VICINITY CENTRES



SUSTAINABILITY REPORT 2016



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ABOUT THIS REPORT

This is Vicinity Centres' (Vicinity or the Group) first Sustainability Report. It covers our economic, environmental and social performance during the financial year from 1 July 2015 to 30 June 2016.

All data contained within this report is for the 12 months to 30 June 2016 (FY16), or as at 30 June 2016, unless otherwise stated. We intend to report on our performance annually in future years.

This report is prepared in accordance with the Global Reporting Initiative G4 Framework at a Core level, and relevant sector disclosures for the Construction and Real Estate industry. The report discloses our management and performance on issues that are material to our business and our key stakeholders.

Information in this report covers all entities under our direct operational control, which includes shopping centres that we manage as well as our corporate offices. As a newly formed entity we dedicated our time in FY16 to establishing a Group Strategy focused on driving our growth into the future. During FY17, we will continue to implement our Strategy, including improving data systems that capture our material impacts and setting short term targets and longer term objectives to drive continuous improvement in our performance.

A number of our environmental disclosures are externally assured by Ernst and Young. The External Assurance Statement is presented on page 35.

We hope our stakeholders, including our investors, retailers, suppliers, strategic partners, our people and the broader communities in which we operate find this report useful in understanding the sustainability risks, opportunities and impacts that relate to our business.

This report should be read in conjunction with our 2016 Annual Report and 2016 Corporate Governance Statement, available through the Investor Centre on our website.

Your feedback is important to us. You can contact us or provide any comments you have on this report at **sustainability@vicinity.com.au**.



Chadstone Shopping Centre, VIC

MESSAGE FROM OUR CHAIRMAN

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Peter Hay
Chairman

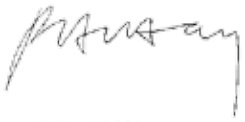
I am pleased to present to you our inaugural Sustainability Report as Vicinity in what has been a transformational year for our business.

We reported strong operational and financial performance over the 2016 financial year (FY16), while completing a number of important integration activities following the merger of Federation Centres and Novion Property Group in June 2015.

As a leading retail property group with one of the largest portfolios of shopping centres under management in Australia, people and property are at the heart of our business model. Our centres touch the lives of millions of customers every year, and this underpins our purpose of enriching community experiences with a vision of delivering the leading retail property and lifestyle experience across Australia. We know that, as local gathering places, our centres have an important role to play in strengthening their communities.

Building sustainable value for our securityholders is central to our Strategy, which has economic, environmental and social elements. Our Sustainability Strategy focuses on creating value more broadly, for both Vicinity and our stakeholders, and together with our Group Strategy delivers on our purpose of enriching community experiences. It is complemented by our People and Digital strategies that were also established during the year, the combination of which highlights our focus on the future and on the resilience of our business model.

Vicinity is in a great position today, with all the ground work laid out for a stronger and more sustainable business this year, and for that I am thankful for the devotion of our people. Having a strong team that is dedicated to delivering on our sustainability goals will allow us to continue to deliver the best value to our retailers, customers, communities and our securityholders.



Peter Hay
Chairman

MESSAGE FROM OUR CEO AND MANAGING DIRECTOR

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Angus McNaughton
CEO and Managing Director

As the CEO and Managing Director of Vicinity and chair of the Sustainability Committee, I am proud to report to you progress on our sustainability initiatives through our inaugural Sustainability Report.

Having one of the largest portfolios of shopping centres in Australia comes with great responsibility, but also provides significant opportunities to create shared value and to enrich community experiences.

As the Chairman highlighted, we have established a number of strategies this year that create a robust framework for Vicinity going forward, including our Sustainability Strategy.

An initial focus was to benchmark our sustainability performance post-merger. Accordingly, this year we rated our entire portfolio using the Green Star Performance tool, becoming the largest property portfolio in Australia to undertake such a rating. This rating allowed us to better understand the sustainability performance across our newly created property portfolio, set a performance baseline and guide us towards industry best practice in the future.

I am pleased to say that we have reduced our greenhouse gas emissions intensity by nine per cent over the past 12 months. While year on year improvements are great, we believe it is important to play our role in a low carbon economy and during the year we commenced work on investigating an appropriate long-term low carbon target for Vicinity.

As long life assets, we understand the need to assess the impacts of climate change on our portfolio. We completed a high level review of the portfolio this year, the results of which will be built upon in the coming year to refresh existing asset continuity plans and enhance the climate resilience of our portfolio going forward.

We also completed a comprehensive review of the social issues impacting our centres and their communities. Youth unemployment was identified as a major issue facing our communities and an area where we believe, that in partnership with local community groups and national organisations, we have the potential to create significant shared value. This will be a central pillar to our community investment program, which will be established in FY17.

Collaboration is a key factor in achieving our sustainability goals and crucial if we want to make meaningful change. With that in mind we created a retailer recycling education video during the year to help educate our tenants as well as centre staff on Vicinity's waste and recycling practices. The video will be rolled out across our portfolio in FY17.

With a new Diversity and Inclusion framework, and pathways to build the talent and capability of our senior leaders and team members, we have made Vicinity a great place to work, attracting and retaining high quality, highly engaged people to take Vicinity to new heights in the future.

Finally I would like to reiterate the Chairman's sentiments in thanking our team in putting Vicinity in the strong position that it is in today and I look forward to updating you on our progress in the future.



Angus McNaughton
CEO and Managing Director

KEY ACHIEVEMENTS IN FY16

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91
centres
under management
(Direct portfolio: 81)

2.9
million sqm
Gross lettable area

$23.6
billion
Assets under management
(Direct portfolio: $14.6b)

76
kg CO_2-e/sqm
greenhouse gas emissions intensity
9% from FY15

$1.28 million
invested in our communities, plus nearly $500,000 raised through our customers and retailers

Group Strategy, Sustainability, Digital and People strategies established

35%
recycling rate

8.03
Injury rate
injuries per million hours worked

CEO and Managing Director is a Property Male Champion of Change

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Established

Sustainability Committee and Diversity Forum

3 DJSI Leadership indices

World, Asia-Pacific & Australia

Chief Investment Officer

is a director of the Green Building Council of Australia

Workforce



40% Male 60% Female

100%

of retail portfolio

assessed under Green Star performance portfolio rating*

*Retail portfolio as at June 2015

greenstar

OUR COMMITMENTS

Reach 3 Star Green Star Performance portfolio average within next 12 months

Identify significant long-term carbon reduction target for asset portfolio

Build climate resilience into planning across our portfolio

Roll out centre-level community programs to address youth unemployment

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ABOUT VICINITY

Vicinity was created through the merger of two of Australia's major retail property groups, Federation Centres and Novion Property Group in June 2015.

Initially trading as Federation Centres, in November 2015 we launched our new brand 'Vicinity Centres' to reflect our position as a leading Australian real estate investment trust (A-REIT). We are a top-30 entity on the Australian Securities Exchange (ASX), trading as Vicinity Centres (ASX:VCX).

The merger created Australia's second largest retail property group, with 91 retail assets under management totalling $23.6 billion in value, as at 30 June 2016. Our direct portfolio includes 81 centres valued at $14.6 billion. We manage 37 centres on behalf of our strategic partners, 27 of which are co-owned with the Group. Our shopping centres generate $18.2 billion in annual retail sales and during the year, Vicinity also delivered a statutory net profit of $960.9 million.

Our national office is located in Melbourne, Australia with regional offices in Sydney, Brisbane, Adelaide and Perth. We employ approximately 1,300 people across our business and engage hundreds of contractors and suppliers to service our operations.

Our Strategy

At Vicinity, our purpose is enriching community experiences through a vision of delivering the leading retail property and lifestyle experience in Australia. Our strategic focus is to create long-term value and sustainable growth by owning, managing and developing quality Australian assets across the retail spectrum.

We tailor our centres to meet the needs of our local communities and to ensure we deliver a relevant and resonant customer experience. This in turn drives greater customer visitation to our centres which translates into higher sales, rental income and capital values over the long term.

We do this by continually improving the performance of our assets through intensive asset management and by enhancing the quality of our portfolio composition through development, acquisitions and divestments. The quality and scale of our portfolio also allows us to attract leading national and international retailers.

We additionally provide funds and asset management services to a number of wholesale funds and joint venture partners (together our 'strategic partners'), which generate an additional income stream for Vicinity.

The 2016 financial year was our first full year post merger and has been an active time for the Group. During the year we established a new Group Strategy as well as strategies for People, Digital and Sustainability, which provide a robust framework for our business activities going forward.

Annual Report 2016
Operating and financial review, pages 09-19



Chadstone Shopping Centre, VIC

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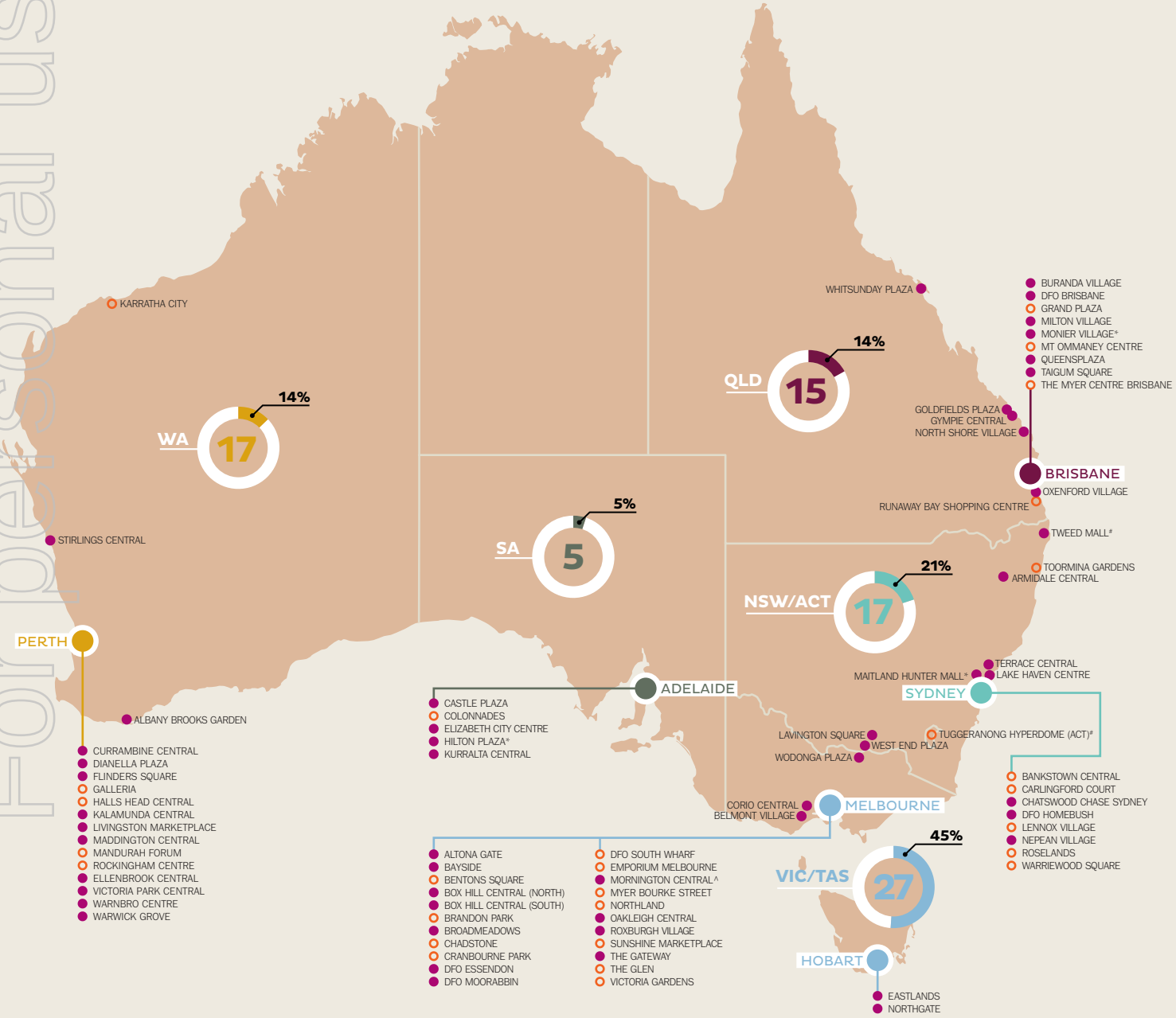
Our shopping centres

As at 30 June 2016, Vicinity's direct portfolio consisted of 81 owned or co-owned retail assets across Australia. Vicinity additionally manages a further ten assets on behalf of our strategic partners. Figure 1 shows a map of our direct portfolio centres.

