$875 million in the Garden City and Miranda Westfield shopping centres. Reinvestment in our centres at attractive total returns ensures the assets continue to represent extraordinary retail spaces for shoppers and retailers and we have identified a development pipeline in excess of \$3 billion.

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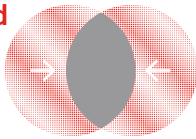
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Scentre Group was formed by the merger of

Westfield
Retail
Trust



Westfield
Group's
Australian and
New Zealand
business

1.6

INVESTORS

CLEAR VALUE AND GROWTH IN A FOCUSED BUSINESS

Scentre Group is the largest real estate investment trust (REIT) in Australia and New Zealand. With a focus on maximising the operating performance of its shopping centres and optimising the Group's cost of capital, Scentre Group believes that its portfolio will generate strong long term growth and risk-adjusted asset returns.

In 2014, Westfield Group undertook a demerger of its global business, creating two ASX-listed corporations. Scentre Group was formed by the merger between Westfield Group's Australia and New Zealand operating platform and shopping centres, and Westfield Retail Trust. This restructure has allowed Scentre Group to simplify our investment proposition by geography and currency, with focused operating and capital strategies.

By February 2015, the combined market capitalisation of Westfield Corporation and Scentre Group was over A\$41 billion, representing A\$12 billion of value creation for the security-holders who participated in the restructure.

We are committed to not only meeting but exceeding industry best practice in investor relations. Our Continuous Disclosure and Communications policy enshrines our commitment to providing investors and the market with comprehensive and timely access to information about our activities.



11% return on contributed equity since Scentre Group's establishment on 30 June 2014

Our policy is in accordance with the continuous disclosure obligations contained in the ASX listing rules and the Corporations Act, and includes a vetting and authorisation process which ensures that disclosures are factual, complete and objective. The policy also clearly articulates how we identify and disseminate information to the market.

More information on our Continuous Disclosure and Communications Policy is available on the Scentre Group website, at <http://www.scentregroup.com/about/governance/>. Important information about our additional policies around diversity, security trading and whistleblowers are also available here.



Our operating and capital strategies are focused on delivering income and growth for our investors

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In Australia, cleaners are employed under the Cleaning Services Award

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SERVICE PROVIDERS

Scentre Group outsources the cleaning and security of its centres to external service providers. We take reasonable steps to ensure service providers to Westfield shopping centres are reputable and reliable companies. We have established processes aimed at ensuring they are in good financial standing, that they observe legislated employment standards and award employees the wages and entitlements they are due.

For example in Australia, cleaners are employed under the Cleaning Services Award. This award, known as the 'modern award', was made by the Fair Work Commission, the industrial relations 'umpire' constituted under the auspices of the Fair Work Act, in 2010.

Scentre Group is a member of the Shopping Centre Council of Australia (SCCA) industry association which in January 2012 signed a Code of Conduct for Fair Service Provision in Shopping Centres with the Building Service Contractors Association of Australia (BSCAA).

This Code of Practice imposes significant commitments on contractors and shopping centre owners for the fair treatment of cleaners in their centres. The code covers:

- Responsible Employment Standards;
- Fair Wages, Benefits and Entitlements;
- Working Hours;
- Working Environment and Conditions;
- Occupational Health and Safety;
- Bullying, Harassment and Discrimination;
- Consultation Regarding Workplace Change; and
- Freedom of Association

Scentre Group is committed to high standards of corporate responsibility and better practices in the area of labour relations. In alignment with the Code of Conduct, Scentre Group expects its cleaning services contractors to abide by the same high standards and better practices, including the payment of fair wages, the provision of appropriate conditions of employment and adherence to health and safety requirements. Scentre Group integrates the requirements of the Code into its cleaning services procurement and tender management processes. Compliance with the Code is a requirement under our cleaning services agreements with contractors. The Code is provided in appendix to our services agreements.

In April 2014, Westfield Group contacted its cleaning services contractors in Australia in order to seek confirmation that the principles of the Code of Conduct were adhered to and to communicate the company's zero tolerance position with regard to adherence to the Code of Conduct and associated contractual obligations listed in the cleaning services agreement. No breaches were discovered during this process.

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INDUSTRY AND GOVERNMENT

WORKING TOWARDS A SUSTAINABLE FUTURE FOR AUSTRALIAN AND NEW ZEALAND RETAIL

Scentre Group, through memberships in various industry associations, participates indirectly with government and policy makers on progressive initiatives to address critical business issues facing retailers in Australia and New Zealand, including climate change. We hold memberships in a number of key industry organisations across Australia and New Zealand.

INDUSTRY MEMBERSHIPS

Australia

Property Council of Australia

The council is the leading advocate for the Australian property industry, representing the bulk of the nation's major investors, property owners, and developers as well as the industry's professional service and trade providers. Its advocacy efforts include a focus on planning strategies, urban policy and environmental initiatives which support sustainable development.

Property Council Sustainability Roundtable

The peak Property Council sustainability committee advises the national board on strategic sustainability issues.

National Retail Association (NRA)

Australia's largest and most representative retail industry organisation, operating for almost 100 years. The association includes representatives from every segment of the Australian retail industry and advocates for the interests of the retail, fast food and broader service sector.

Australian Retail Association (ARA)

This ARA is the peak industry body for Australia's retail sector, formed in 1903 and now representing approximately 5,000 independent and national retail members throughout Australia.

Energy Users Association Australia (EUAA)

The EUAA is a single, national association which represents the needs of Australian energy users.

Shopping Centre Council of Australia (SCCA)

The SCCA represents shopping centre investors and managers. The council is a member of the Emissions Reduction Fund (ERF) Building Energy Efficiency Technical Working Group, part of the Federal Government's Department of Environment, and works closely with the Property Council on sustainability initiatives.

Service Skills Australia (SSA)

A not-for-profit, independent organisation, SSA is one of 11 industry skills councils funded by the Australian Government to support skills development.

NABERS Retail Technical Advisory Group (TAG) coordinated by the NSW Office of Environment and Heritage

The National Australian Built Environment Ratings System (NABERS) is a performance-based environmental impact rating system for existing buildings, delivered nationally by the NSW Office of Environment and Heritage on behalf of state, territory and Commonwealth governments. The Retail Technical Advisory Group is focused on improving the accuracy and efficiency of the NABERS rating tool.

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Scentre Group maintains long-term relationships with planning authorities to develop malls that are not only compliant with regulatory requirements but also complementary to their local communities.

New Zealand

New Zealand Property Council

A member-led, not-for-profit organisation representing a collective voice for all participants in the New Zealand commercial property industry. Over 650 member companies are represented by the Council which advocates on behalf of its members both regionally and nationally.

Packaging Council of New Zealand

The council is an industry association aimed at minimising the environmental impact of packaging through cost effective, sustainable solutions and product stewardship. It provides advocacy, advice and practical tools for addressing sustainability in packaging.

New Zealand Green Building Council

A not-for-profit organisation which advocates for the development and adoption of market-based green building practices.

GOVERNMENT

Scentre Group engages with government at all levels across a range of business activities. This is principally through the development of its shopping centres: the Group maintains long-term relationships with planning authorities to develop malls that are not only compliant with regulatory requirements but also complementary to their local communities. In addition to engaging with government on a range of other corporate and operational regulatory requirements, Scentre Group works closely with different levels of government in relation to various advocacy issues and community activities.

LEGO Christmas Tree: Westfield Sydney working with City of Sydney

Westfield Sydney partnered with LEGO Australia New Zealand and City of Sydney to bring the Southern Hemisphere's largest LEGO Christmas Tree to the community for the month of December. Over half a million LEGO bricks standing over 10 metres high and weighing over 3.5 tonnes were assembled in Sydney's iconic Pitt Street Mall, complete with a nightly music and light show.

