



LANDCOM SUSTAINABILITY REPORT

12





Cover Image:
THE PONDS



BUNYA



ELIZABETH HILLS



SANCTUARY



THE PONDS

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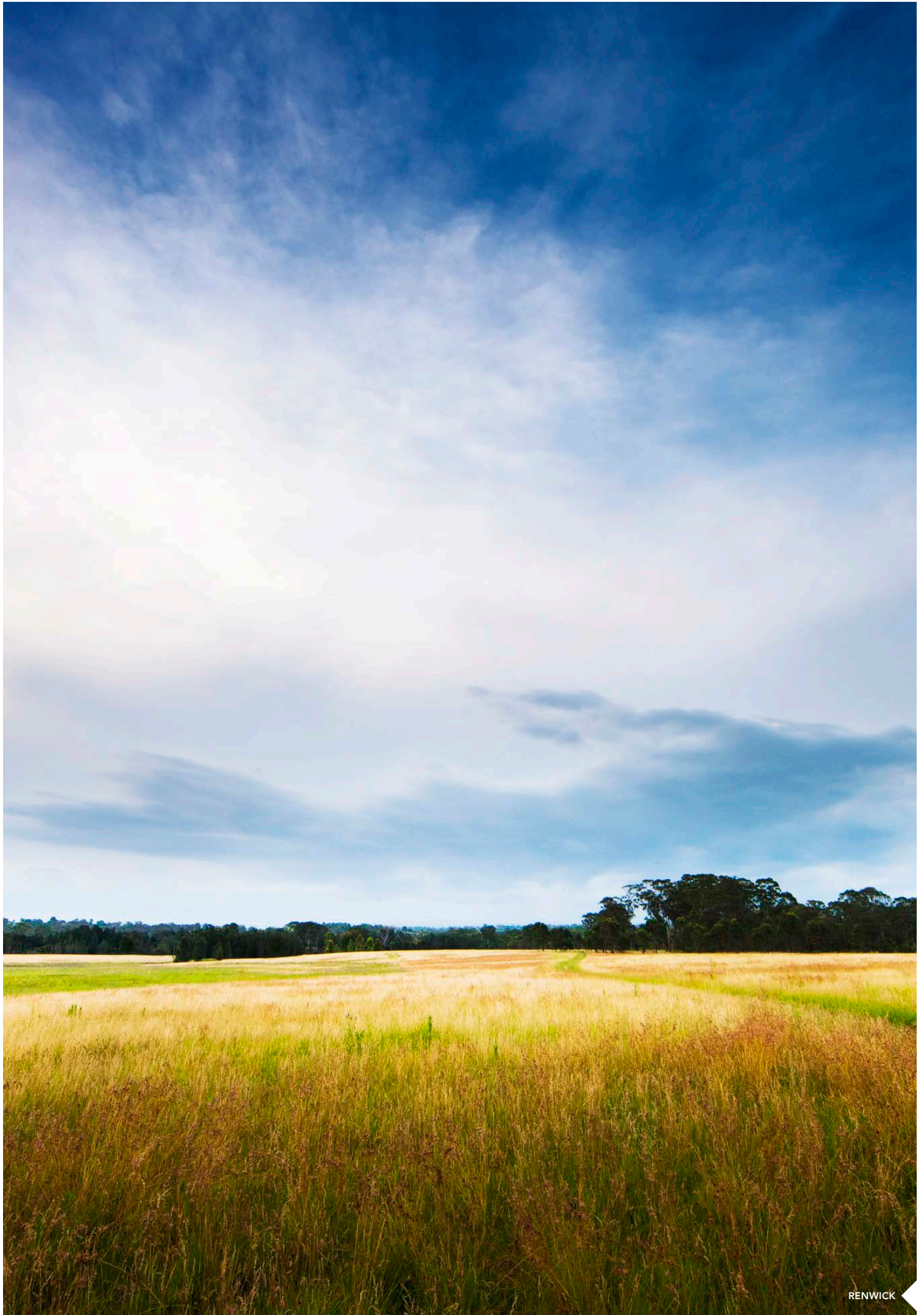
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welcome to our 2012 sustainability report

This report represents a significant milestone for Landcom. After 10 years of reporting our sustainability performance, this will be the last Sustainability Report under the Landcom banner. The Government has announced that Landcom will be merged with Sydney Metropolitan Development Authority, to form a new organisation with a new strategic direction. While sustainability will remain one of our core values, we will need to review how we report our sustainability performance, to ensure it reflects the priorities of the new organisation. Next year, we will report as UrbanGrowth NSW.