Figure 1: Direct portfolio

81
shopping centres in our direct portfolio

- Wholly owned
- Jointly owned
- Number of shopping centres
- % Portfolio value (%)
- * Sold post 30 June 2016
- # Sale agreed post 30 June 2016
- ^ Agreed the sale of 50% post 30 June 2016



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MATERIAL RISKS AND OPPORTUNITIES

Our business operates in a constantly changing environment and it's important that we anticipate and adapt to these changes, manage risks and leverage opportunities to sustain our growth and create long-term value.

Our Board and management team recognise that effective risk management and internal controls are vital for good corporate governance and management practice. Vicinity's dedicated risk, compliance and sustainability teams are responsible for monitoring Group-wide risk management systems on an ongoing basis to ensure that we proactively identify and manage material risks.

Materiality review

This year, we conducted our first materiality assessment as a merged group to understand Vicinity's long-term economic, environmental, social and governance risks and opportunities.

We considered the outcomes of materiality reviews completed historically by Federation Centres and Novion Property Group as a starting point. We then engaged an independent consultant to look to latest property and retail industry trends and connect directly with a number of our key external stakeholders to help understand Vicinity's material issues. Going through this process ensures we are ready to respond to issues that matter most to our business as well as our stakeholders.

We validated the issues identified through the external review and previous materiality assessments and with our senior leaders and employees across all business functions, and prioritised those that have the potential for the greatest business impact. This work informed our Sustainability Strategy and the content of this report. Results have also been integrated within Vicinity's Enterprise Risk Register which defines the material risks faced by Vicinity.

Issues identified as important to our stakeholders are shown in Figure 2. The prioritisation of issues was subjective to the views of internal and external stakeholders consulted during the materiality review process.

The most material issues for Vicinity are those considered highest priority by our stakeholders. They broadly relate to how our business adapts and responds to changing markets, consumer behaviours and the physical environment. More specifically, how we:

- maintain an engaged and high performing workforce with the right skills and capability to deliver our Group Strategy,
- have the agility and capacity to innovate and strategically respond to disruptive forces that impact consumer behaviours,
- manage business risks from economic and market trends that impact the real estate, retail and consumer markets, and
- develop a climate resilient retail portfolio that can withstand long-term physical risks from climate change, support community resilience and leverage commercial opportunities.

Figure 2: Vicinity's material long-term economic, environmental, social and governance issues



1. An engaged workforce
2. Changes in consumer behaviour
3. Changing market dynamics
4. Climate change resilience
5. Health and safety
6. Understanding tenants
7. Supply chain impacts
8. Supporting local communities
9. Changing government policy and regulations
10. Disclosure of information - transparency
11. Energy and carbon emissions
12. Waste management
13. Government tax - transparency
14. Data privacy and confidentiality
15. Strategic partnerships

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Changes in markets and consumer behaviours

The retail sector is constantly evolving, and we need to continue to monitor and respond to these changes. We derive the majority of our earnings from rental income from our retailers, therefore a subdued retail market could impact our profitability, tenant viability, vacancy rates and rental growth.

Consumer behaviours and shopping preferences are also changing, including what, where, why and how people shop. An influx of international retailers into Australia, changing store formats, evolving retailer strategies, regulatory and industry changes, and disruptive digital technologies all affect our business viability and future growth.

We mitigate these risks and leverage opportunities by maintaining a high quality portfolio of assets, creating a tenant mix tailored to each community and focusing on customer experience to maximise customer visitation.

See our 2016 Annual Report for more details about how we identify and manage our risks and respond to these changes.

Impacts of climate change

Climate change presents both direct and indirect risks for Vicinity now and increasingly over the longer term. Extreme weather events such as heatwaves, bushfires and flooding increase the physical vulnerability of our shopping centres and their communities, which may have an impact on our operational costs, asset values and customer visitation. The current landscape of uncertainty in Australia in relation to the price of carbon, funding available for carbon abatement technologies and renewable energy legislation also impact our operational and investment decisions.

Climate resilience and transitioning towards low carbon 'smart' assets are important business value drivers in Vicinity's Sustainability Strategy. We are focused on enhancing the resilience of our centres and communities to increasingly variable climate impacts. At the same time, we are striving to create a low carbon portfolio by setting significant carbon reduction strategies, investing in renewable energy and operating highly efficient, smart assets. See page 11 for more information.

Accountability for climate change risks and opportunities is integrated into Vicinity's management structure. Our CEO and Managing Director, Chief Investment Officer and the General Manager Sustainability are responsible for identifying risks and opportunities and driving adaptation and mitigation strategies across our portfolio. Carbon reduction and building efficiency performance is the responsibility of our EGM Shopping Centres and is tracked as a part of centre and operational managers' performance management.

Annual Report 2016
Management of risk, pages 18–19



Emporium Melbourne, VIC

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SUSTAINABILITY AT VICINITY

Our shopping centres are the focal points of their communities across Australia and are important contributors to creating smart, sustainable and resilient communities with high-quality living experiences.

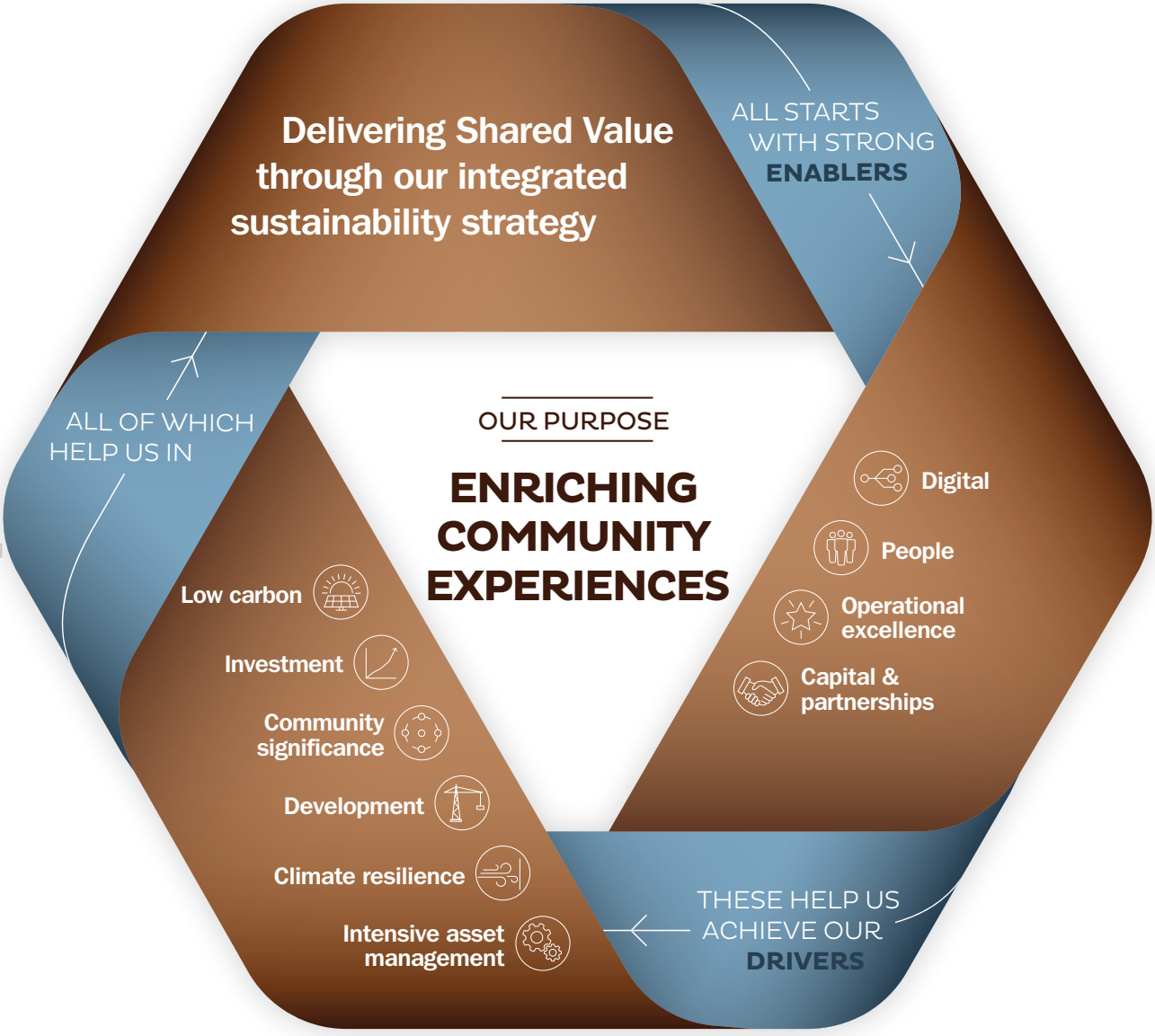
Our Sustainability Strategy

Our Strategy positions us to deliver sustainable returns for our securityholders while creating value for our customers, retailers, people and the communities where we operate.

In our inaugural year as Vicinity, we laid the foundations for a strategic approach to sustainability that aspires to position us as a leading global retail property group. We developed a new Sustainability Strategy that is fully integrated with our Group Strategy to drive shared value – that is, superior economic, social and environmental outcomes for Vicinity and our stakeholders.

Equally important is maintaining and enhancing our social licence to operate to improve our risk-adjusted returns for securityholders and build trust with our stakeholders.

Figure 3: Our Sustainability Strategy



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Shared value drivers

In developing our Strategy, we looked at unmet needs in the market and their broader implications on the long-term success of our business. The Strategy connects our portfolio enhancement approach – which focuses on investment, development and intensive asset management – with shared value drivers. These drivers consider value creation more broadly across these business focus areas, facilitating social progress and minimising our environmental impacts and risks to deliver better business outcomes. We began implementing this Strategy during FY16. Each shared value driver is discussed below in detail.

Community significance

We aim to increase our centres' significance locally by considering the community's broader wants and needs in addition to the shopping experience. This will help increase community connection with the space we provide and make a meaningful difference through our business operations. It includes establishing targeted community programs and partnerships that address social issues impacting local communities and our centres at their core. This creates positive community outcomes and can also improve the appeal and amenity of our assets.

This year, we completed a comprehensive analysis to identify key social issues occurring in the communities surrounding our centres and that also have an impact on the amenity and performance of our centres. We considered local demographic data and consulted with centre managers to understand the social issues that are most frequently experienced across our portfolio.

Based on this assessment, we identified youth unemployment as a prevalent concern across our communities and the key social issue impacting on our centres. This is also an issue that Vicinity is well-positioned to address through our day-to-day business activities. In FY17 we will build a targeted community investment program which aims to address this issue at a local and national level. We will roll out the program with the help of local and national community partners as well as corporate and centre-based staff to positively impact our communities and improve the appeal of our centres across Australia.

Climate resilience

We know that our centres often act as community hubs during times of extreme weather – and we need to ensure they remain resilient to increasingly variable climatic patterns and can continue to serve communities.