As the leading retail destination in the country, Westfield Sydney at the Pitt Street Mall was the clear leader for the LEGO installation. The partnership included liaison with the City of Sydney, integration with the Westfield Sydney Christmas program, sophisticated security support and an integrated launch campaign including a Tree Lighting event attended by Tom Williams.

The LEGO Christmas Tree was a major success on traditional and social media, even receiving coverage in the Daily Mail in the United Kingdom. The LEGO Tree time-lapse video is now the most popular post ever from the City of Sydney, with over 7.5 million views.



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MATERIAL ISSUES

MINIMISING ENVIRONMENTAL IMPACT

Environmental planning and monitoring are significant matters of our everyday business, the overall efficiency and long-term sustainability of Scentre Group is linked to the efficient use of environmental resources such as energy, water and waste reduction.

Scentre Group incorporates an environmental perspective into design, construction and redevelopment of assets from concept design through to ongoing operations and management.

Our material environmental aspects have been identified as energy, emissions, water, waste and compliance.



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2.1

OVERVIEW

Scentre Group is a vertically integrated company which funds, designs, constructs and redevelops the assets it operates. Since we control the full life cycle of our assets, we are able to incorporate an environmental perspective into decision-making at every stage – from concept design through to ongoing operations and management.

We monitor and manage our environmental impact as part of normal business operations, as the efficient use of environmental resources such as energy and water, and the reduction in waste products, contributes to the company's efficiency and long-term sustainability.

Our materiality review process identified that our material environmental aspects were energy, emissions, water, waste and compliance.

The reporting of our sustainability metrics for 2014 is line with the restructure of Westfield Group into Scentre Group and Westfield Corporation in June of the same year. The environmental metrics disclosed in this section cover all properties and development projects managed by Scentre Group in Australia and New Zealand in 2014. The prior year comparison figures reflect all properties and development projects managed in Australia and New Zealand by the previous Westfield Group.

With the same property portfolio as that of 2013, Scentre Group reduced its overall energy consumption and greenhouse gas emissions (GHG) in 2014, while water withdrawn levels remained steady. However, the amount of waste generated did increase in 2014 due to new development and construction activities carried out in our Australian portfolio.

ENERGY AND EMISSIONS POLICY AND REGULATORY ENVIRONMENT

The national and international regulations and requirements relating to GHG emissions and energy continue to progress each year, as can be seen in the summary below for Australia and New Zealand. Further international framework changes are expected from the 2015 Conference of the Parties to the United Nations Framework Convention on Climate Change.

Overall, the regulatory responses to climate change typically require companies to report on energy consumption and emissions, and set up financial incentives for companies to improve energy efficiency and reduce emissions.

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

AUSTRALIA

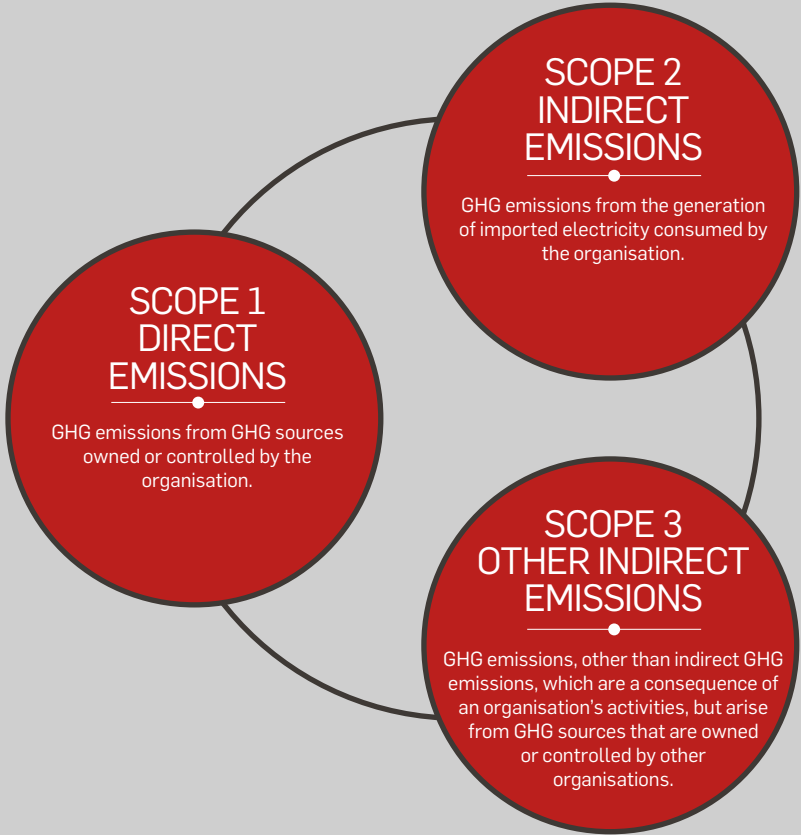
- Under the National Greenhouse and Energy Reporting Act 2007 (NGER Act) we are required to report annually to the Clean Energy Regulator on our GHG emissions for Scope 1 and 2 as well as on our energy consumption and production data.
- In Australia, the carbon price mechanism (CPM) and the Energy Efficiency Opportunities Act were repealed in 2014 and no longer applied from 1 July 2014 onwards. The CPM indirectly affected Scentre Group's operations by increasing the price of fossil fuel-powered electricity purchased, due to electricity providers passing through the costs of complying with it. The CPM was replaced with the Emissions Reduction Fund (ERF) which took effect in November 2014. The ERF was created to provide incentives for GHG reduction activities across the Australian economy, including reductions in Scope 2 emissions.
- The Commercial Building Disclosure (CBD) Program requires most sellers and lessors of office space of 2000 square metres or more to have an up-to-date Building Energy Efficiency Certificate (BEEC). Each BEEC includes a National Australian Built Environment Rating System (NABERS) Energy for offices rating for the disclosure affected building. This is a way of rating the energy efficiency of commercial buildings by comparing them against benchmarks developed using actual building performance data. The NABERS Energy rating on a BEEC includes a star rating and annual building energy consumption and greenhouse gas emission details.

NEW ZEALAND

- 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 due to placing a price on carbon emissions generated from electricity production.

EMISSION SCOPES

The internationally recognised standard for quantifying and reporting greenhouse gas emissions, ISO 14064, requires organisations to establish and document their operational boundaries and to categorise their emissions into three 'scopes'.





Note: The greenhouse gas emissions categories specified above for Scope 1 and Scope 2 are applied similarly to energy consumption. For more details on the different sources of GHG or energy comprising each category refer to the 'Performance Index' on page 48.


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2.2

ENERGY

The total direct and indirect energy consumption for Scentre Group in 2014 was 1.52 million GJ, which represented a 1.5% decrease on the 2013 total energy consumed.

Consistent with prior years, indirect energy consumption, which comprises the purchased electricity that Scentre Group consumes, makes up 90% of total energy consumed. Direct energy consumption makes up the remaining 10%, with the largest contributor being natural gas combusted at the shopping centres for heating purposes and to power our onsite tri-generation facility.

INDIRECT ENERGY CONSUMPTION

The consumption of purchased electricity has decreased in both Australia and New Zealand in 2014, as can be seen in figure 2. Australia is the region with the largest consumption of purchased electricity, as it manages a significantly higher number of sites than in New Zealand (refer to 'Our Portfolio' overview on page 6). The implementation of the Integrated Extra Low Voltage Systems energy saving initiative across seven sites in Australia in 2014 was a major driver behind the decrease in energy consumption. In addition, a tri-generation plant at Sydney Retail has been operating since early June 2014 to provide on-site power, heating and cooling, which resulted in around 13% year-on-year saving in purchased electricity consumption for this centre. The electricity savings achieved were partially offset by expansions at Garden City, West Lakes and Miranda malls in 2014, which led to higher electricity usage at these centres.