We look back over the decade with satisfaction. We were one of the first voices in sustainability reporting in the development industry. Our aim has always been to lead the way in this area, and we have done so – nationally and internationally.

In the coming year, we will assess the issues material to the new business, and develop a reporting framework that reflects our changed role.

In 2009, the Global Reporting Initiative (GRI) convened a panel of international experts, including Australian representatives from Landcom and Lend Lease, charged with developing a global sustainability reporting framework specifically tailored for the construction and real estate industry. In collaboration with 20 other professionals from Asia, North America, South America and Europe, we helped develop the Construction and Real Estate Sector Supplement (CRESS), which was released in 2011.



Introduction *continued*

Highlights and challenges

There were a number of highlights this year, of which we can be justifiably proud.

On the environmental front, 49% of our 245 new dwellings achieved a six star thermal performance rating. We also met most of our water pollution removal, biodiversity, and riparian corridor management targets. We exceeded our civil waste recycling targets, with 98% of waste materials recycled onsite. Our corporate greenhouse emissions were also substantially lower than previous years.

In our social sustainability results, we once again met our moderate income housing target, and all of our new projects completed social sustainability due diligence and strategies. All Landcom projects also apply site-specific design guidelines, which deliver design outcomes through housing provided by others.

Against these successes, a number of challenges remain.

Our gas-boosted solar hot water systems indicator requires that systems achieve 30 Small-scale Technology

Certificates (STCs). Only 9% of dwellings implemented systems that achieved this, which is down from 18% last year. We're noticing some resistance to gas-boosted solar hot water systems from builders and land purchasers. We think this might be linked to their views on life-cycle costs and the availability of alternative systems, but we will need to further investigate the costs and benefits of different systems to understand how to achieve the best environmental and economic outcomes.

The four projects at masterplan stage this year did not have specific energy and greenhouse gas emission reduction strategies, but this reflects the stage in the planning cycle that they had reached. As these projects progress into detailed planning and prepare specific strategies, we will report further on their results. We will also use PRECINX® to help teams explore and evaluate new initiatives like alternative energy sources, ways to improve thermal performance and other energy efficient practices.

We have noticed improvements on previous years' results in our compliance and some sustainable supply chain indicators; however, they still fell short of their targets. There were several works

contracts that either did not complete environmental and/or Work Health and Safety (WHS) audits at the time work was undertaken, or did not include sustainability measures within the tender process.

As shown in our waste indicators, we also still have difficulty achieving full compliance on waste management within our building contracts. Our recycling results on building contracts achieved 76% reuse of construction materials, which is better than last year (70%), but short of the target (95%). These results demonstrate that there is still work to do when it comes to managing the performance of our contractors.

We are developing ways we can improve our performance by raising awareness of our sustainability targets through clear contract documentation, better scoping, and improved communication with our project managers and work site superintendents. We will also aim to improve the contractor data collection procedures and processes in future years.

BASIX results

* the base case as defined by BASIX

BASIX stands for the Building Sustainability Index. It is a web-based rating tool that calculates the water and energy efficiency of new homes.



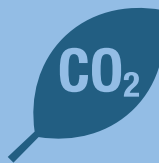
% reduction in potable water consumption compared to the base case* (single and attached dwellings without recycled water)

TARGET: 45% RESULT: 47%



% reduction in potable water consumption compared to the base case* (with recycled water)

TARGET: 60% RESULT: 51%



% reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions* for detached and attached dwellings

TARGET: 50% RESULT: 55%

TARGETS WE MET FOR THE FIRST TIME

- Energy and water efficiency – our single and attached dwellings achieved averages of 55% BASIX energy and 47% BASIX water scores for dwellings without recycled water
- Energy conservation – reducing greenhouse gas emissions from our corporate office to below 41% of our target
- Influencing design – all of our development projects are applying the 'Landcom Guidelines'. This is a 40% increase from last year.