This year, we engaged external consultants to conduct a portfolio-wide assessment of our current and future exposure to climate-related events and gain insight into related risks and opportunities. We will continue this work in FY17 with a focus on exploring ways in which we can further ensure higher risk assets remain open for trade for surrounding communities during extreme weather events.

This work will be used to develop management strategies across all of our assets to improve operational management practices, enhance our emergency preparedness and response capabilities and ensure climate resilience is considered further in future development projects and capital allocation and transaction decisions.

Low carbon

Since the Paris Climate Agreement in late 2015, the business community and governments globally are making long-term commitments to limit global warming. We recognise that property can play a major role in reducing global carbon emissions, and as a leading property company in Australia, we want and need to play our part in facilitating a low carbon economy.

We will do this by setting long-term low carbon objectives, creating smarter and more efficient assets and utilising onsite renewable energy to reduce our carbon intensity. This is not just the right thing to do – it helps us meet our customer and community expectations and positions our business for long-term success.

We have engaged an external consultant to conduct modelling to inform the development of a long-term low carbon target for Vicinity. The work currently underway will identify the best mix of onsite renewable energy generation and energy efficiency technology to reduce our carbon footprint, as well as the use of smart technology to automate operations to create superior asset performance. We believe this will bring significant positive operational and financial outcomes for our centres.

Helping our communities and centres prosper through a new targeted community investment program



Increasing our communities' and centres' resilience to climate change



Addressing climate change by investigating a low carbon target for Vicinity



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Strategic enablers

Our purpose of enriching community experiences is enabled by a highly engaged workforce, strategic sustainability partnerships, digital capability and operational excellence. These aspects are a crucial component for achieving our shared value drivers; that is creating value more broadly for Vicinity as well as the environment and our communities.

People

Vicinity's success is contingent upon highly engaged people that bring their whole selves to work, and are well-supported, both professionally and personally, to reach their full potential.

This is why in FY16 we focused on understanding the needs of our people through an Employee Engagement Survey, and formed a People and Culture Strategy that builds a diverse, highly engaged and capable workforce. We established policies and programs that create a diverse and inclusive culture, allow more flexible work arrangements, offer better learning and career development opportunities and provide access to a range of employee benefits.

An internal Diversity Forum, chaired by our CEO and Managing Director with senior leadership representation, is leading the charge in fostering a culture that celebrates differences and leverages a variety of ideas and experiences to drive better business outcomes.

We also believe that direct involvement in our sustainability programs will increase employee engagement and make our people feel good about working at Vicinity. In FY17, we will establish formal employee volunteering and workplace giving programs that align with our focus on community investment and increase internal awareness of sustainability efforts across the business.

Sustainability Report 2016
Creating a great place to work, page 21

Capital and partnerships

At Vicinity, we rely on robust partnerships to deliver strong business outcomes. Fostering strategic partnerships with our investors, capital partners, suppliers and retailers will enable us to deliver business value for Vicinity and achieve sustainability outcomes beyond those achievable on our own, as well as help position us as a partner of choice.

This year we began to work with a number of our significant suppliers, including cleaning service providers, waste contractors and uniform suppliers, to incorporate environmental, labour and human rights criteria into tender processes and procurement contracts (see case study on page 28). We also provide sustainable retail design guidelines and education and engagement programs to our retailers to encourage more sustainable practices of their own.

Sustainability Report 2016
Working with our partners to deliver positive outcomes, pages 27–28

Digital

Digital technology is transforming the way people work, interact, relax and play and also how companies do business. In the retail environment digital technology provides the opportunity to enhance the experience of our consumers and other stakeholders, make better-informed decisions and drive operational efficiencies.

In FY16, we established a Digital Strategy focused on creating a seamlessly integrated physical and digital customer experience and retail platform.

To bring this Strategy to life, we have commenced a major project to connect our shopping centres and corporate offices with our retailers and millions of customers through a single high speed network with WiFi capabilities. Insights gathered from the network will help us provide the best possible experience to our customers. It will also provide real-time insights into the operation of our assets, transforming the way we manage, lease and develop our centres.

During FY16, we commenced building an internal sustainability data management system that will enable our centre staff to view, interpret and manage their asset's performance on a daily basis (with a goal of making this available in real-time in FY17). The platform will be integrated with Vicinity's broader data network, allowing us to monitor sustainability data against a range of other customer and centre related statistics to drive greater operational efficiency in our assets.

In an increasingly data-driven world, we understand that privacy and data security is a top of mind concern for our customers. Vicinity has developed strategies to manage cyber risk, including regular monitoring and review of cyber risk exposures and controls, procedures and systems, maintaining information security policies, and regular employee education.

Annual Report 2016
Digital, page 26
Management of risk, page 19

Operational excellence

For Vicinity, operational excellence means driving superior economic, environmental and social outcomes throughout our business by having the right governance protocols in place, being transparent in our performance and developing best practice systems and processes that integrate sustainable thinking into our day-to-day business activities. These elements improve efficiency, enhance risk management, drive more informed decision making and a more sustainable business model over the long term.

As a part of integration activities we consolidated systems, processes and policies from the two historical businesses to form one Vicinity system. This included developing a suite of corporate governance and risk management procedures and setting enabling strategies – Digital and People – to position us as a leading Australian retail property group.

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How we manage sustainability

Our Board of Directors (the Board) is responsible for overall governance of the company, and operates in line with the ASX Corporate Governance Principles and Recommendations. The Board is chaired by Independent Non-Executive Director Peter Hay, and consists of eleven Directors, including our CEO and Managing Director, Angus McNaughton.

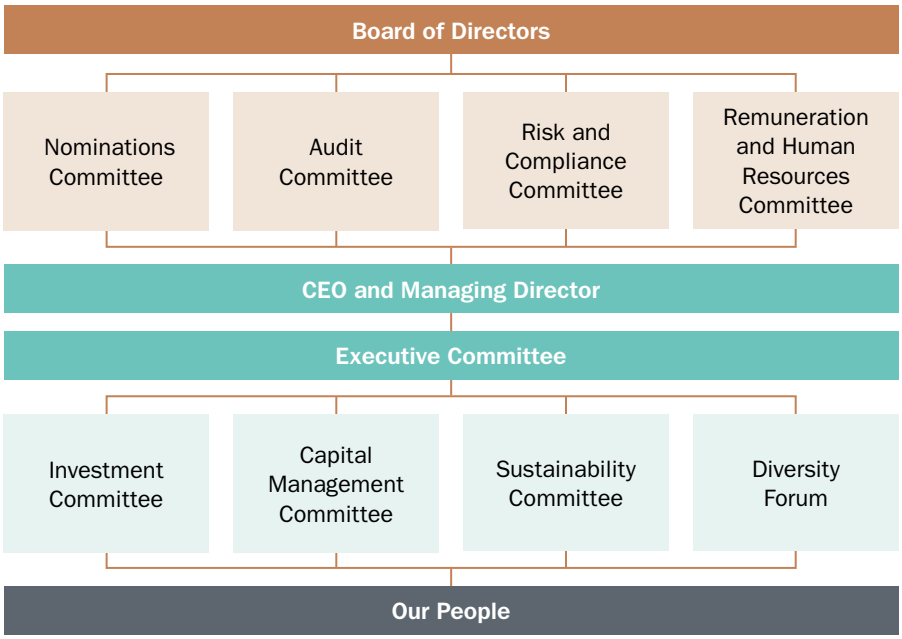
The Board has ultimate responsibility for sustainability at Vicinity. The Board sees sustainability not just as risk management, but as a way of creating long-term value and growth for the business and our stakeholders.

Our Sustainability Committee is part of our management committee structure and allocates responsibility for Vicinity's sustainability agenda to the highest levels of the organisation. The Committee is chaired by our CEO and Managing Director and includes the Chief Investment Officer (CIO), Executive General Managers of Development and Shopping Centres and a number of senior leader representatives.

The General Manager (GM) Sustainability leads sustainability policies and programs, and monitors and drives continuous improvement in sustainability performance across Vicinity. The GM Sustainability reports directly to the CIO and regular updates are provided to our Board and the Executive Committee on sustainability matters.

Our shopping centre teams are responsible for the day-to-day management and operations of our centres and implementing Vicinity's environmental and community sustainability programs.

Figure 4: Vicinity governance structure





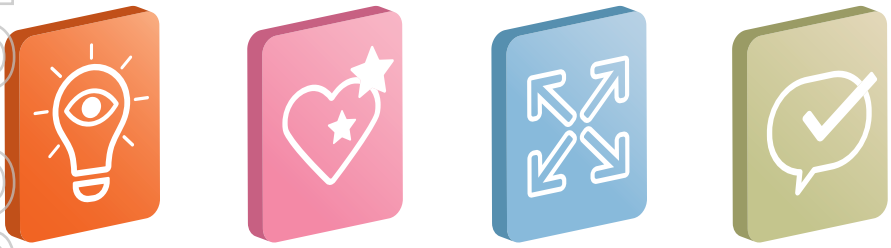
Chatswood Chase, NSW

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Our values and ethics

Our Board and management team are committed to maintaining the highest ethical standards as they steer growth in our business.

Figure 5: Vicinity values



Relentless curiosity

Passion for making things better

Momentum through agility

Doing what we say we will

Our Code of Conduct outlines the high level of ethical business behaviour expected from our Directors, Executive Committee, employees and contractors.

Our suite of Code of Conduct policies are communicated to all new employees through our online training during induction, and rolled out annually to employees and contractors. During FY16, all Executive Committee members and 88 per cent of employees completed our Ethics and Conduct training.

As part of holding Australian Financial Services Licenses, Vicinity also maintains an Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Program, which aims to identify and mitigate money laundering and terrorism financing risk. This program is independently reviewed every two years and results are presented to the Risk and Compliance Committee.

The governance and people and culture teams are responsible for overseeing the Code of Conduct policies, including investigating and reporting any breaches to the Risk and Compliance Committee, should they occur. An audit of compliance plans is completed every year by Vicinity's external auditors, who review, amongst other matters, our adherence to our suite of policies and their effectiveness, and results are reported to the Risk and Compliance Committee. Any changes or significant breaches are reported to the Australian Securities and Investment Commission.

Vicinity has a robust enterprise risk management framework that helps us identify and manage risks and opportunities, including risk of corruption. To learn more about our risk management framework, see Corporate Governance Statement 2016.

Corporate Governance Statement 2016
Risk management, pages 7–8

Tax transparency

Vicinity operates under a comprehensive tax risk management policy designed to ensure that we meet our tax obligations. Our tax culture and business practices are driven by our Vision and Values, and are consistent with our purpose of enriching community experiences. We maintain a robust tax governance process, with ongoing oversight from our key executives, Audit Committee and the Board, and comply with all of our statutory obligations in a timely and transparent manner.

In furthering our commitment to transparency and providing more informative disclosure in our business tax affairs, Vicinity has adopted the Board of Taxation's voluntary Tax Transparency Code (TTC). The TTC outlines a set of principles and minimum standards to guide the disclosure of tax information.

Annual Report 2016
Tax transparency, pages 38–40 and 78-79

Vicinity has a suite of policies and procedures to ensure that our business operates to the highest ethical standard.

- Anti-Bribery and Corruption Policy
- Fraud Policy
- Gifts and Entertainment Policy
- Whistleblower Guidelines
- Related Party Transaction Policy
- Procurement Policy
- Conflicts of Interest Policy

88% of our people completed Ethics and Conduct training



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ENGAGING WITH OUR STAKEHOLDERS

How we engage with our stakeholders

Strong relationships are vital to the success of our business. We rely on close collaboration with our stakeholders in developing and managing our shopping centres to provide a high quality customer experience and to create value for our communities.

Our key stakeholders include our customers, retailers, securityholders, suppliers, joint venture partners and wholesale fund owners, government and regulators, industry groups, employees and community organisations. We identify and prioritise our stakeholders based on who is impacted by Vicinity or has the ability to impact our business. Our Sustainability Strategy and this sustainability report address issues and priorities of the stakeholders identified through our materiality review process.