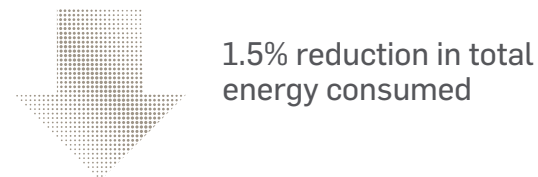


Figure 1. Total energy consumption in 2014 by category.

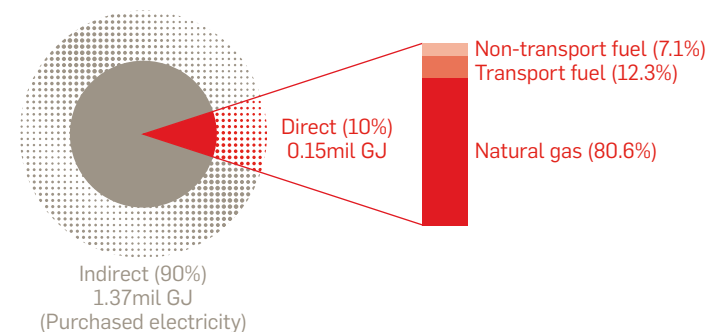
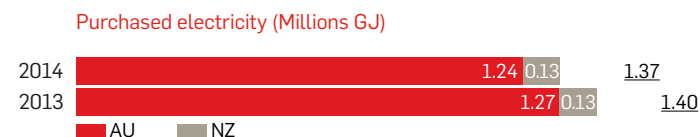


Figure 2. Indirect energy consumption by year and region.



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DIRECT ENERGY CONSUMPTION

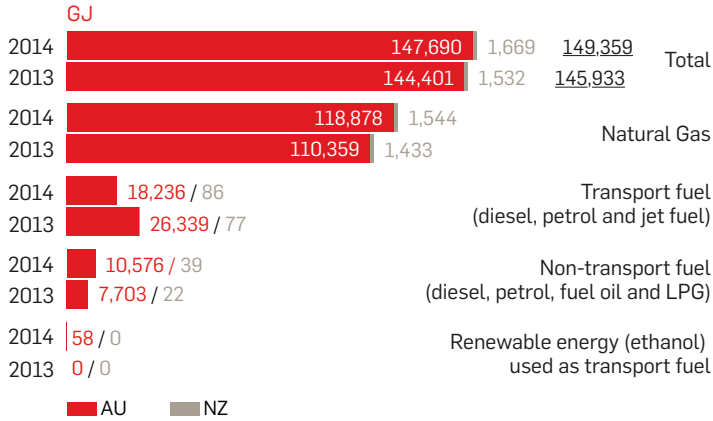
Total direct energy consumption across Australia and New Zealand increased by 2% compared to 2013 levels. However, as only 10% of total energy consumption relates to direct energy consumption, it has had minimal impact on overall energy consumption.

Direct energy consumed comprises natural gas, fuels combusted on-site by non-transport machinery (such as on-site generators) and fuels combusted in transport vehicles managed by Scentre Group.

As shown in Figure 3, the Australian operations experienced a 31% decrease in transport fuel usage due to a reduction in corporate plane flight hours. However, this reduction in direct energy consumption was offset by a 37% increase in non-transport fuel combustion, as a direct consequence of the increased numbers of development and construction projects around Australia. These construction projects required fuel to power their stationary diesel generators. There was also an 8% increase in natural gas usage in 2014, chiefly due to the Sydney Retail centre's tri-generation plant commencing operation in June 2014.

One-off events caused variations in the New Zealand operation's direct energy consumption. Minor increases in natural gas occurred as a result of increased heating requirements during winter.

Figure 3. Direct energy consumption by year and region.



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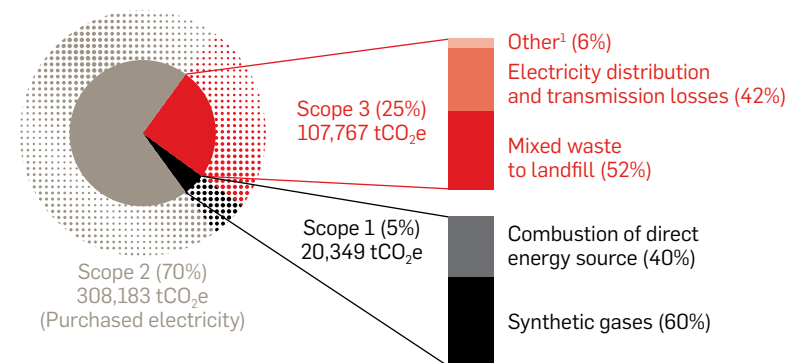
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EMISSIONS

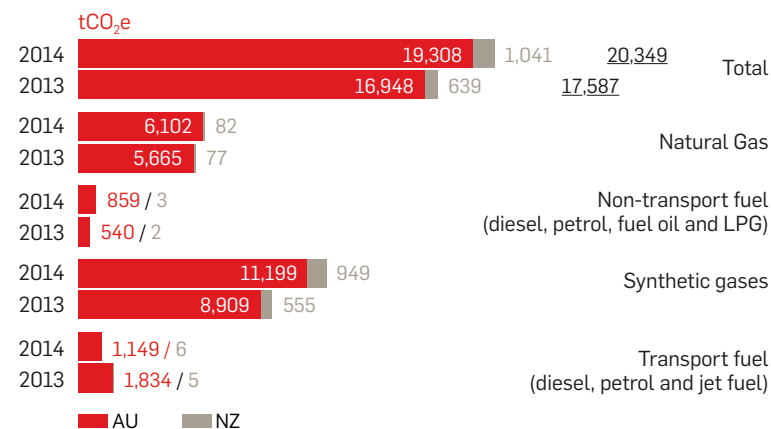
Scentre Group's 2014 total GHG emissions were 436,299 tonnes of CO₂e, representing a saving of 16,186 tonnes CO₂e compared to last year's emissions. Similarly to energy consumption, the largest contributor to our GHG emissions are indirect emissions (Scope 2), which arise from the consumption of purchased electricity. Direct emissions (Scope 1) and other indirect emissions (Scope 3) represented 25% and 5% respectively of the overall GHG emissions in 2014.

DIRECT EMISSIONS (SCOPE 1)

Direct emissions increased 16% year on year. The major contributor was a 28% increase in Scope 1's largest component, synthetic gases, as air conditioning refrigerants were refilled in 2014. The higher natural gas usage in Sydney Retail's tri-generation plant also contributed to higher Scope 1 emissions. The latter was partially offset by a 37% reduction in transport fuels emission as seen in Figure 5 on the right.

Figure 4. Total greenhouse gas emissions in 2014 by category.

¹ Other include: air travel, employee commute, natural gas distribution loss, taxi and car travel and transport fuels.

Figure 5. Direct emissions (Scope 1) by year and region.

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3% reduction in
Scope 2 emissions

INDIRECT EMISSIONS (SCOPE 2)

Our indirect emissions, being our emissions from the consumption of purchased electricity, decreased 3% from 2013 to 2014. As indirect emissions are the largest contributor to our greenhouse gas emissions, this decrease represented over half of the total GHG reduction of 16,186 tonnes CO₂e in 2014.