TARGETS WE CONTINUED TO MEET

- Moderate income housing – again we exceeded our 7.5% target
- Water quality - water sensitive urban design strategies in all new developments and reduction of pollutants to target levels
- Riparian corridor management – appropriate management plans in all projects and no breaks in any first, second or third order streams
- Social sustainability – social sustainability due diligence and strategic plans for all our projects prior to masterplan

OUR PERSONAL BESTS

- Energy efficiency - 49% of our new dwellings achieved a six star thermal performance rating, which is more than double last year's result
- Sustainable communities - 70% of our development projects include sustainable education programs. This is an 8% increase from last year
- Supply chain - 76% of civil works tenders included sustainability criteria. This is up 29% from last year, and 37% from 2010
- WHS compliance - significant improvement in the number of WHS third-party audits received from our civil and builder works contractors

OTHER CONTRIBUTIONS

- Biodiversity and native vegetation management – we dedicated \$17,799,371 towards conservation and vegetation management works
- Community facilities – we spent \$3,348,248 on community facilities and provided 8.1 hectares of passive open space, 1 hectare of active open space and 4 childrens playgrounds in our developments.
- Sustainable communities - we invested \$617,786 in our sustainable community programs, and provided \$107,919 in community support and sponsorship



Moderate income housing

TARGET: 7.5%

RESULT: 7.6% of total yield sold for the purposes of providing moderate income housing

This year we met our target with a result of 7.6%.

The dwellings that made up this result were mostly in southwest Sydney and East Maitland. Two factors accounted for this;

- (1) market conditions in these areas favoured moderate income housing; and,
- (2) our projects in East Maitland, Campbelltown, Flinders, Elizabeth Hills, Mittagong, Oran Park and Minto contained a diverse mix of dwellings and lot types.

Introduction *continued*

Our significant issues

Some of the issues facing our business are broad and need to be resolved on a state-wide or national basis. While in some instances we have a role in finding solutions, generally this is only part of the picture. Nevertheless, we believe it is worthwhile discussing these issues.

SUPPLYING LAND FOR HOUSING

As Landcom transforms into UrbanGrowth NSW, the organisation will have a significant role in helping address the vexed supply issues that have affected the New South Wales housing market. We are now over a year into our mandate to deliver 10,000 homesites in Western Sydney. During the year, we exceeded our target of 1,983 by 34 homesites. Our target for next year is 2,160 homesites.

DELIVERING MODERATE INCOME HOUSING AND DIVERSE CHOICE

Housing affordability is complex and our response to date has been to promote housing diversity across many of our projects, with a range of differently priced products. We have also attempted to influence policy makers and regulators through our Housing Diversity and Density Guides. And, more recently, we have been working on new products and delivery mechanisms through the introduction of our 21st Century Living project.

ALIGNING INFRASTRUCTURE INVESTMENT AND REMOVING BLOCKAGES

In future, our role in helping to boost housing supply will depend more and more on our ability to lead and coordinate government agencies so that their infrastructure investment and activities are aligned and they are able to deliver more integrated land development outcomes.

As Landcom, we have developed good relationships with agencies and the private sector. We have helped remove blockages to development for our own sites and the private sector. We also have demonstrated how we can work with state agencies and local government to advance main road and infrastructure projects which open up release areas for our projects and others. An example of this is at Liz Kernohan Drive at Spring Farm. This may be an increasing role for UrbanGrowth NSW.

Our strategic direction

This year's sustainability report provides a review of our performance against our 'second generation' indicators which we have reported since 2009-2010. Many of these reflect the management control we currently maintain over developing and selling land to our customers, or the shared control of projects undertaken with an industry partner under an agreement.

The role government is planning for UrbanGrowth NSW will be different from that previously played by Landcom. We may be less involved in retailing, which may impact on our ability to directly affect supply chain relationships and sustainable practices.

As UrbanGrowth NSW we will continue to provide guidance and strategic advice to our partners and government agencies through a combination of education and practice to demonstrate our ideas and programs. We will also continue to seek ways to affect sustainable design and building at grassroots level through partnerships with project home builders and small to medium-size builders. We have learned a great deal from the success of our Eco-Living display homes. We plan to translate this knowledge into other sustainability initiatives, such as the 21st Century Living project, in the coming year.

Landcom has long maintained a leadership position in sustainability, and has used this position to drive momentum and innovation across the industry. In our new role, similarly, we remain committed to driving sustainability excellence. Our recent customer research has identified that social sustainability has become even more important to the home buyer. Landcom has traditionally led the way in this area with our health-focused approach to place-making, and masterplan designs that strengthen communities with initiatives like the Walking School Bus and Welcome Program.

We will continue to develop strategic private sector partnerships to create forums for testing new ideas and to provide avenues for innovation in environmental and social sustainability. The industry's capacity in this area has improved significantly, primarily as a result of adopting a more collaborative, as opposed to competitive, approach.