We engage with our stakeholders in many ways throughout the year to understand their expectations of Vicinity. Stakeholder relationships are managed by people across the business – from centre management teams at shopping centres to executives and senior leaders at our corporate offices. Table 1 shows how we engage with our key stakeholders.

Table 1: How we engage with our stakeholders

Stakeholder category	Engagement mechanism	Frequency of engagement	Key issues
Customers	• Our centres • Focus groups • Social media • Website • Community engagement in development projects	Ongoing	• Customer experience • Health and safety • Ethical business practice • Privacy and data security • Community impacts
Retailers	• Formal retailer relationship program • Centre management offices • National and centre leasing teams	Ongoing	• Supporting our tenants • Intensive asset management • Fair business practices
Securityholders	• Annual General Meeting • Annual Report • ASX announcements • Results presentations • Website and email • Meetings with major investors	Half-yearly, annual and ongoing	• Financial and operational performance and outlook • Australian retail environment • Digital disruption • ESG performance
Suppliers	• Formal performance reviews • Supplier performance programs • One-on-one meetings	Annual, ongoing	• Fair business practices
Joint venture partners and wholesale fund investors	• Quarterly property performance review meetings • 6-weekly Project Control Group meetings for development projects • Monthly and quarterly reports • Annual budgets • Site visits • Meetings	Monthly, quarterly, annually and ongoing as required	• Financial performance • Intensive asset management
Government and regulators	• Compliance reporting • Site visits • Meetings	Annual	• Regulatory compliance • Tax transparency • Environmental impacts • Community impacts
Industry groups	• Attendance at events, working groups and roundtables • Meetings • Participation in annual sustainability assessments	Annual, ongoing	• Financial performance • ESG performance • Community impacts
Employees	• Quarterly town hall • Senior leadership forums • Employee engagement survey • Intranet • Performance reviews and development plan meetings with people leaders	Ongoing	• Employee benefits • Learning and development • Diversity and inclusion • Health and wellbeing
Community organisations	• Liaison through centre management offices • National and local sponsorships/partnerships	Ongoing	• Supporting our communities • Community impacts

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External collaborations

Vicinity holds membership with various organisations and participates in a number of multi-stakeholder initiatives throughout the year. These collaborations are an important way to learn, knowledge share and drive collective action on sustainability. They also help us stay informed about latest industry trends and monitor emerging risks and opportunities for our business.

Some of our key collaborations are listed below.

Table 2: Our external collaborations

Stakeholder category	Engagement mechanism
Industry groups	
Property Council of Australia	• Member • Our CEO and Managing Director is a Director and a Property Male Champion of Change • Our people sit on a number of roundtables, for example, General Manager Sustainability sits on the Sustainability Roundtable
Shopping Centre Council of Australia	• Member • Our CEO and Managing Director is a Director
Property Industry Foundation	• Member
Green Building Council of Australia (GBCA)	• Member • Our Chief Investment Officer is a Director • Vicinity benchmarks its performance using GBCA's Green Star rating system
External initiatives	
Global Real Estate Sustainability Benchmark (GRESB)	• Member • Vicinity participates in the GRESB survey to benchmark environmental, social and governance performance annually
CDP (formerly the Carbon Disclosure Project)	• Participant • Vicinity reports climate related risks and opportunities and performance annually
Dow Jones Sustainability Index (DJSI)	• Participant • Vicinity reports economic, environmental, social and governance performance annually
London Benchmarking Group (LBG)	• Member • Vicinity reports community investment spend annually

Vicinity participates in a number of investor surveys throughout the year to communicate our sustainability approach and performance. Our results from these surveys demonstrate to our investors that we are managing our economic, environmental, social and governance risks and opportunities, and are well positioned to drive sustainable growth in the future.

This year, Vicinity participated in the Dow Jones Sustainability Index (DJSI), CDP (formerly the Carbon Disclosure Project) and the Global Real Estate Sustainability Benchmark (GRESB). Vicinity, and the wholesale funds that we manage, achieved outstanding results for these assessments, in our first year as a merged entity.

2016 DJSI scores (out of 100)

73

Ranked in 90th percentile DJSI World, Asia Pacific and Australia leaders lists

2016 GRESB scores (out of 100)

Vicinity Centres (Direct Portfolio)
83

Vicinity Retail Partnership
82

Vicinity Enhanced Retail Fund
80

Peer group average
77

2016 CDP score

Performance
A–

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BUILDING STRONGER COMMUNITIES

Our shopping centres are important hubs for local economic activity, social interactions, entertainment and services that define individual and community lifestyle experiences.

We understand that we need strong communities to prosper, but also that we facilitate prosperity for our communities. This relationship is what drives our core purpose of enriching community experiences.

Enriching community experiences

Our shopping centres are community destinations where people go to shop, socialise, access services, dine out and be entertained. We want to ensure that everyone in the community feels a strong connection with our centres. This is why we strive to create greater accessibility for all members of the community and offer services that support and enhance everyone's experiences.

Public spaces at many of our centres are enhanced with rest areas and a mix of food and café offers which promote congregation and social interactions. We maintain parents' rooms, baby changing and private feeding facilities and children's play areas to create great shopping experiences for families. Most centres are equipped with features such as disabled parking, disabled toilet facilities and lifts to each floor to ensure accessibility and inclusion of all members of our community.

Our diversified leasing strategy includes gyms, medical centres, physiotherapists, insurance funds and other service providers that support our customers' health and wellbeing. These services create lifestyle and economic benefits for our communities, while also attracting more customers to our centres.

We undertake extensive and regular research to create the right retail mix throughout our centres in line with the wants and needs of our catchments to ensure our assets remain attractive to the local community. Enhanced digital capabilities will enable us to better connect with millions of customers and improve and tailor their retail experiences.

Our centre management teams serve as Vicinity's touch points with communities across Australia. They maintain regular contact with our customers, retailers, local government and community groups to keep abreast of issues and garner feedback on the needs of our customers and the local community.



Warriewood Square, NSW

As community destinations, our centres strive to meet the lifestyle needs of our customers and enhance their experiences



Halls Head Central, WA

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CASE STUDY: FEATURES THAT SUPPORT OUR COMMUNITIES

Changing Places toilets for people with disability

During the year, Vicinity's Asset Refurbishment (ART) team installed 'Changing Places toilets' at a number of our centres to provide changing facilities for people with disabilities. Guided by the Changing Places initiative – which advocates for installation of toilets with extra facilities for the disabled in key community spaces – these enhanced facilities were installed at Vicinity's Box Hill North, Oakleigh, Brandon Park, Elizabeth and Nepean shopping centres.

Changing Places toilets are a significant improvement on standard accessible toilets, and are equipped with height adjustable adult changing benches, tracking hoist systems, more space and clean and safe environments for people with disabilities. They make our centres more accessible for disabled people and their carers, giving them a chance to be more included and participate in the community. Vicinity has received many words of gratitude and appreciation from our customers about making these facilities available to their loved ones.



Changing places facilities at Box Hill Central, VIC

Community library at Salamander Bay

In an innovative approach to engaging the local community, the centre teams at Salamander Bay converted a long-term vacant tenancy into a free library. The aim is to create a "wait zone" where people can sit, relax, read a book, and take or swap a book for free. It also creates a handy overflow zone for the coffee shops nearby. Over 440 books have been donated by our retailers and centre management staff, and the library continues to be used by shoppers at Salamander Bay to relax and enjoy a hot drink while reading a book.

Our indirect community impacts

Many of our centres serve as prominent economic hubs in their local communities. Our impact reaches far beyond the customers and retailers we serve, making us a significant contributor to thriving local economies in our communities.

In addition to directly employing local people to manage our centres, our portfolio generates a number of direct and indirect benefits for communities:

- Vicinity's investments in improved amenities and services that enhance our retail offer attracts more customers to our centres, driving sales and revenue growth for our retailers, enabling them to expand their operations and employ more people both locally and nationally,
- Many small to medium local businesses set up around our centres to serve customers that visit our centres, creating a vibrant local economy with a significant multiplier effect,
- We procure services from local businesses for our centre maintenance activities, facilitating local employment,
- We provide opportunities for social enterprises and encourage better labour standards from our suppliers, enabling vulnerable and disadvantaged people in our communities to participate in the economy, and
- The lifestyle experience we create through a diverse tenancy mix, which includes gyms, restaurants, cinemas and other services improves convenience, social cohesion and general wellbeing, driving greater efficiency and productivity in the community as a whole.

Engaging our communities

Our centre management and development teams engage with local communities at different stages of the development cycle to ensure our activities do not create any negative impacts and deliver centres that continue to enrich people's experiences.

During the design process, our development team conducts extensive consumer research, consulting with local community members about their lifestyle preferences, shopping habits, needs and expectations from our centres. This is a particularly important part of the design process for large development projects in economically and ethnically



Colonnades, SA

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diverse communities. We incorporate these findings into our concept and design works to ensure that our centres meet the needs and expectations of our customers.

Community consultation is an important part of our development planning and approval process, which seeks to inform communities on how our projects will impact them, receive feedback and address concerns. We submit environmental and community impact assessments and mitigation plans to local councils for all development projects and major refurbishments implemented.

Information about our development projects, potential impacts and duration are displayed on site and at our centre management offices. We also equip our centre management teams with key information to address potential concerns of the community.

$1.28 million
invested in communities

Investing in our communities

At Vicinity, we understand that our centres hold a unique place in communities across Australia, and we look for ways to leverage this position to support those in need. We invest in our communities, both through our national partnerships at the corporate level and community investment activities at the centre level.

Our centre management teams maintain close connections with local community groups to build stronger and thriving communities in their locality. They also leverage the generosity of our customers and retailers to help people in need. Each centre supports various community causes by organising and participating in local events, making charitable donations to local groups, and providing mall space free of charge to community groups for fundraising activities. There are hundreds of amazing stories coming through our centres every year, some of which are highlighted in the case studies on page 20.

At a corporate level, we also continued to support children and youth related causes through our national community partnerships with the Smith Family, the Song Room, Make-a-Wish Foundation and the Property Industry Foundation.

We benchmark our community investment activities using the London Benchmarking Group (LBG) framework. This allows us to monitor our year-on-year contributions, how and where we focus our efforts and compare our community investments to others in the industry and the broader LBG community.

In FY16, Vicinity contributed a total of $1.28 million towards education and young people, social welfare, health, arts and culture and other areas. This contribution equates to $997 per employee, which is above the average for LBG members. We supported over 400 community organisations, and leveraged our position across communities to raise nearly $500,000 from our customers and retailers. As active members in the community, we know that our centres' contributions are much broader, and we will work to capture more complete data across our portfolio in future years.

As our Sustainability Strategy unfolds, our focus will move towards leveraging our extensive shopping centre network to create a positive impact on the social issue at the heart of our community investment program – youth unemployment. We will also look to create more opportunities for economic participation, improve community access and inclusion, and positively influence overall community resilience.



Lake Haven Centre, NSW

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CASE STUDY: COMMUNITY ACTIVITIES AT OUR CENTRES

'Label for Label' initiative at Bayside

Vicinity's Bayside Shopping Centre's (Victoria) 'Label for Label' initiative helped customers donate more than 250 pieces of women's corporate clothing to Dress for Success Mornington Peninsula. Dress for Success is a not-for-profit organisation that promotes the economic independence of disadvantaged women by providing professional clothing, a support network and career development tools. Over a one month period in FY16, shoppers exchanged their used work attire at designated drop off points in exchange for a $10 Bayside shopping gift card. This initiative helped Dress for Success continue its work to empower women to ultimately achieve financial independence.