Reduction in our Scope 2 emissions was partly due to energy efficiency measures implemented by Scentre Group. These included HVAC chiller and air conditioning replacements and trial projects presented by our Sustainability Innovation Group in 2014. For further details refer to the "Environmental Case Studies" section on pages 42 to 44.

OTHER INDIRECT EMISSIONS (SCOPE 3)

Scentre Group voluntarily reports on selected other indirect emissions in accordance with guidance from the GHG Protocol. This includes: emissions generated from the decomposition of waste sent to landfill; business travel by air, taxi, train and car; and employees commuting to and from work. We also report the full fuel cycle emissions associated with the purchase of fuels and emissions arising from distribution and transmission losses of purchased electricity where local Scope 3 emission factors are available.

Our Scope 3, or 'other indirect' emissions decreased by 9% in 2014 compared to 2013 levels as reflected in Figure 7 on the right.

Emissions from waste to landfill are the largest contributor to Scope 3 emissions with 52%, closely followed by emissions from electricity transmission and distribution loss at 42%. While emissions from waste experienced a moderate 3% increase compared to 2013 levels, it was the reduction in electricity consumption that played the key role in the overall reduction of Scope 3 emissions as it reduced by 21% compared to 2013. The reduction in emissions from electricity transmission and distribution loss was mainly due to an overall decrease in the Australian emission factors for this category from 2013 to 2014.

Figure 6. Indirect emissions (Scope 2) by year and region.

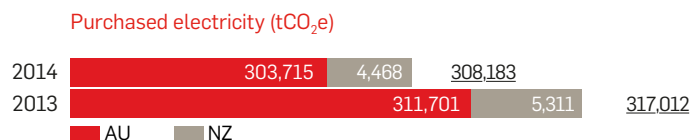
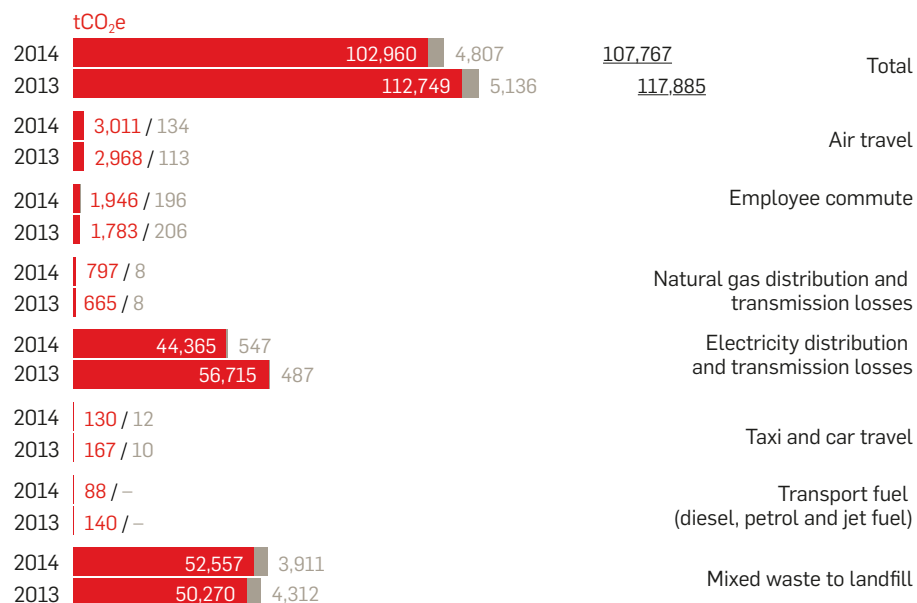


Figure 7. Other indirect emissions (Scope 3) by year and region.



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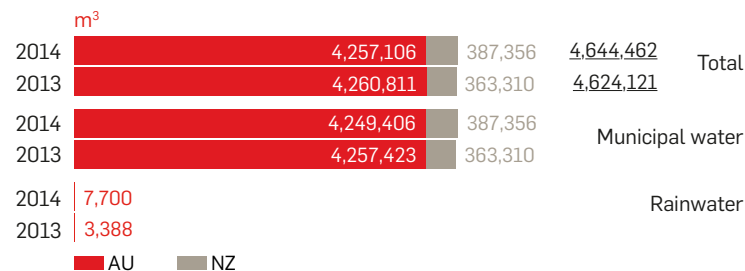
WATER

Our reporting scope for water is based on whole building water consumption, which includes water consumed by our tenants as well as water consumption in the common areas managed by Scentre Group. Our water intensity is calculated based on total water consumption over the total lettable area (LA).

On an absolute basis, total water consumption has increased slightly due to a 2% increase on the 2013 lettable area, with the expansion of Miranda, Garden City, West Lakes and Eastgardens centres this year. However, we have achieved a small reduction in water usage across individual centres, as seen by a drop of 1% in the water intensity compared to 2013. Scentre Group managed to reduce water usage across the lettable area through a variety of measures, such as water audits, installation of 'smart' water meters and increased rain water collection (refer to 'Water Harvesting' section on page 43 for further details).

Despite a slight increase in total water consumption due to an increase in lettable area, our water intensity dropped by 1% compared to 2013 levels.

Figure 8. Year on year comparison – water withdrawn



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WASTE

Scentre Group reports on whole building waste generation, which includes waste generated by our tenants, with the exception of major tenants, who report separately on their generated waste.

In 2014, our waste disposal was approximately 3 million metric tonnes. As shown in Figure 8, almost all of our waste was classified as non-hazardous and over half of this type of waste was recycled, recovered or used as compost. This share has increased from 49.5% of total non-hazardous waste in 2013 to 51.6% in 2014.

NON-HAZARDOUS

Non-hazardous waste increased by 415% compared to 2013 levels. Continued and new development and construction (D&C) activities in 2014 caused the sharp rise. Our D&C projects included the following extensions and upgrades to our assets:

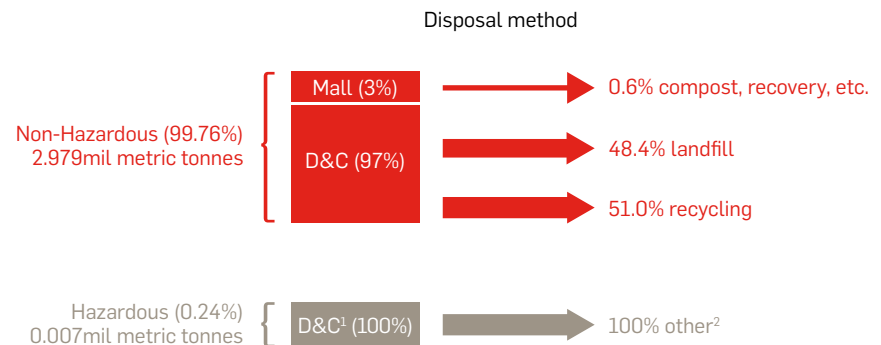
- Major upgrade and expansion of the Miranda, Garden City and West Lakes malls.
- Chermside, Chatswood and Carindale malls upgraded various tenancy areas, and the centre court for Chatswood was rebuilt and extended.

As a result, non-hazardous waste from demolition and excavation increased significantly compared to 2013.

HAZARDOUS

While the operation of our shopping centres does not generate hazardous waste, at times the D&C projects do result in hazardous waste from demolition or excavation activities. In 2014, our hazardous waste was estimated to be 7,224 metric tonnes. The increase in estimated hazardous waste compared to 2013, is in alignment with the increase in D&C spend on projects for the same period. Scentre Group has strict health and safety procedures in place in relation to handling and disposal of hazardous waste products, and in particular asbestos.