Changing how we report

This year we have made some changes to the way we report our sustainability performance.

Previously, we presented results for all of our sustainability indicators in the body of the report, with no distinction of which indicators were most relevant to our business.

This year, the Sustainability Report has been structured around eight key headings that represent what is considered most important for Landcom's business. These are our 'material issues'. We provide commentary on the indicators that illustrate our performance against these issues.

This approach enables us to highlight our material issues, risks and opportunities and more clearly communicates what is important to us.

'Material issues' reporting is also consistent with the direction of international reporting frameworks such as the GRI.

This year, our Annual Report for 2011-2012 is also now a separate document, and statutory Treasury requirements that were included last year have been omitted.

Our Material Issues

1. Creating healthy, diverse and connected communities
2. Demonstrating housing diversity and delivering increased housing supply
3. Developing, encouraging and maintaining an environmental ethic of low impact, high performance, efficiency and liveability
4. Exhibiting and facilitating industry leadership and innovation
5. Facilitating cross-government actions and outcomes
6. Fostering a flexible and adaptive organisational culture that maintains our relevance
7. Generating and leveraging opportunities and outcomes for the private sector and others
8. Maintaining a profitable and quality business

Our stakeholders

Collaboration and consultation

Our approach to material issues reporting can be traced back to 2002. It was then that we engaged with stakeholders from 26 organisations and Landcom staff, to provide input to the indicators relevant to our business. The way we engage stakeholders has evolved over the 10 years we've been reporting. Last year we adopted a formal stakeholder consultation framework and put in place a five-year strategy to clearly

articulate how, when and with whom we will engage.

As in the past, our stakeholders played an integral part in helping us identify the issues we would report on this year.

To identify the material issues we first held a series of internal workshops to consider the core purpose and direction of the business, and its risks and opportunities. We then explored

which stakeholders either impact upon or are impacted by the business, and to what extent. We then repeated this process with a small sample of our external stakeholders. The sustainability indicators that best illustrate the material issues were identified. These are found within the eight material issues and results, which form the content of this year's report.

Our principal stakeholders

<p>Shareholder Ministers and Portfolio Minister</p> <p>Landcom has two Shareholder Ministers and a Portfolio Minister. The Portfolio Minister provides an annual statement of priorities for us to achieve, while the Shareholder Ministers review and endorse our financial and non-financial objectives through the annual Statement of Corporate Intent.</p>	<p>Industry groups</p> <p>We engage with suppliers and contractors through our Business Improvement Program and regularly meet with our contractors and suppliers that participate in our project control groups.</p>
<p>NSW Parliament</p> <p>We operate under legislation that requires us to table our Annual Report in Parliament for the information of both the Upper and Lower Houses and produce an annual summary of our sustainability performance each year.</p>	<p>Local communities</p> <p>We consult widely and initiate community consultation in the planning and delivery of all our projects. Community input is sought, particularly when we set the strategic direction for our projects.</p>
<p>Property development industry</p> <p>For many of our projects we partner with developers and builders. These partnerships provide important development opportunities for the industry and allow us to share our knowledge and experience so that the quality of development in New South Wales, particularly in relation to sustainability, is continually improved. They also enable us to represent the industry's view if we are invited to comment on emerging government policy initiatives.</p>	<p>The residents in our projects</p> <p>Our residents are the people who chose to invest in the new developments we create. We develop social capital among new residents by introducing programs and community-building initiatives, and often continue funding them after our role in the development has ended.</p>
<p>Government agencies</p> <p>Government agencies are important regulators of our activities. We also use surplus government land in some of our projects, and provide property advice and services to government agencies to help them manage their land.</p>	<p>Environmental and community groups</p> <p>We engage with these groups through community consultation in our development projects, and our Welcome Program. Engagement with general community groups occurs through community development days and events.</p>
<p>Infrastructure/utility providers</p> <p>Government infrastructure and utility providers regulate our activities. The engagement is two-way, and we have experience in the implementation of capital works to improve the rollout of infrastructure to developing areas.</p>	<p>Landcom staff</p> <p>Our staff are key stakeholders as the drivers of Landcom's productivity. Their input and participation in our strategy and direction is highly valuable to the organisation to maintain a leadership position and improve shareholder value.</p>
<p>Local councils</p> <p>Councils are primary regulators of our development activities. Local councils also become the recipients and managers of the public assets we provide, such as parks, bushland reserves, community buildings and roads.</p>	

Our stakeholders *continued*

Engagement on material issues

The table below highlights where stakeholders impact or are impacted by the issues we identified as material in this year's report.