Disaster relief efforts at Karratha City and Warnbro

The Western Australian town of Yarloop suffered devastating loss of lives and homes from bushfires tearing through the region during FY16. Our centre teams at Karratha City and Warnbro launched an appeal for donations of basic household items, helping the community unite behind a shared goal to help those affected. The results were outstanding, with 24 pallets of clothing, homewares, toiletries and other essentials donated by the community to those affected.

Mount Pleasant support 'Relay for Life'

Vicinity's Mount Pleasant Shopping Centre in Queensland organised a campaign with the Cancer Council to provide a Hands for Hope wall for shoppers to decorate with their handprints. Shoppers purchased tiles for $5 each and painted their name and handprint in purple or yellow – the colours of 'Relay for Life' – making almost 300 painted handprint tiles for the wall. Over $3,000 in funds raised through this campaign supported the Relay for Life program, which supports Cancer Council's research, prevention and support services.



Mount Pleasant Shopping Centre, QLD


Chatswood Chase, NSW

CASE STUDY: TAPPING INTO THE POWER OF OUR CUSTOMERS TO MAKE AN IMPACT IN THE COMMUNITY

We know that Australians love gift cards, and on average, 46 per cent of people receive gift cards during Christmas.

Last Christmas, for the third time, Vicinity's centres made gift cards not just convenient to buy, but charitable too. Shoppers at our centres were given the ultimate choice – to buy a gift card and give back to charity.

For every gift card purchased at selected centres, Vicinity made a donation to the Make-A-Wish Foundation. Make-A-Wish grants wishes for children and teenagers with life threatening illnesses, giving them hope for the future and strength to face challenges.

Our centre teams worked hard to boost gift card sales in a number of creative ways targeting their local shoppers, reaching out to local businesses and communities, using social media and increasing in-centre gift card point of sale places.

After Christmas 2015, Vicinity presented Make-A-Wish with the sum of our efforts: a donation of $42,000. We achieved $4 million in gift card sales for this period, and had some great individual centre results. Top-performing centres were Runaway Bay Centre and Emporium Melbourne, based on gift card sales growth compared to the previous year.

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CREATING A GREAT PLACE TO WORK

Every day, our people stand behind our purpose of enriching community experiences and strive to deliver their best. We understand that we need highly engaged people to deliver on our purpose, and this is why we are committed to fostering a culture where our people feel valued, are passionate and inspired to succeed.

This year, with the clear articulation of our Group's strategic direction, we continued our journey to build an enabling Vicinity culture. We developed a new People and Culture Strategy to support a talented and highly engaged team. The Strategy is comprised of four pillars – developing talent and capability, defining and nurturing our culture and values which focus on a 'workplace of the future', energising and engaging our people with performance and reward opportunities and career pathways, and shaping a diverse and inclusive organisation.

A people focused business like ours can only be successful when trust and authenticity are at its core. We are driven by our values and expect our people to show relentless curiosity, to be passionate about finding better ways, to increase their momentum through agility and to do what they say they will in their everyday work.

Table 3: Workforce statistics

Category	Female	Male	Total
Employees & supervised workers			
Total workforce	766	519	1,285
Employees by contract type			
Permanent	662	474	1,136
Casual	43	9	52
Fixed-term/supervised workers	61	36	97
Permanent employees by employment type			
Full-time	516	459	975
Part-time	146	15	161
Employees by region			
ACT	11	11	22
NSW	113	67	180
QLD	101	57	158
SA	24	23	47
TAS	12	7	19
VIC	428	298	726
WA	77	56	133

Over 80% of our people participated in Vicinity's Engagement Survey

Employee engagement survey

In March 2016, we conducted our first group-wide employee engagement survey to better understand the needs of our people. More than 80 per cent of people from across the business responded to the survey, reflecting their dedication to make Vicinity a great place to work. Vicinity recorded an overall engagement score of 66 per cent - a solid result in a post-merger environment and above the industry benchmark.[1]

The survey highlighted that our people understand and are aligned with Vicinity's purpose and Strategy and have a strong focus on safety. We identified a number of areas for improvement in the future, including further investment in learning and development and career pathways. The results from this survey helped to guide our new People and Culture Strategy. Team engagement plans have been developed across the business to respond to the survey outcomes and further improve engagement in future years.



National office, VIC

1 Professional services sector

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Attracting and retaining talent

FY16 was a year of many changes for our employees. Following the merger, we saw a relatively high turnover rate, as a result of both voluntary and company-initiated departures. During the same period, we hired nearly 300 new employees – bringing in new talent and skills needed to drive our business into the future.

Having high quality people who are experts in their field and who are highly engaged in our business are integral to our success. Our focus moving forward is to attract and retain high quality talent, and ensure that our people enjoy working in a dynamic organisation that offers rewarding careers and opportunities for learning and development. We want to support employees by providing a safe and inclusive workplace that values diversity and offers flexibility to balance their personal and professional needs.

Table 4: New hires and turnover

Category	New hires	New hire rate[1]	Turnover	Turnover rate[2]
Male	126	24%	154	30%
Female	169	22%	223	29%
Under 30 years old	80	40%	62	31%
30-50 years old	175	21%	234	28%
Over 50 years old	40	14%	81	28%
Group	**295**	**23%**	**377**	**29%**

1 The number of new hires in each category as a proportion of employees in that category
2 The number of employee exits (voluntary and involuntary) in each category as a proportion of employees in that category

This year, we developed an employee benefit program that provides a range of financial and non-financial benefits to our permanent employees, all of which help to make Vicinity a great place to work. The benefit framework is designed to recognise and reward service, support continuous learning and promote flexibility, balance and wellbeing.

We recognise team members' hard work and offer various reward programs for eligible employees, including performance reward payments, Vicinity securities, salary continuance insurance, as well as long-service recognition. We also offer employees a complimentary day off for their birthday. Flexible work arrangements such as additional purchased leave, study leave and paid parental leave help our employees balance their personal and professional responsibilities, and support Vicinity in maintaining a diverse and inclusive workplace.

We have a strong focus on health and wellbeing, and offer our employees corporate discounts on health insurance, gym memberships and other health-based services. A confidential employee assistance program is available free of charge to all Vicinity employees and their immediate families to assist them with personal and work-related issues, including how to cope with stressful situations.

Table 5: Return to work rate after parental leave

Category	Male	Female
Employees entitled to parental leave	474	662
Employees that took parental leave	18	50
Employees who returned to work after parental leave ended	18	45
Return to work rate	100%	90%

Developing talent and capability

Learning and development are intrinsic to improving our peoples' performance and building the capabilities that we need to drive the evolution of our business into the future. It is also important for energising and engaging our people to have meaningful careers, and shape the organisation in terms of how we work.

At Vicinity, we want to create an environment where 'work is learning and learning is work'. We encourage formal and informal learning through a mixed learning model that promotes learning through practice, people and programs. Our people are encouraged to drive their own development, with the support of their people leaders. All employees maintain a development plan in consultation with their people leaders, which identifies their short and long term learning needs and the mix of learning that is required to achieve their career development and performance goals.

All Vicinity employees receive a formal performance review every year. In FY16, 100 per cent of our permanent employees received a performance review and a rating through their people leader.

This year, we implemented learning programs to enhance skills and capabilities that support our peoples' everyday roles and relationships. Over 200 people nationally participated in a 'Conversations that matter' program, aimed at helping our people have more meaningful conversations every day with their people leaders, co-workers and other stakeholders. Also underway is our Everyday Leader program – a new leadership program for all people leaders at Vicinity. The program aims to build a community of connected leaders who lead by example and drive our everyday culture. The program, when completed in FY17, will reach over 280 people leaders across the business.

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Table 6: Average hours of training per employee

Category	Average hours of training[1]
Male	4.8
Female	5.1
Executive Committee	4.4
Management	3.3
Our people	5.0
Group	**5.0**

1 Includes internal training offered to employees only.

Our permanent employees are also eligible for education assistance to enrol in external programs that support their development plans and improve their overall contribution to the company and its strategic direction.

Vicinity additionally has a graduate program, which allows us to bring the next generation of high potential future leaders into the business. The program rotates participants to different areas of the business over an 18-month period, giving them a unique experience that is tailored to their skills and interests.

We undertake a talent review process twice a year to understand the skills and capabilities required to meet Vicinity's evolving business needs, risks and opportunities. This helps us ensure that our learning activities respond to both individual and business needs. We monitor the effectiveness of all learning initiatives and their links to performance and employee engagement throughout the year, which shape our future learning and development activities.

Creating a diverse workplace

We want our business to offer a diverse and inclusive workplace that reflects the communities we serve and where every member of our team can reach their potential within a culture that celebrates differences.

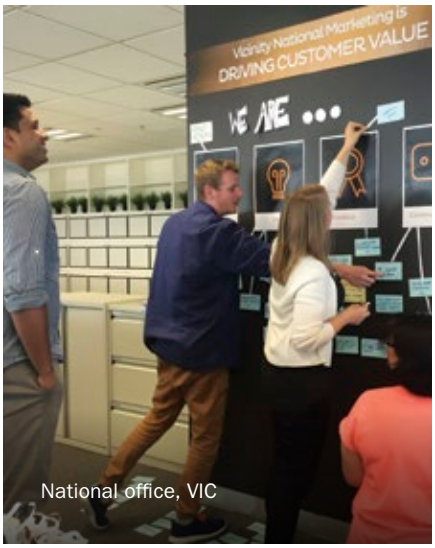
During FY16, we developed a new diversity and inclusion framework for Vicinity based on four key principles of vision and governance, flexibility, gender and inclusive leadership. This new approach will allow us to unlock the full potential of our people and our business by harnessing individual differences in thought, experience and background.

In our first year as Vicinity, our focus has been on understanding gender diversity across our business and establishing a framework to improve gender diversity going forward. We established systems to track our progress across a range of activities and developed flexible working arrangements to make it easier for both men and women to enhance their work-life balance.

Corporate Governance Statement 2016
Diversity and inclusion, pages 11-14



Everyday Leader Program, National office, VIC

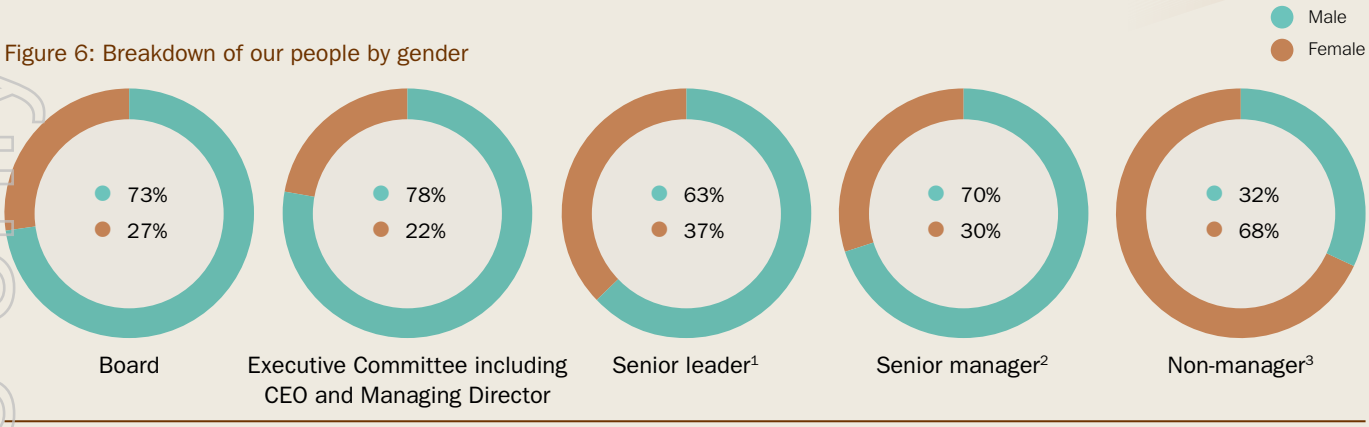


National office, VIC

Permanent employees that received a performance review in FY16 100%

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Figure 6: Breakdown of our people by gender



1 Other executives and general managers WGEA category
2 Senior manager WGEA category
3 Non-manager WGEA category

Across our operational teams we have a greater proportion of women, which is reflective of our customer base, however, we still have work to do on gender balance in the senior levels of the business. We have set incremental targets to improve female representation on our Board, Executive Committee, and senior leadership positions by FY18. While we focused on gender equity during the year, we recognise the value of broader diversity. In FY17, we will identify broader objectives and indicators of diversity within our diversity and inclusion plan.