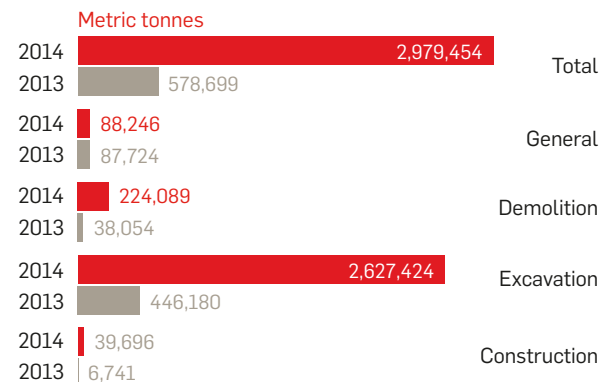
Figure 9. Total waste in 2014 by category and disposal method.



¹Development and construction projects

²Other (to licensed waste contractors facilities)

Figure 10. Non-hazardous waste by year and category.



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HVAC CHILLER REPLACEMENT

Carousel Shopping Centre is located in Cannington approximately 12 Kms from the Perth CBD.

In 2013 Westfield embarked on a capital project to replace the existing six air cooled chillers. This opportunity offered Westfield the chance to consider alternative options from the existing infrastructure and after detailed analysis water cooled chillers were confirmed as the most suitable system to deliver the capacity needed and reduce the energy used.



The new chillers were installed with an innovative central plant optimisation control system which enables full automated selection of chillers, pumps and cooling towers via a high level data interface to the variable frequency drives. This automation provides reduced energy and peak demand opportunities as well as improved chiller and plant coefficient of performance (COP).

The project also offered the opportunity to upgrade the existing chilled water pipework system to offer additional energy efficiency.

The project commenced in May 2013 and was completed in January 2014 several weeks ahead of planned schedule.

Since completion the centre is forecasting a 22% energy reduction on the previous period in 2012 lowering the annual energy usage by 1000MWh.



SUSTAINABILITY INNOVATION GROUP

In 2014, Westfield established a Sustainability Innovation Group. The mandate of the Group was to reduce the organisation's energy consumption and carbon footprint. This was a collaboration between Shopping Centre Management and Design Projects, and sourced ideas from a wide cross section of the business including a workshop group and through engaging with centre based Facilities Managers. The ideas were then percolated through an evaluation process by the Sustainability Innovation workgroup, with the overarching goal being to reduce energy consumption and our carbon footprint.

Four ideas have been further developed and presented to the steering committee, which has resulted in the projects being accepted for trial. The four projects cover:

- solar PV panel utilisation – on centre roofs as well as part of carpark shade structures. This allows for the self-generation of electricity as well as providing a customer benefit in terms of carpark shading
- improved lighting efficiency in carparks
- the introduction of UV Optimisation technology to increase the efficiency of air handling units
- the introduction of technology that provide a foundation for building services and energy management to allow our centres performance to be controlled, monitored and investigated

Each of the projects needs to stand alone as a business case for presentation to the business. The resources utilised in developing the projects are existing Scentre Group resources.



WATER HARVESTING

The harvesting of rainwater involves the collection of water from the metal deck roofs of our shopping centres and storing this in rainwater tanks.

Over the last few years, storage tanks of 100,000 litres have been installed at Westfield Doncaster & Westfield Fountain Gate; a 150,000 litre tank at Westfield Belconnen and a 300,000 litre tank at Westfield Miranda.

The harvested water is regularly carried via a pressure pump to the amenities and used for toilet and urinal flushing. Prior to this, water treatment consists of filtration (sand or membrane) and UV disinfection.

By capturing water directly, we are significantly reducing our reliance on the potable water supply network. Harvesting rainwater also reduces the flow of storm water and minimises the likelihood of overloading the storm water systems in our neighbourhoods.

With current water rates pricing levels e.g. \$2.32 per kilolitre of water (Sydney Water current rate) the probable pay-back period for the rainwater harvesting systems are in the order of 15-20 years.

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AIR CONDITIONING REPLACEMENT



Earlier this year, Scentre Group New Zealand undertook a program to replace the air conditioning equipment at Westfield Riccarton with more energy efficient package units. The program required twelve package units which supply heating and cooling to retail tenants to be replaced with new units comprising key features designed to reduce electricity consumption.

The initial design brief and procurement analysis stipulated that while reducing electricity consumption, the total life cycles costs of the units needed to be taken into account. While the units have only been fully operational for 10 months, it appears that the year to date electricity consumption has decreased by 19%.

Project scope and energy efficient feature

To reduce electricity consumption, each package unit was installed with EC plug fans, which unlike standard motors, allow for variable speeds depending on the demand. This is achieved through advanced efficient fan and motor design. In conjunction with this feature, each unit has digital scroll compressors, which together with improved control systems, allows for further reductions in consumption. The digital scroll compressors allow for variable energy usage, as opposed to either being completely on or off with the previous units.

The installation of the 12 units was completed efficiently with all new units being replaced overnight to avoid any impact on retailers. The old units were removed and decommissioned at the same time. Commissioning of the units and integration into the Westfield Riccartons Building Management System remains ongoing with the second stage of the replacement program completed in November 2014 with an additional six package units replaced. A further nine units are scheduled for replacement in 2015.

The electricity metering of mechanical electrical boards allows Scentre Group New Zealand to regularly review energy consumption and complete bench marking. This is critical for monitoring commissioning changes and unplanned or unwanted usage.

In addition to the reduction in energy consumption achieved by installing the new units, it has also allowed legacy equipment that still utilised R22 refrigerant to be replaced with more environmentally friendly refrigerant gases. This refrigerant is also being phased out across the industry.

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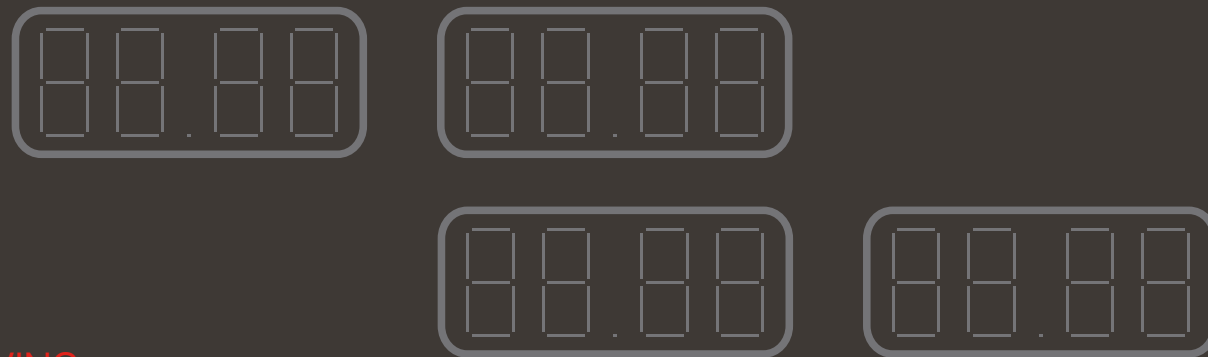
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WATER SAVING INITIATIVES FOR SOUTH AUSTRALIAN CENTRES

Scentre Group's South Australian Facilities team has partnered with the SA Government through SA Water to understand and improve water usage at our Tea Tree Plaza, Marion and Westlakes centres. This initiative involved water usage being monitored using six digital meters which were provided as part of a \$9,000 grant from the State Government and SA Water.

The grant was also used to help fund an online monitoring network which could be used to understand the 24-hour usage requirements at each of the centres and establish a usage benchmark. The information gathered was also used to assist SA Water in their understanding of commercial water usage and help other commercial users to improve their water sustainability practices.

SA Water provided a further nine digital meters to other commercial sites around the state who were interested in understanding more about improving water management sustainability. SA Water also endorsed Scentre Group's nomination in the South Australian Property Council retail awards.