Our material issues	Suppliers and contractors	Local communities	The residents in our projects	Property development industry	Environmental and community groups	Government agencies	Infrastructure/utility providers	Landcom staff	Local councils	Shareholder Ministers, Portfolio Minister and NSW Parliament
Creating healthy, diverse and connected communities		•	•		•	•		•	•	•
Demonstrating housing diversity and delivering increased housing supply		•		•					•	•
Developing, encouraging and maintaining an environmental ethic of low impact, high performance, efficiency and liveability		•	•	•	•	•		•	•	•
Exhibiting and facilitating industry leadership and innovation			•	•	•			•	•	•
Facilitating cross-government actions and outcomes		•				•			•	•
Fostering a flexible and adaptive organisational culture that maintains our relevance	•					•		•		
Generating and leveraging opportunities and outcomes for the private sector and others				•			•		•	•
Maintaining a profitable and quality business			•	•		•		•		•

Our results

How to read the report

We focus our discussion on the eight material issues we identified. We explain why each issue is important to us, and include the results which demonstrate how we performed against this issue. We also discuss how we can continue to improve our performance against these.

We include a table of all our sustainability indicators which includes the five-year performance summary of every indicator, including its target and result.

Projects reported this year

The projects in this year's report are those that met one or more of our reporting milestones, and are summarised below. Not all indicators are relevant to every project at each milestone. This reflects Landcom's role in each project and depends on what components of each project were delivered during the reporting year.

A description of our reporting milestones is found within the Five-year performance summary section.

No.	Project	Local Government Area	Suburb	Landcom product	Total number of lots or dwellings planned	Number of lots or dwellings delivered this financial year	Milestone 1: Masterplan approval	Milestone 2: Precinct civil works completion	Milestone 3: Built form commencement	Milestone 4: Sustainable community programs
1	Ashton Grove	Maitland	Green Hills	Land	115 lots	85 lots		Precinct 10		
2	Bunya	Blacktown	Doonside	Land and built form	750 lots	126 dwellings			•	•
3	Elizabeth Hills	Liverpool	South Cecil Hills	Land and built form	600 lots	217 lots		Precincts 1 and 3		
4	Garden Gates	Camden	Mount Annan	Land	795 lots	95 lots		Precincts 38B, 43D, 45B, 46A, 47		•
5	Macarthur Gardens	Campbelltown	Campbelltown	Land and built form	196 lots	52 dwellings			•	
6	Middleton Grange	Liverpool	Middleton Grange	Land	175 lots	N/A	•			
7	Oran Park	Camden	Oran Park	Land	2,630 lots	270 lots		Tranche 3		•
8	Park Central	Campbelltown	Campbelltown	Land and built form	245 lots	7 dwellings			•	
9	Renwick	Wingecarribee	Mittagong	Land	583 lots	101 lots		Precinct 100		•
10	Rouse Hill Town Centre	The Hills	Rouse Hill	Land and built form	1,800 dwellings	101 lots, 13 dwellings		Eastern Residential Precincts Stages 2 and 3	•	
11	Sanctuary	Newcastle	Fletcher	Land	844 lots	22 lots		Stage 2		
12	Spring Farm (Note 1)	Camden	Spring Farm	Land	1,320 lots	80 lots	•	Precinct 100		•
13	Talana	Liverpool	Edmondson Park	Land	148 lots	43 lots		Precinct 1		
14	The Ponds Stage 1	Blacktown	The Ponds	Land and built form	1,299 lots	212 lots, 47 dwellings		Precincts 61, 62, 73	•	•
15	The Ponds Stage 3	Blacktown	The Ponds	Land	719 lots	151 lots		Precinct 5 and Kalina 8		•
16	The Ponds Stage 4	Blacktown	The Ponds	Land	850 lots	N/A	•			
17	UWS Campbelltown	Campbelltown	Campbelltown	Land	850 lots	N/A	•			
18	Vantage	Port Stephens	Corlette	Land	300 lots	38 lots		Precinct 26		
19	Woodlands	Shellharbour	Flinders	Land	660 lots	55 lots		Precinct 28 (Stage 1 only)		

Note 1: Spring Farm is also included for masterplan approval this year because it reached masterplan approval prior to the reporting period, but had not been previously reported.