Vicinity's Diversity Forum is chaired by our CEO and Managing Director and includes membership across the Executive Committee and senior leadership group. The Forum challenges the status quo, advocating for and celebrating the change that creates a more diverse and inclusive organisation. In May, the Diversity Forum, along with the Executive Committee, attended unconscious bias workshops to build a better understanding of how our biases help or hinder a diverse and inclusive workplace. Unconscious bias workshops are being rolled out more broadly across the organisation in FY17.

Our CEO and Managing Director is a member of the Property Male Champions of Change, leading our commitment to drive collective change across the property industry to remove barriers and address gender diversity. We report our progress in gender equality to the Workplace Gender Equality Agency (WGEA), and this year, released our first workplace gender equality report.

Promoting equal pay

With women making up nearly 60 per cent of our workforce, we are committed to closing the pay gap between men and women within our business. Vicinity's diversity and inclusion framework and action plan outlines our agenda to close the gap in pay rates between genders.

We are currently undertaking a full pay equity review, which looks at gender pay gaps by employment category and in individual roles, in order to eliminate any gender bias in fixed remuneration increases and performance reward payments. We are also educating our people leaders on how to ensure team members using flexible working arrangements are treated fairly when it comes to performance assessment.

Table 7: Ratio of basic salary and remuneration of women to men, as at March 2016

Employee category[1]	Basic salary	Remuneration
Executives/General managers	0.92	0.91
Senior managers	0.75	0.71
Other managers	0.89	0.87
Our people	0.86	0.84

1 The employment categories presented in this table are broad and incorporate a number of different roles to calculate an average ratio.

Note: Our CEO and Managing Director and Key Management Personnel (KMP) are excluded from the table above, due to the absence of females employed under these categories. Regarding basic salaries and remuneration for our CEO and Managing Director and KMP, see Remuneration Report within the 2016 Annual Report.

Annual Report 2016
Remuneration Report, page 47



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Health and safety

At Vicinity, we believe everyone has the right to go home safe and healthy. We are committed to providing a safe, injury free environment for our customers and retailers, as well as our team and contractors.

To deliver on our commitment, we have developed and implemented an integrated health and safety management system (H&SMS), which is aligned to AS/NZS 4801, to support the provision of a safe and healthy environment. We have a committed and enthusiastic group of health and safety champions across our business who attended a two-day induction and education workshop during the year on the H&SMS and are helping to educate relevant team members across the broader business.

Our contractor management procedure describes the process for managing contractors at Vicinity. Health and safety requirements are included in the contract specification, evaluation and engagement stages of national contracts which are established and administered by our procurement team.

Health and safety requirements in our contracts include evidence the contractor has established safe systems of work, as well as contractor resource capabilities such as competencies, qualifications and/or licence requirements, systems for managing subcontractors, references and previous work history, insurance requirements, risk assessments as required, and public safety protocols.

Health and safety is not just about complying with a policy or procedure. It is about developing a strong health and safety culture through effective health and safety leadership and team work. Recently, we developed an online education module 'Let's talk about Health and Safety' to help our people better understand their role in maintaining a safe workplace. We are pleased with the existing appreciation for safety within Vicinity, as reflected by the high scores for safety in this year's engagement survey.

Table 8: Health and safety statistics

Health and safety statistics	FY16
Injury rate[1] (injuries per million hours worked)	8.03
Absentee rate[2] (% of days)	1.31

1 Includes all injuries sustained and reported by employees and contractors. Types of injuries included minor slips, trips and falls, manual handling, bites and stings, electric shock, vehicle accident, hitting objects with a part of the body and single contact with chemical or substance.

2 The absentee rate (percentage of days lost as a result of absences) only covers the period from 1 January to 30 June 2016. Data is unavailable for the first half of FY16. This indicator will be reported fully from FY17 onwards.

Note: No occupational diseases, dangerous occurrences or fatalities were reported in FY16.

We regularly evaluate the way we manage health and safety via a number of procedures within the H&SMS including corrective action plans, management review and due diligence, hazard identification, risk assessment and control, workplace inspections, incident reporting and investigation, and health and safety reporting. In FY16, 100 per cent of our assets have been assessed for health and safety impacts.

We have developed a crisis and emergency management system, which provides structure and guidelines for Vicinity to respond to a major incident or crisis occurring at one of our shopping centres, development sites or offices. This system is supported by a training and education program across our centres, including the use of desktop and simulated 'live' emergency management exercises.

Implemented a new, integrated health and safety management system



Chadstone Shopping Centre redevelopment, VIC

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WORKING WITH OUR PARTNERS TO DELIVER POSITIVE OUTCOMES

With our purpose of enriching community experiences at the heart of everything we do, Vicinity works with our retailers and suppliers to deliver enhanced outcomes for our communities.

Guided by our new Sustainability Strategy, Vicinity will continue to build strategic partnerships with our suppliers and retailers to realise shared sustainability goals, and achieve outcomes beyond those achievable on our own.

Supporting our retailers

The quality and scale of our portfolio allow us to attract leading national and international retailers. We understand that our centres and our retailers need to continue to evolve and adapt in response to rapidly changing consumer and retail environments. Our intensive asset management approach ensures that retailers are well supported to carry out their operations and successfully serve our communities.

Vicinity's leasing, marketing, development and operations teams engage with our retailers through a formal retailer relationship program throughout the year. The program helps us understand our retailers' needs and better support their business.

The connectivity project, mentioned earlier in this report, will enable Vicinity to further enhance connections with our customers and retailers, and provide them with a range of new services to achieve common goals in a changing retail landscape.

We measure our tenants' satisfaction outcomes through periodic surveys, in-depth interviews, regular communication and knowledge sharing at all levels. Each asset has a centre operational plan which is reviewed quarterly and takes into account feedback on tenant satisfaction. Retailer feedback also informs our strategic planning for future developments and operational considerations.

How we support our tenants

Centre operations

Provide building services, including security, cleaning, air conditioning, waste management and information and communication services

Tenancy design and delivery

Guide and consult with tenants in developing shop fitouts that create engaging customer experiences

Marketing

Provide advertising services in common mall areas including branding, event sponsorships and innovative media opportunities



Emporium Melbourne, VIC

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Encouraging sustainable behaviours

We believe that encouraging sustainable behaviours from our tenants is vital to reducing the collective environmental impact of our operations. We work with our retailers to share our experiences in sustainable operations and building design, and encourage them to adopt more sustainable behaviours by providing them with the right information and tools to make more informed decisions.

Vicinity's retail design guidelines, which forms part of our retailer handbook, informs our tenants about minimum sustainability requirements and best practices in their shop fit outs and refurbishments. The guidelines cover environmentally sustainable design principles, including sustainable materials, water and energy efficient equipment and practices, and expectations relating to waste management.

We have established an embedded energy network at many of our centres, which reduces the cost of electricity for our retailers and generates an additional income stream for Vicinity. Retailers who purchase electricity through our embedded network have the ability to view their monthly consumption through an online portal to assist in driving energy use reductions. It also enables us to gain more visibility into our centre-wide energy data and work with our retailers to reduce our collective building carbon emissions.

Our centre management teams and our waste contractors also engage with our tenants to educate them about better waste management practices to improve collective recycling rates at each centre. This year, we developed a retailer recycling education video to educate our retailers on Vicinity's waste and recycling practices. The video will be rolled out across the portfolio during FY17.

Working with our suppliers

At Vicinity, we like to build long-term sustainable relationships with our suppliers, so it's important to us that our partners share our values and commitment to sustainability. We understand our supply chain contains many sustainability risks, as well as opportunities, and we are taking proactive steps to promote positive practices.

Vicinity procures goods and services from a wide range of external suppliers for our centres and corporate offices. To operate our centres, we use waste management, cleaning, security, mechanical and maintenance, vertical transport and essential services (energy, heating and cooling, sewerage and water). For our development projects and centre upgrades, Vicinity engages builders, civil contractors, design consultants and tradesman. Our corporate offices are serviced by information and telecommunication service providers, furniture and equipment suppliers and external consultants.

Our procurement team undertakes formal procurement reviews to evaluate suppliers by category. We select critical suppliers through a rigorous tender process that includes environmental, social and governance considerations.

3 supplier categories representing 44% of spend assessed for sustainability criteria

WORKING WITH OUR PARTNERS TO DELIVER POSITIVE OUTCOMES continued

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This year, Vicinity assessed three categories of suppliers: national waste services, cleaning services and Vicinity uniforms, representing 44 per cent of our controllable spend. During these tender processes, we used an extensive supplier sustainability questionnaire to evaluate sustainability risks and impacts, environmental standards, human rights and working conditions and business ethics. See case study below for more information. We also provide our sustainability code of practice to all current and prospective suppliers so that they are clear on our values and expectations.

This procurement review enabled us to consolidate the number of suppliers in each category and create more meaningful and long-term relationships with suppliers that have robust sustainability programs.

The way our suppliers operate is important to us and we measure their performance and provide feedback on a regular basis. We will continue to expand our review programs with our suppliers using formal performance reviews and supplier performance programs, as well as informal regular discussions. We evaluate key areas such as technology, flexibility, terms and conditions, quality and performance against contractual commitments.

CASE STUDY: PROMOTING POSITIVE PRACTICES IN OUR CLEANING SERVICES

Cleaning services make up 38 per cent of Vicinity's operational spend, and cleaning contractors are identified as a critical supplier base with many inherent risks.

This year, we completed a full evaluation of our cleaning contracts as a part of our annual formal procurement review. The evaluation aimed to identify a smaller mix of suppliers that could provide an improved, consistent scope of services across our portfolio, with a focus on improving presentation standards.

During the tender process, we asked prospective suppliers to provide detailed information about their sustainability practices. The information provided informed our selection of eight quality accredited partners who could work with Vicinity over the long-term to achieve shared goals and objectives.

We included strict clauses in each supplier's contract to ensure that robust environmental and workforce practices are adopted through the duration of our partnership. These included gaining approval from Vicinity before engaging sub-contractors, ensuring that all workers (including sub-contractors) are paid in accordance with relevant regulations and awards, and that Vicinity has the ability to undertake supplier audits.

We also incorporated best practice environmental criteria into the agreements, such as the use of eco-friendly cleaning chemicals and consumables, deploying 100 per cent new and efficient cleaning equipment, and implementing training programs that drive improved waste management practices.

A consolidated base of cleaning contractors is now bringing in many benefits for Vicinity. We have achieved greater productivity, safety and operational efficiency in cleaning outcomes and a consistent presentation standard across our assets. We have developed a centralised reporting framework to measure and improve performance, and we have reduced a number of our sustainability risks.



Emporium Melbourne, VIC

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OUR ENVIRONMENTAL IMPACT

Servicing our retailers and millions of customers that visit our centres each year can be resource intensive. As a retail property manager, we are responsible for providing base building services which includes lighting, lifts and escalators, heating and cooling, water and waste management services.



Vicinity has the largest portfolio of assets to complete a Green Star Performance Portfolio rating to date

Achieved a portfolio average of 2 Stars with a plan to reach 3 Stars in the next 12 months

green building council australia
2 greenstar
Performance v1 2016

We know that the built environment is a large contributor to Australia's greenhouse gas emissions, and we are committed to minimising resource use and supporting a transition to a low carbon future. We also understand our role in helping our customers and retailers reduce their environmental footprint.