As of December 2014, the installation of digital meters was complete at Tea Tree Plaza and a further two were installed on the mains water supply at Marion.

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MATERIAL ISSUES

OPERATING SAFELY AND EFFICIENTLY

Scentre Group considers risk management a priority. It can impact all parts of our business including the health and safety of our employees, contractors and visitors, the development and acquisition of shopping centres, relationships with tenants and suppliers, and treasury and capital management activities.

3.1

OCCUPATIONAL HEALTH AND SAFETY

We publicly report our safety data via the Global Safety Reporting (GSR) system. This system assesses and improves our performance by carefully monitoring key safety indicators. We are continually refining this program and now include third party contractor data as well.

Scentre Group measures safety data in two ways: through the lost time injury frequency rate (LTIFR) and average lost day rate (ADLR). These measure frequency and severity of lost time injuries.

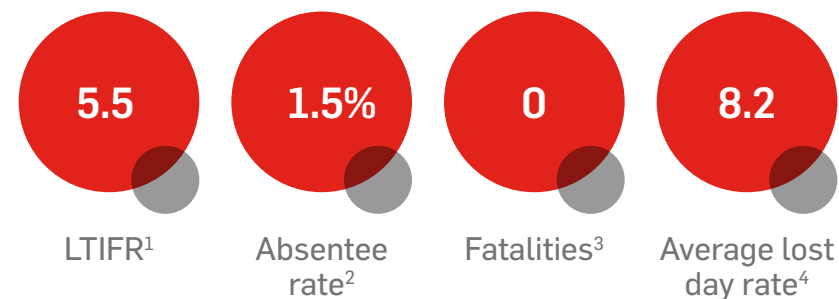
Injury is defined as a significant or fatal injury that arises in the course of work. Excluded from reporting are injuries and fatalities to non-workers on or off Scentre Group's Westfield Centres or assets (including visitors).

Significant injuries are defined as fractures (other than to fingers, toes or nose), any amputation, permanent loss of sight or hearing (excluding chronic hearing loss), unconsciousness (excluding fainting), any full thickness burns, and/or permanent loss of use of any internal organ (excluding hernias).

We believe that injury and absentee rates can be linked to positive staff and contractor morale and productivity. Note that we only have direct managerial control over approximately 38% of workers across the Scentre Group portfolio (direct employees).

We are committed to reducing the frequency and severity of injuries among employees and contractors by maintaining focus on injury prevention, early intervention and return to work programs.

In 2014, Scentre Group achieved the following in its first year of operation as an entity:



NOTES

- 1: Lost time injuries:** Employee does not return to work for one or more shifts following the day of injury.
Lost Time Injury Frequency Rate (LTIFR) = Total number of lost time injuries / Total hours worked x 1,000,000.
- 2: Absentee:** An employee absent from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity or paternity leave, and compassionate leave are excluded.
Absentee Rate (AR) = Total number of absentee days / Total number of days scheduled to be worked by the workforce for the same period x 100.
- 3: Fatality:** A death from an injury or illness or complications thereof. Deaths by natural causes are not included.
Fatalities = Absolute number reported.
- 4: Lost day rate:** The impact of occupational accidents and diseases as reflected in time off work by the affected workers. Lost days begin the day after the accident and are based on days scheduled to be worked.
Average Lost Day Rate (ALDR) = Total number of lost time days / Total lost time injuries.

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No significant fines or non-monetary sanctions

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COMPLIANCE

All employees are provided with compliance manuals to understand the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws.

The compliance manuals are reviewed on a regular basis to ensure relevance. Compliance seminars are held on a regular basis to update relevant staff on changes to legal requirements and procedures.

It is the responsibility of each divisional director and every employee to understand Scentre Group's values and policies and report any conduct or activities in breach of these values.

WHISTLEBLOWER POLICY

The whistle blower 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.

FINES AND SANCTIONS

In 2014, 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. We define significant fines as being \$100,000 or above.

MATERIAL ISSUES

3 Operating safely and efficiently

3.1 Occupational health and safety

3.2 Compliance



Previous chapter



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Contents



ENVIRONMENTAL PERFORMANCE INDEX

ENVIRONMENT: ENERGY CONSUMPTION

Note: Data requested as per GRI G4 with value of zero were not displayed in the tables.

Direct energy consumption by primary use 2014 and 2013

	Type	2014 (GJ)	% contribution (2014)	2013 (GJ)	% change year on year
Non-renewable sources	Natural gas	120,422	80.6	111,792	7.7
	Non-transport fuel combustion	10,557	7.1	7,725	36.7
	Transport fuels (controlled vehicles)	18,321	12.3	26,415	(30.6)
Renewable sources	Ethanol	58	0.0	–	–
Total		149,359	100	145,932	2.3

Indirect Energy consumption by primary source 2014 and 2013

	Type	2014 (GJ)	% contribution (2014)	2013 (GJ)	% change year on year
Non-renewable sources	Electricity	1,373,687	100	1,400,268	(1.9)
Renewable sources	N/A	–	–	–	–
Total		1,373,687	100	1,400,268	(1.9)

Supplementary regional breakdown – Direct energy consumption by country 2014

	Type	AU (GJ)	NZ (GJ)	Total (GJ)	Total (kWh)
Non-renewable sources	Natural gas	118,878	1,544	120,422	33,450,609
	Non-transport fuel combustion	10,518	39	10,557	2,932,617
	Transport fuels (controlled vehicles)	18,236	86	18,321	5,089,221
Renewable sources	Ethanol	58	–	58	16,108
Total		147,690	1,669	149,359	41,488,554

Supplementary regional breakdown – Indirect energy consumption by country 2014

	Type	AU (GJ)	NZ (GJ)	Total (GJ)	Total (kWh)
Non-renewable sources	Electricity	1,245,014	128,673	1,373,687	381,579,755
Renewable sources	N/A	–	–	–	–
Total		1,245,014	128,673	1,373,687	381,579,755

ENVIRONMENT: GHG EMISSIONS

Direct and indirect emissions (Scope 1 & 2) by source 2014 and 2013

Type	2014		2013	
	Sum of direct and indirect emissions (tonnes CO ₂ e)	% contribution of Direct and Indirect emissions (Scope 1 & 2) of GHG (tonnes CO ₂ e)	Sum of direct and indirect emissions (tonnes CO ₂ e)	% change year on year
Purchased electricity	308,183	93.8	317,012	(2.8)
Natural gas	6,184	1.9	5,742	7.7
Non-transport fuel combustion	862	0.3	542	59.0
Synthetic gases	12,148	3.7	9,464	28.4
Transport fuels (controlled vehicles)	1,155	0.4	1,840	(37.2)
Total	328,532	100	334,599	(1.8)

Other indirect emissions (scope 3) 2014 and 2013

Activities which cause other indirect (Scope 3) emissions	2014 (tonnes CO ₂ e)	2014 % contribution	2013 (tonnes CO ₂ e)	% change year on year
Air travel	3,144	2.9	3,081	2.1
Employee commute	2,143	2.0	1,989	7.7
Natural gas	805	0.7	672	19.8
Electricity distribution and transmission losses	44,912	41.7	57,202	(21.5)
Taxi and car travel	142	0.1	177	(19.9)
Transport fuels (controlled vehicles)	88	0.1	140	(37.2)
Mixed waste to landfill	56,468	52.4	54,582	3.5
Direct	65	0.1	42	55.1
Total	107,767	100	117,886	(8.6)