Our results *continued*

Our material issues

MATERIAL ISSUE 1

Creating healthy, diverse and connected communities

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Why is this important?

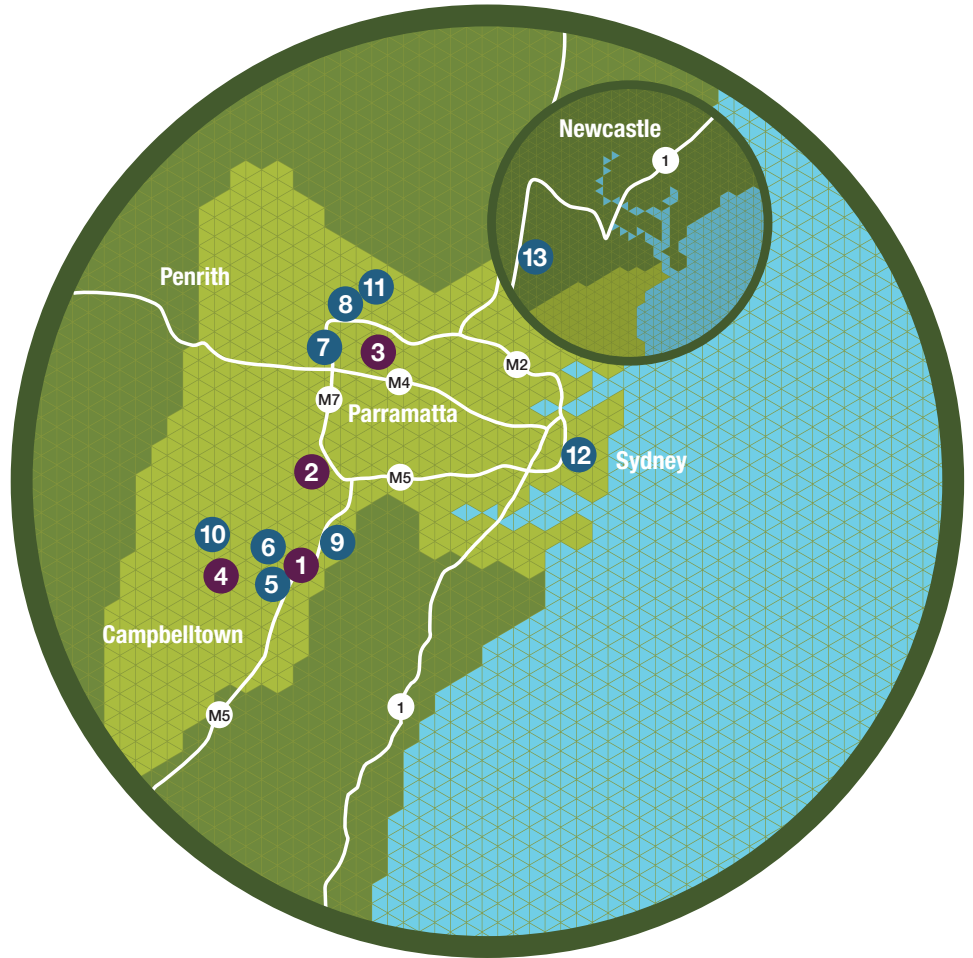
Landcom aims to create 'socially sustainable' places – places where relative inequalities are minimised, and where the population is diverse and supported and has access to appropriate opportunities. Our reputation has been built on the importance we place on sound social planning and providing the 'soft' infrastructure that helps strengthen new communities. We seek to provide affordable and diverse housing and develop urban and town centres that generate employment opportunities for the communities that live around them. We also supply the facilities that help provide a sense of place, such as playgrounds, community centres, and open space. These are an integral part of Landcom's approach to planning and development.

How do we measure the value we create?

We measure our performance in this area through indicators that track how successful we have been in social planning, in delivering moderate income housing, and community facilities, and the types and value of our community programs and events. This allows us to identify the value we are adding to social sustainability.

Indicator: 100% of new projects have social sustainable due diligence completed prior to masterplan approval

All four projects reported at masterplan stage had a social sustainability due diligence study completed before a masterplan was approved. This included UWS Campbelltown, The Ponds Stage 4, Spring Farm and Middleton Grange. At Middleton Grange, Liverpool Council prepared rezoning studies for the entire Southern Hoxton Park release area. The rezoning studies by Liverpool City Council included demographic and social reports for the release area and met our requirement for social sustainability due diligence and a strategic social plan at Middleton Grange.