We have an environmental improvement program that focuses on driving year-on-year improvements in resource efficiency throughout our portfolio. The program identifies annual energy, water and waste reduction targets for each centre, as well as specific initiatives to reduce our impact. Our future initiatives will be driven by longer term objectives, such as a long-term carbon target which we will finalise in FY17.

To monitor our progress and maintain accountability we undertake quarterly asset reporting to senior executives, wholesale fund investors and joint venture partners to keep them informed on our progress.

Key achievements

Capturing consistent performance data across our whole portfolio following the merger

Reduction in emissions intensity[1] by 9 per cent since the previous year

Reduction in energy intensity by 6 per cent since the previous year

35 per cent average recycling rate across the portfolio

Our complete environmental data can be viewed in Table 9 on page 34

1 Scope 1 and 2 emissions

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Managing sustainable buildings

To help us measure the effectiveness of our efforts and guide us towards industry best practice, we benchmark our performance using recognised national frameworks such as the Green Star Performance Rating tool and the National Australian Built Environment Rating System (NABERS).

This year, Vicinity completed a Green Star Performance Portfolio rating across our entire portfolio. This represents the largest property portfolio to undergo such a rating to date, by number of assets as well as total floor space rated. Our portfolio received an average rating of 2 Stars with a number of assets receiving individual ratings of 3 Stars. A program is currently underway to move our entire portfolio to an average 3 Star Green Star Performance rating by the end of FY17.

During FY16 we also completed NABERS Energy and Water ratings, achieving an average NABERS Energy rating of 3.4 Stars (2015: 3.2 Stars) covering 56 per cent of our lettable area and NABERS Water rating of 2.9 Stars (2015: 2.4 Stars) covering 50 per cent of lettable area[2].

Individual centre NABERS ratings can be found in our 2016 Direct Portfolio compendium and on our website[3].

The results of our Green Star and NABERS benchmarking are used to prioritise our performance improvement programs and identify high-performing assets that can be used to illustrate and promote best practice across our broader portfolio.

ABSOLUTE EMISSIONS

↓ 7%

(17,240 t CO_2-e)

Equivalent of taking 3,642 cars off the road

ABSOLUTE ENERGY

↓ 5%

(48,700 GJ)

Equivalent of powering 1,194 homes

2 Lettable area is based on equity share.

3 Go to vicinity.com.au/sustainability

Energy and carbon

When it comes to energy use and carbon emissions, our focus is to continually improve the energy efficiency of our assets and their year-on-year performance.

The total energy consumption and greenhouse gas (GHG) emissions across our managed portfolio are displayed in Figures 7 and 8, respectively. The figures vary across our spectrum of asset types, as displayed in Table 9.

This year, we achieved a 5 per cent (48,700 GJ) reduction in absolute energy and a 7 per cent (17,240 tonnes of CO_2-e) reduction in our absolute greenhouse gas emissions compared to the previous year across our managed portfolio. These reductions are the result of our efforts to improve the overall energy efficiency of our assets.

Upgrading building management systems across the portfolio helps us to monitor how our buildings are operating and optimise their heating, ventilation and air conditioning (HVAC) systems to save energy. We have rolled out building environmental optimisation software across building management systems at 19 of our centres, enabling real-time data analytics to improve asset performance. We also achieved further efficiencies through lighting upgrades, equipment and technology replacements, and more closely monitoring and optimising building controls.

Our focus for FY17 is to continue to expand our energy efficiency program to deliver further portfolio-wide efficiency gains.

Figure 7: Total energy use

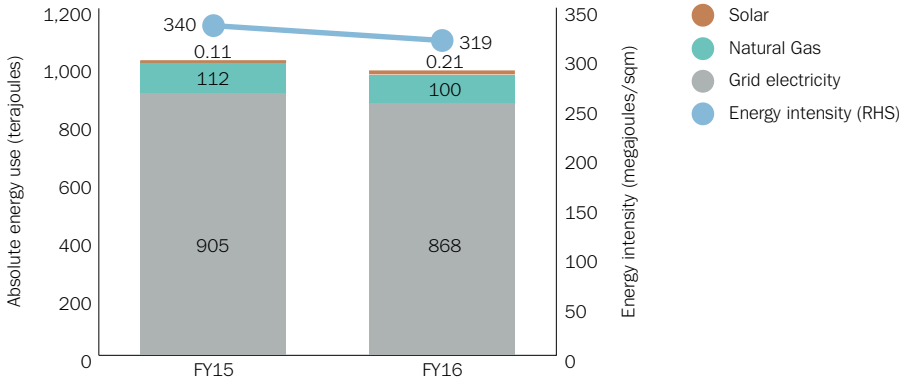
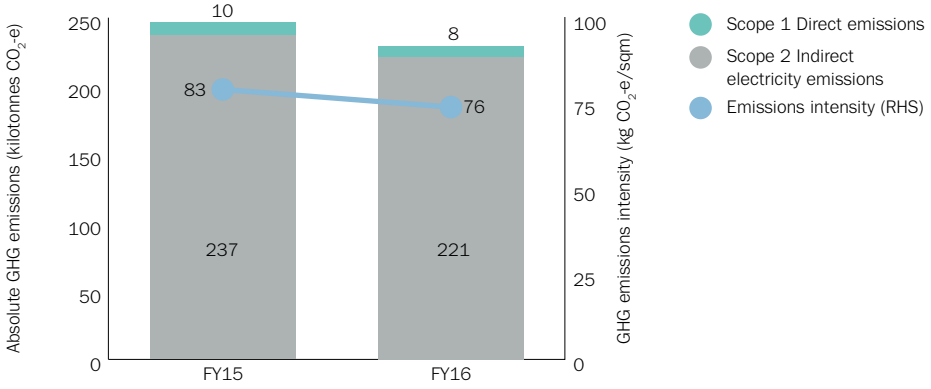


Figure 8: Total greenhouse gas emissions



* For more information, see Table 9.

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Rainwater harvesting sails at Chadstone Transport Hub

We recognise the enormous opportunity in generating on-site renewable energy to reduce our electricity costs and carbon emissions. We have successfully trialled roof top solar at Warnbro in WA, and are currently investigating additional installations across the portfolio to be rolled out in FY17. With a portfolio of our size, and the corresponding amount of roof space, there is enormous potential to roll out additional solar projects in the future. We are exploring this as a part of setting a long-term carbon target for Vicinity.

Water

In many areas of Australia, water is a scarce resource and as such we believe it is important to manage it responsibly. We monitor our water use and identify scope for reductions where possible. Some of our tenants, such as food retailers, restaurants, hairdressers and car washes, use high volumes of water and we have installed water meters in these tenancies to track their usage, actively manage water leaks and to encourage more efficient behaviours.

During FY16, our total water consumption was 3,073 megalitres. This equates to an overall water intensity of 1.0 kL/sqm, remaining unchanged from last year. Our performance broken down by centre type can be found in Table 9.

A number of centres, including Chadstone Shopping Centre, Emporium Melbourne and Castle Plaza are equipped with rainwater harvesting, which enables us to reuse water for centre services such as toilet flushing and landscaping.

RECYCLING RATE

35%

(19,548 tonnes) recovered for recycling

Equivalent of 2,172 truck loads

Treating waste as a resource

Retail operations generate considerable quantities of waste from materials used to package items sold by our tenants, to food and organic by-products from our food retailers and restaurants. We are focused on ensuring these materials are treated as resources to be recovered and given another life, to avoid being sent to landfill.

Our Waste Management and Resource Recovery Policy promotes a best practice approach to waste management that focuses on minimising, separating and recovering waste at the source.

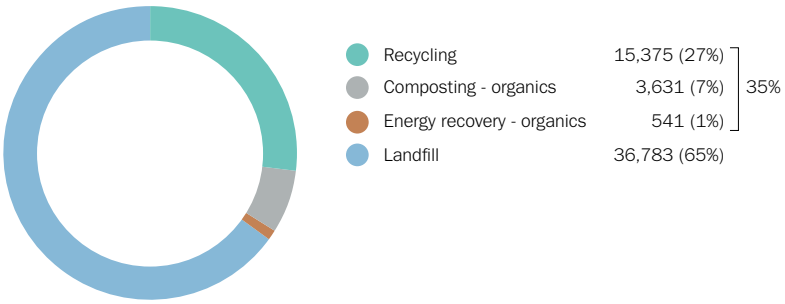
Waste management plans have been developed for our centres to improve recovery and recycling rates and increase diversion from landfill, which also reduces greenhouse gas emissions.

Effective stakeholder engagement sits at the heart of our waste program. The success of our approach to waste management and recycling relies on strong collaboration between Vicinity, our waste and cleaning contractors and our retailers. Our continuous engagement program at the centre level informs our retailers, cleaners and team members about each centre's waste management program.

This year, we developed an innovative recycling video that educates our retailers about resource recovery, recycling practices and correct disposal of waste streams. The video is being rolled out progressively across our centres nationally. We also focus on ensuring accessibility to waste and recycling systems alongside clear guidance for our retailers and customers on how to properly dispose of their waste.

We constantly investigate new recoverable waste streams and trial new technologies for recovering and managing our waste, with a number of successful initiatives rolled out across the portfolio during FY16.

Figure 9: Waste disposal method (tonnes)



Note: Waste data is provided by our waste service providers. A portion of general waste is sent to alternative treatment facilities, but we do not measure the ancillary avoided waste to landfill.

As a Group, we achieved 35 per cent waste diversion from landfill during FY16, with some individual centres delivering outstanding results well above average. Altona Gate Shopping Centre now recycles 75 per cent of total waste by weight. DFO South Wharf and Keilor Shopping Centre have achieved 64 per cent and 60 per cent recycling rates, respectively.

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CASE STUDY: A COLLABORATIVE APPROACH TO IMPROVE RECYCLING AT OUR CENTRES

We understand that improved waste management practices rely on effective collaboration between Vicinity, our waste and cleaning contractors and our retailers. The ability to work together with Vicinity to drive long-term behaviour change programs for our tenants was therefore a key selection criterion during our recent waste services tender process.

Vicinity maintains waste management service contracts with Cleanaway, Veolia and ORG Recycling. During FY16, with the help of our waste service providers, we undertook a retailer engagement exercise to understand existing waste management practices and establish a baseline of practices and performance. More than 1,000 tenants across 50 centres were engaged to deliver this program, which included education on existing waste and recycling facilities at each centre and feedback on ways the centre could make recycling easier for tenants.

The aim of the program was to reduce contamination within each waste and recycling stream and increase resource recovery by diverting waste from the general waste stream which goes to landfill.

As a result of this exercise, a number of opportunities to increase recycling and resource recovery were identified. This included introducing additional recycling streams for organic waste from food and coffee tenants, plastics recycling for fashion retailers and providing in-store separation systems for certain tenants.

We will also provide ongoing education programs for retailers, as well as our cleaning staff to ensure they have a clear understanding of our expectations and continue to play their part in achieving improved waste management practices across our portfolio.

CASE STUDY: ORGANICS AND COFFEE RECYCLING PROGRAM

Vicinity has a recycling program at our centres that aims to increase our organics recycling and reduce the amount of waste sent to landfill. In FY16 Vicinity managed to recover 4,600 tonnes of organic waste that was composted or sent to an energy recovery facility, avoiding disposal to landfill.

During our waste audit process, we identified coffee grounds as a significant organic waste stream in terms of both volume and weight that warranted a specific recovery process.

Recovering coffee grounds avoids expensive landfill costs, but also reduces the associated environmental impacts with landfill, which generates greenhouse gas emissions.

We first trialled recycling coffee grounds at Runaway Bay Shopping Centre in QLD, where the centre management team worked with retailers to design and implement a simple process to recover used coffee grounds. They also provided equipment and developed specific signage and education materials to support the initiative.