GHG emissions by scope and country 2014

Market	Direct (Scope 1) emissions of GHG from all sources (tonnes CO ₂ e)	Indirect (Scope 2) emissions of GHG from purchased electricity, heat or steam (tonnes CO ₂ e)	Sum of direct and indirect emissions (tonnes CO ₂ e)	Other indirect (Scope 3) emissions of GHG from waste, business travel and employee commute (tonnes CO ₂ e)
Australia	19,308	303,715	323,023	102,960
New Zealand	1,041	4,468	5,508	4,807
Total	20,349	308,183	328,532	107,767

Supplementary regional breakdown – Other indirect emissions (scope 3) by country 2014

Activities which cause other indirect (Scope 3) emissions	AU (tonnes CO ₂ e)	NZ (tonnes CO ₂ e)	Total (tonnes CO ₂ e)
Air travel	3,011	134	3,144
Employee commute	1,946	196	2,143
Natural gas	797	8	805
Electricity distribution and transmission losses	44,365	547	44,912
Taxi and car travel	130	12	142
Transport fuels (controlled vehicles)	88	–	88
Mixed waste to landfill	52,557	3,911	56,468
Direct	65	–	65
Total	102,960	4,807	107,767

ENVIRONMENT: WASTE

Breakdown of non-hazardous waste disposal by waste category 2014

Type	General (metric tonnes)	Demolition (metric tonnes)	Excavation (metric tonnes)	Construction (metric tonnes)	Total (metric tonnes)	% of total non-hazardous waste
Recycling	24,096	214,343	1,246,145	34,679	1,519,263	51.0
Landfill (offsite)	47,708	9,746	1,381,279	2,962	1,441,695	48.4
Composting	10,582	–	–	–	10,582	0.4
Recovery (including energy recovery)	–	–	–	2,055	2,055	0.1
Other (to licensed waste contractors facilities)	5,859	–	–	–	5,859	0.2
Total	88,246	224,089	2,627,424	39,696	2,979,454	100

Breakdown of hazardous waste disposal 2014

Type	% of total non-hazardous waste
Other (to licensed waste contractors facilities)	7,224
Total	7,224

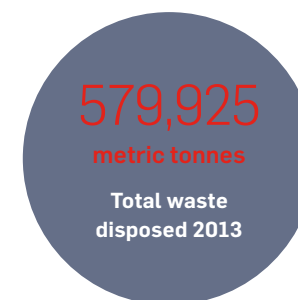


Breakdown of non-hazardous waste disposal by waste category 2013

Type	General (metric tonnes)	Demolition (metric tonnes)	Excavation (metric tonnes)	Construction (metric tonnes)	Total (metric tonnes)	% of total non-hazardous waste
Recycling	23,017	36,399	211,616	5,889	276,921	47.9
Landfill (offsite)	49,768	1,655	234,564	503	286,490	49.5
Composting	9,154	–	–	–	9,154	1.6
Recovery (including energy recovery)	–	–	–	349	349	0.1
Other (to licensed waste contractors facilities)	5,785	–	–	–	5,785	1.0
Total	87,724	38,054	446,180	6,741	578,699	100

Breakdown of hazardous waste disposal 2013

Type	% of total non-hazardous waste
Other (to licensed waste contractors facilities)	1,227
Total	1,227



ENVIRONMENT: WATER

Water withdrawn 2014

	AU (m3)	NZ (m3)	Total (m3)
Rainwater collected directly and stored by Scentre Group	7,700	–	7,700
Municipal water or other water utilities	4,249,406	387,356	4,636,762
Total	4,257,106	387,356	4,644,462

Water withdrawn 2013

	AU (m3)	NZ (m3)	Total (m3)
Rainwater collected directly and stored by Scentre Group	3,388	–	3,388
Municipal water or other water utilities	4,257,423	363,310	4,620,733
Total	4,260,811	363,310	4,624,121



GRI INDEX



GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
Strategy and analysis		
G4-1	Statement from the most senior decision-maker of the organisation (such as CEO, chair or equivalent senior position) about the relevancy of sustainability and strategy for addressing sustainability	Pgs 4 Message from the CEO
Organisational profile		
G4-3	Name of organisation	Pg 2 Introduction
G4-4	Primary brand, products and services	Pg 6 Business profile
G4-5	Location of headquarters	Pg 60 Directory
G4-6	Number of countries where the organisation operates, and names of countries where either it has significant operation or that are specifically relevant to the sustainability topics covered in the report	Pgs 5 & 6 Report Profile & Business Profile
G4-7	Nature of ownership and legal form	Pgs 5 & 6 Report Profile & Business Profile
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Pgs 6 & 13-31 Business Profile & Engaging Stakeholders
G4-9	Scale of organisation including: <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net sales (for private organisations) or net revenues (for public sector organisations) • Total capitalisation broken down in terms of debt and equity (for private sector organisations) • Quantity of products or services provided 	Pgs 6 & 7 Business Profile & Scentre Group in Numbers
G4-10	a) Total number of employees by employment contract and gender b) Total number of permanent employees by employment type and gender c) Total workforce by employees and supervised workers and by gender d) Total workforce by region and gender e) Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f) Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Pgs 7 & 14 Scentre Group in Numbers & Workplace Composition
G4-11	Percentage of total employees covered by collective bargaining agreements	Not reported
G4-12	Organisation's supply chain	Pgs 11–12 Material Issues. The supply chain and its management is discussed throughout the report

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
G4-13	Significant changes during the reporting period regarding size, structure, ownership, or supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	Pgs 4, 6, 10, 27 & 28 Message from the CEO, Business Profile, Economic Contribution, Partners & Investors
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Pgs 9 & 32–34 Sustainability Governance & Minimising Environmental Impact
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Pgs 5, 33–34 & 29 Report Profile, Energy & Emissions Policy and Regulatory Environment & Service Providers
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	Pgs 30–31 Industry and Government
Identified material aspects and boundaries		Scentre Group 2015 Sustainability Report
G4-17	a) All entities included in the organisation's consolidated financial statements or equivalent documents b) Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	Pgs 5, 6 & 27 Report Profile, Business Profile & Partners
G4-18	a) Process for defining the report content and the aspect boundaries b) How the reporting principles for defining report content have been implemented	Pgs 11–12 Material Issues
G4-19	List all the material aspects identified in the process for defining report content	Pgs 11–12 Material Issues
G4-20	For each material aspect, report the aspect boundary as follows: <ul style="list-style-type: none"> • Report whether the aspect is material within the organisation • If the aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> – The list of entities or groups of entities included in G4-17 for which the aspect is not material or – The list of entities or groups of entities included in G4-17 for which the aspects is material • Report any specific limitation regarding the aspect boundary within the organisation 	Pgs 4, 5, 6, 9 & 11–12 Message from the CEO, Report Profile, Business Profile, Sustainability Governance, Material Issues

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
G4-21	For each material aspect, report the aspect boundary outside the organisation, as follows: <ul style="list-style-type: none"> • Report whether the aspect is material outside of the organisation • If the aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified • Report any specific limitation regarding the aspect boundary outside the organisation 	Pgs 4, 5, 6, 9 & 11–12 Message from the CEO, Report Profile, Business Profile, Sustainability Governance, Material Issues
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Pgs 4 & 5 Message from the CEO & Report Profile
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Pgs 4 & 5 Message from the CEO & Report Profile
Stakeholder engagement		
G4-24	Stakeholder groups engaged by the organisation	Pgs 13–31 Engaging Stakeholders
G4-25	Basis for identification and selection of stakeholders with whom to engage	Pgs 11–12 Material Issues
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Pgs 11–12 & 13–31 Material Issues & Engaging Stakeholders
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Pgs 11–12 & 13–31 Material Issues & Stakeholder Engagement (partially reported)
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Pgs 5 & 7–8 Report Profile & Scentre Group in Numbers
G4-29	Date of most recent previous report (if any)	Pgs 4 & 5 Message from the CEO & Report Profile
G4-30	Reporting cycle (such as annual, biennial)	Pgs 4 & 5 Message from the CEO & Report Profile
G4-31	Contact point for questions regarding the report or its content	Pg 60 Directory
G4-32	a) 'In accordance' option chosen b) GRI Content Index for the chosen option c) Reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines)	Pg 5 & 52 Report Profile & GRI Index