The trial resulted in approximately 20 tonnes of organic waste diverted from landfill over the course of a year, and a six per cent reduction in waste costs due to savings in landfill and transport costs. We shared the great results of the project with our other centres and developed plans to roll-out the initiative across the whole portfolio.

As part of the broader roll out, we developed a coffee recycling tool kit to assist the centre teams with implementation. Coffee grounds recycling is now available at around 20 centres within our portfolio, including Chadstone, Midland Gate, Emporium Melbourne and Grand Plaza, with plans to roll-out across the remaining centres in the next year.

Upfront engagement with our tenants to secure their support was key to the success of this project. Designing a simple process that is tailored to suit the operations of our centres also made it easy to implement and roll out across our portfolio.

In regions where there was no recycling opportunity our centre teams have developed innovative ways to reuse coffee grounds, such as onsite composting and providing it to retailers to take home and use as fertiliser.



Emporium Melbourne, VIC

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Building sustainable shopping centres

In a rapidly evolving retail environment, developing our assets allows us to revitalise our centres to ensure they remain relevant to communities and continue to enhance customer experiences.

Through development projects we improve the overall appeal of our shopping centres while at the same time improving their environmental and social sustainability.

Vicinity's major development projects use the Green Star Design/As Built tools as a framework for integrating environmental and social design principles. Under this framework, we consider best practice solutions around energy, water, waste, building materials, transport and biodiversity. For some of our major developments we target specific Green Star ratings and get them formally certified, such as the current Chadstone Shopping Centre development, which achieved a 5 Star Green Star – Retail Design v1 for the North Retail component (See case study on page 34 for more details).

Our development design brief sets out minimum standards for resource efficiency and other environmental requirements. This includes the use of sustainable building materials to reduce our environmental impact, future operational spend and enhanced health outcomes for our communities, retailers and our people.

Vicinity's smaller scale refurbishment projects also provide an opportunity to integrate sustainability initiatives into project scopes. Additionally, these initiatives deliver cost savings and increase the overall financial viability of each project. We use an ecologically sustainable design checklist to ensure that best practice standards are integrated into the design and delivery of refurbishment projects. The checklist helps identify opportunities to optimise environmental efficiency through design, increase recycling of demolition and construction waste and create safe and healthy places for customers.

5 Star Green Star

Chadstone Shopping Centre development achieved a 5 Star Green Star Retail Design v1 for Stage 40



Chadstone Shopping Centre Stage 40, VIC

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CASE STUDY: CHADSTONE REDEVELOPMENT AND EXPANSION

Chadstone Shopping Centre in Victoria is Australia's number one retail asset and is currently completing a major expansion. The project involves a complete redevelopment of the northern end of the centre to create a world-class entertainment and leisure precinct. The project also includes a 10-storey office building and 14-bay bus interchange.

Sustainability was a key element in the design and delivery of the Chadstone project. The retail component was awarded a 5 Star Green Star – Retail Centre Design v1 rating by the Green Building Council of Australia. This represents 'Australian Excellence' in environmentally sustainable design and shows that the most prestigious shopping centre in Australia can also be among the most environmentally efficient.

We achieved this by using leading edge technology to reduce our energy and water use, employing best practice waste management systems and defining sustainability requirements for our tenants and suppliers.

The new office tower located on the south side of Chadstone Shopping Centre is a Property Council of Australia (PCA) A-grade office building. The building achieved a 5 Star Green Star Design/As Built rating and 4.5 star NABERS Energy rating, reflecting our commitment to best practice, sustainable building design. The building achieved strong results for energy, water, waste, building materials and indoor environmental quality.

On completion, Vicinity will be consolidating our two national offices into the new building. Our new national office will be a leading contemporary office space, designed to enable flexible, real time working and maximise health and wellbeing outcomes for our people. It will include features such as ergonomically designed work stations, collaborative and focus work spaces, high quality end of trip facilities, wellness rooms, more greenery and natural light that will enhance our people's wellbeing and productivity.

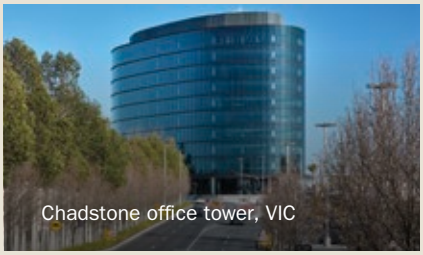

Chadstone office tower, VIC

Table 9: Environmental performance by asset type[1,2,3]

		Type of centre					
Category	Vicinity Total	City	Major/Super Regional	Regional	Sub Regional	Neighbourhood	Outlet
Energy							
Total energy use (GJ)	968,279	91,592	267,632	214,184	286,921	42,520	65,430
Energy intensity (MJ/sqm[3])	319	536	383	275	284	220	356
GHG emissions							
Scope 1 (tCO_2-e[4])	7,739	1,020	2,830	1,326	1,533	315	715
Scope 2 (tCO_2-e[4])	221,596	19,641	66,804	43,308	67,042	8,617	16,184
Total emissions (tCO_2-e[4])	229,335	20,661	69,634	44,634	68,575	8,932	16,899
Emissions intensity (kg CO_2-e/sqm[3])	76	121	100	57	68	46	92
Water[5]							
Total water use (kL)	3,072,562	267,035	695,666	781,586	1,002,890	196,552	128,833
Water intensity (kL/sqm[3])	1.0	1.6	1.0	1.0	1.0	1.1	0.7
Waste[6]							
Recycling Rate (% total waste)	35%	27%	35%	37%	34%	23%	53%

1 Reporting scope is based on operational control, not equity ownership. For more information on reporting scope and criteria, refer to our corporate website vicinity.com.au/sustainability
2 Third party assurance has been undertaken for this dataset
3 Square meters (sqm) refers to retail footprint – square metres of gross lettable area
4 Tonnes carbon dioxide equivalent
5 Water data reported represents around 99 per cent of our total GLA as we are unable to source accurate water usage data for a small number of assets
6 Waste data reported represents around 97 per cent of our total GLA as we are unable to source accurate waste data for a small number of assets

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Independent Limited Assurance Report in relation to Vicinity Centres' Sustainability Report

To the Management and Directors of Vicinity Centres:

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the Subject Matter detailed below ('Subject Matter'), and as presented in the 2016 Sustainability Report ('the Report'), has not been reported and presented fairly, in all material respects, in accordance with the criteria ('Criteria') below.

Subject Matter

The Subject Matter for our limited assurance engagement included the Selected Performance Data listed in Table 1 for the year ended 30 June 2016.

Table 1: Selected Performance Data

Selected Performance data	Report page
GHG Scope 1 (tCO^2-e)	34
GHG Scope 2 (tCO^2-e)	34
Energy consumption (GJ)	34
Water consumption (m^3)	34
Waste and recycling (tonnes)	31
Gross Lettable Area (m^2)	4

The subject matter did not include:

- Data sets, statements, information, systems or approaches other than the Selected Performance Data and related disclosures
- Management's forward looking statements
- Any comparisons made against historical data.

Criteria

The following criteria have been applied:

- specific criteria from Global Reporting Initiative Sustainability Reporting Guidelines' ('GRI G4')]
- Vicinity's own criteria and management methods as set out in its publicly disclosed Environmental Reporting Criteria.

Management's Responsibility

The management of Vicinity Centres is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, Vicinity Centres' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement conducted in accordance with the Australian Auditing and Assurance Standards Board *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with Vicinity Centres.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

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

Summary of Procedures Undertaken

Our procedures included but were not limited to:

- Gaining an understanding of the processes supporting the development of data for Vicinity Centres' Sustainability Report
- Conducting interviews with key personnel to understand Vicinity Centres' process for collecting, collating and reporting the Selected Performance Data during the reporting period
- Checking that the Criteria has been correctly applied in the calculation of the Selected Performance Data
- Undertaking analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing the calculations performed by Vicinity Centres
- Testing, on a sample basis, underlying source information to check the accuracy of the data
- Reviewing the appropriateness of the presentation of information.

Use of our Limited Assurance Engagement Report

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

Independence and Quality Control

In conducting our assurance engagement, we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Limited Assurance Conclusion

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 30 June 2016, have not been reported and presented fairly, in all material respects, in accordance with the Criteria.

Ernst & Young
Melbourne, Australia
14 November 2016

Terence Jeyaretnam
Partner

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Verification Statement from LBG Australia & New Zealand – 2016

The LBG model helps businesses improve the measurement, management and reporting of their corporate community investment programs. It covers the full range of contributions (cash, time and in-kind donations) made to community causes.

As managers of LBG Australia & New Zealand, we can confirm that we have worked with Vicinity Centres to verify its understanding and application of the LBG model with regard to the wide range of community programs supported.

Our aim has been to ensure that the evaluation principles have been correctly and consistently applied and we are satisfied that this has been achieved. It is important to note that our work has not extended to an independent audit of the data.

We can confirm that Vicinity Centres has invested the following amounts in the community in this 2016 reporting year as defined by LBG methodology.

Cash	$	435,383
Time	$	2,088
In-kind	$	60,342
Management costs	$	783,600
TOTAL	$	1,281,414

In addition to LBG verified figures, Vicinity Centres also reported the following outputs in their submission:

Leverage**	$	490,991
Revenue foregone^	$	1,054,457

***leverage refers to additional third party contributions facilitated by the company*
^the revenue foregone for community benefit on fees, products and services provided free or discounted

Please refer to LBG for detailed definitions as required

Verified by Jennifer Saunders
On behalf of LBG Australia & New Zealand
October 2016

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Our material impacts extend beyond our people and operations to our customers, retailers, suppliers, capital and joint venture partners as well as broader communities where we operate. The table below shows where our impacts occur and where in this report you can find more information.

Table 10: Vicinity's material issues and where they are addressed in this report

Material issue	Aspect boundary	Where to find information	Page
An engaged workforce	Inside Vicinity	Creating a great place to work	21
		Sustainability at Vicinity - Strategic enablers - People	12
Changes in consumer behaviour	Inside and outside Vicinity	Material risks and opportunities	8
		Sustainability at Vicinity - Strategic enablers - Digital	12
		Enriching community experiences	17
		Engaging our communities	18
Changing market dynamics	Inside and outside Vicinity	Material risks and opportunities	8
Climate change resilience	Inside and outside Vicinity	Material risks and opportunities	8
		Sustainability at Vicinity - Shared value drivers - Climate resilience	11
Health and safety	Inside and outside Vicinity	Health and safety	25
Understanding tenants	Inside and outside Vicinity	Supporting our retailers	26
		Sustainability at Vicinity - Strategic enablers - Capital and partnerships	12
Supply chain impacts	Inside and outside Vicinity	Working with our suppliers	27
		Sustainability at Vicinity - Strategic enablers - Capital and partnerships	12
Supporting local communities	Inside and outside Vicinity	Building stronger communities	17
Changing government policy and regulations	Inside Vicinity	Material risks and opportunities	8
		Our values and ethics	14
		External collaborations	16
Disclosure of information - transparency	Inside and outside Vicinity	Our values and ethics	14
		External collaborations	16
Energy and carbon emissions	Inside Vicinity	Sustainability at Vicinity - Shared value drivers - Low carbon	11
		Energy and carbon	30
Waste management	Inside and outside Vicinity	Treating waste as a resource	31
		Working with our suppliers	27
Tax transparency	Inside and outside Vicinity	Our values and ethics - Tax transparency	14
Data Privacy and Confidentiality	Inside and outside Vicinity	Sustainability at Vicinity - Strategic enablers - Digital	12
Strategic partnerships	Inside and outside Vicinity	Sustainability at Vicinity - Strategic enablers - Capital and partnerships	12
		Working with our partners to deliver positive outcomes	26

Contact Us

sustainability@vicinity.com.au
vicinity.com.au

GRI content index

Available at vicinity.com.au/sustainability

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VICINITY CENTRES

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