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
G4-33	a) Policy and current practice with regard to seeking external assurance for the report b) If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c) Relationship between the organisation and the assurance providers d) Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	a) Current practice is not to seek external assurance over the performance indicators disclosed in the sustainability report, as assurance is voluntary and the rigorous data collection and collation process is expected to reduce the risk of material misstatement. b) Reasonable external assurance is received over the energy consumers, energy produced and Scope 1 and 2 emissions data for the Australian entity for each financial year (DATES) as part of their reporting processes to the Australian Clean Energy Regulator. Further detail on this assurance can be found in Scentre Group's CDP submission. Limited external assurance was provided over total Scope 1, total Scope 2 and total Scope 3 (limited to waste to landfill, purchased electricity and natural gas (transmission and distribution losses), employee commute travel (business air travel, taxi and car rental) emissions; total water consumption (limited to rainwater collected and municipal water purchased); total waste to landfill in tonnes and total waste recycled in tonnes for operations within Australia for the year ended 31 December 2014. c) n/a for the sustainability report d) No
Governance		Scentre Group 2015 Sustainability Report
G4-34	Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Pg 9 Sustainability Governance
Ethics and integrity		Scentre Group 2015 Sustainability Report
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Pg 6 Business Profile & throughout report
Specific standard disclosures		Scentre Group 2015 Sustainability Report
Scentre Group Material Issue: Engaging stakeholders		
Sub-categories: Society and labour practices and decent work		
Aspects: Economic performance, employment, training and education, diversity and equal opportunity, local communities		

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
Generic disclosures on management approach		Scentre Group 2015 Sustainability Report
G4 DMA	a) Why this is material and the impact that makes it material b) How organisation manages it or its impacts c) Management approach, including: <ul style="list-style-type: none"> • Mechanisms for evaluating its effectiveness • Results of the evaluation • Any related adjustments to the management approach 	Pgs 4, 5, 9, 11–12 & 13 Message from the CEO, Report Profile, Sustainability Governance, Material Issues & Engaging Stakeholders
Economic performance		Scentre Group 2015 Sustainability Report
G4-EC1	<ul style="list-style-type: none"> • Direct economic value generated: • Revenues • Economic value distributed: • Operating costs • Employee wages and benefits • Payments to providers of capital • Payments to government (by country) • Community investments • Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed') 	Pg 7 Scentre Group in Numbers (partially reported)
Scentre Group material issue: Engaging Stakeholders Category: Environment Aspects: Energy, water, emissions, effluents and waste		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Pg 19 Employee Statistics
Training and education		
G4-LA9	Average hours of training per year per employee by gender; and by employee category	Pgs 18–19 Professional Development and Training & Employee Statistics
Diversity and equal opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Pg 19 Employee Statistics
Local communities		
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	Pgs 23–24 Community

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
Scentre Group material issue: Minimising environmental impacts Category: Environment Aspects: Energy, water, emissions, effluents and waste		
Generic management disclosures		
G4-DMA	a) Why this is material and the impact that makes it material b) How organisation manages it or its impacts c) Management approach, including: <ul style="list-style-type: none"> • Mechanisms for evaluating its effectiveness • Results of the evaluation • Any related adjustments to the management approach 	Pgs 4, 5, 9, 11–12 & 32–33 Message from the CEO, Report Profile, Sustainability Governance, Material Issues & Minimising Environmental Impact
Energy		
G4-EN3	Energy consumption within the organisation	Pgs 48–49 Performance Index Australia Estimation method where data is not available: <ul style="list-style-type: none"> • Method 1* Where other methods were used, the consumptions were insignificant. New Zealand All data available, no estimation required
Water		
G4-EN8	Total water withdrawal by source	Pg 51 Performance Index Australia Estimation method where data is not available: <ul style="list-style-type: none"> • Method 1* New Zealand All data available, no estimation required

In order to collate the data for this report, all actual consumption that was available by mid-December 2014 was collated and an estimate added for the remaining time period where actual consumption data was not available. The estimates typically covered the months of November and December 2014.

*Method 1 - Missing period estimated by applying the percentage contribution of the same period in the previous year, to current year available data

**Method 2 - Straight line extrapolation based on all previous months in the year

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<p>Pg 50 Performance Index</p> <p>Australia Estimation method where data is not available:</p> <ul style="list-style-type: none"> • Primary method: Method 1* • Secondary method: Method 2* <p>New Zealand All data available, no estimation required</p>
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<p>Pg 50 Performance Index</p> <p>Australia Estimation method where data is not available:</p> <ul style="list-style-type: none"> • Method 1* <p>New Zealand All data available, no estimation required</p>
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	<p>Pg 50 Performance Index</p> <p>Australia Estimation method where data is not available:</p> <ul style="list-style-type: none"> • Primary method: Method 1* • Secondary method: Method 2** <p>Where other methods were used, the emissions were insignificant.</p> <p>New Zealand Estimation method where data is not available:</p> <ul style="list-style-type: none"> • Primary method: Method 1* • Secondary method: Method 2** <p>Where other methods were used, the emissions were insignificant.</p>
Effluents and waste		
G4-EN23	Total weight of waste by type and disposal method	<p>Pg 50 Performance Index</p> <p>Australia Waste created largely pertained to excavation, for which the entire waste tonnage was estimated by taking the prior year waste amount and adjusting it for the proportion of capital expenditure in the current year compared to the prior year.</p> <p>New Zealand Estimation method where data is not available:</p> <ul style="list-style-type: none"> • Method 1*

In order to collate the data for this report, all actual consumption that was available by mid-December 2014 was collated and an estimate added for the remaining time period where actual consumption data was not available. The estimates typically covered the months of November and December 2014.

*Method 1 - Missing period estimated by applying the percentage contribution of the same period in the previous year, to current year available data

**Method 2 - Straight line extrapolation based on all previous months in the year

GENERAL STANDARD DISCLOSURES	DESCRIPTION	SCENTRE GROUP 2015 SUSTAINABILITY REPORT
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Pg 47 Compliance
<p>Scentre Group material issue: Operating safely and efficiently</p> <p>GRI category: Social</p> <p>Sub-categories: Labour practices and decent work, product responsibility</p> <p>Aspects: Occupational health and safety, compliance</p>		
Generic management disclosures		
G4-DMA	a) Why this is material and the impact that makes it material b) How organisation manages it or its impacts c) Management approach, including: <ul style="list-style-type: none"> • Mechanisms for evaluating its effectiveness • Results of the evaluation • Any related adjustments to the management approach 	Pgs 4, 5, 9, 11–12 & 45–46 Message from the CEO, Report Profile, Sustainability Governance, Material Issues & Operating Safely and Efficiently
Occupational health and safety		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Pg 46 Occupational Health and Safety (partially reported)
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Pg 47 Compliance
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Pg 47 Compliance

DIRECTORY

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,
AFS Licence No 380203)

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Enquiries: 1300 730 458
Facsimile: +61 3 9415 2500
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Website: www.computershare.com

ADR Registry

Bank of New York Mellon
Depository Receipts Division
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Website: www.adrbny.com
Code: ADR - SCTRY

Listing

Australian Securities Exchange – SCG

Website

scentregroup.com