Social sustainability due diligence

TARGET: 100%

RESULT: 100% of new projects had a social sustainable due diligence study completed prior to masterplan approval

- 1 UWS CAMPBELLTOWN
- 2 MIDDLETON GRANGE
- 3 THE PONDS STAGE 4
- 4 SPRING FARM



Sustainable community programs

TARGET: 100%

RESULT: 90% of projects over 200 lots with community development programs

- 5 PARK CENTRAL
- 6 GARDEN GATES
- 7 BUNYA
- 8 THE PONDS
- 9 ONE MINTO
- 10 ORAN PARK
- 11 THE NEW ROUSE HILL
- 12 GREENWAY VIEWS
- 13 SANCTUARY

Our results *continued*

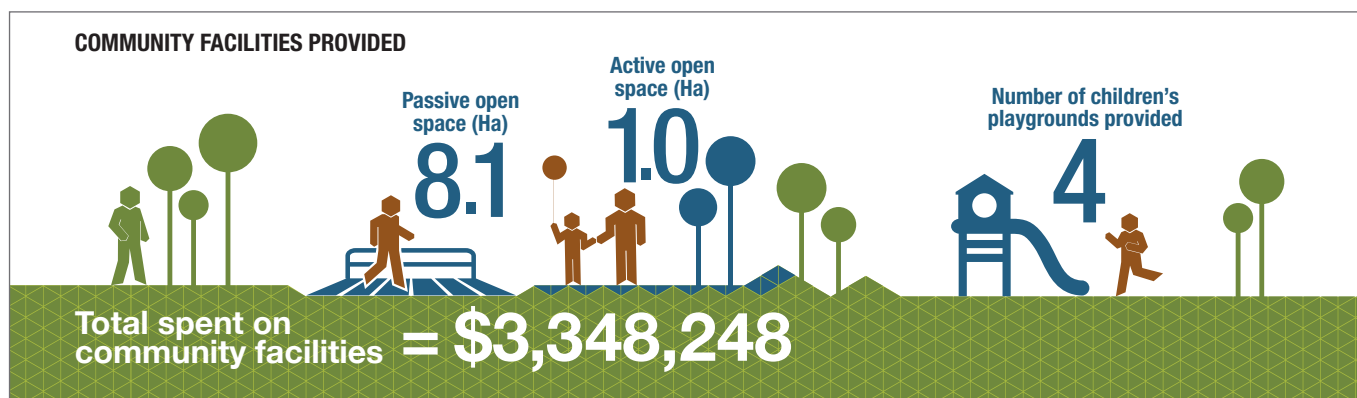
Indicator: Financial value of community facilities provided

Total financial expenditure \$3,348,248.

We survey our communities for feedback on how much they value the open space areas, parks, reserves, walking and cycling trails we provide. This year we report on two such surveys, at Newbury and Oran Park.

At Newbury, 92% of residents surveyed in June 2010 said they used the walking, jogging and cycling paths around the estate; 69% used the park areas for ball games and 65% used the children's play areas. More than half (58%) said the parks and recreational areas were either extremely or very important factors in their decision to buy into the neighbourhood.

At The Ponds, 99% of residents surveyed in June 2011 said they valued having access to the walking paths in the open space areas; 97% valued the creek line and water features; and 97% valued having access to the neighbourhood parks.



Indicator: 100% of projects over 200 lots with community development programs, including the Welcome Program

This year, 90% of our projects met this indicator.

Project	Community Development Program
Bunya	✓
Garden Gates	✓
Greenway Views	✓
One Minto	✓
Oran Park	✓
Park Central	✓
Sanctuary	✓
The New Rouse Hill	✓
The Ponds	✓
Vantage	✗

Each Welcome Program Landcom delivers is specifically tailored. Landcom provides financial and non-financial support, and programs vary from project to project.

In 2011-2012, at Greenway Views we engaged Connections Community Development to deliver welcome packs to new households and we also supported the Greenway Views Residents Association plan and delivered a number of community events.

At Sanctuary, the local residents' association 'Sanctuary Neighbours' was supported by a community worker. Together they distributed welcome packs to new residents and held a wide range of events and activities throughout the year.

While there was no Welcome Program at Vantage this year, we are exploring the option of including the project in a regional community development initiative. This will be based on the community development program at Sanctuary.

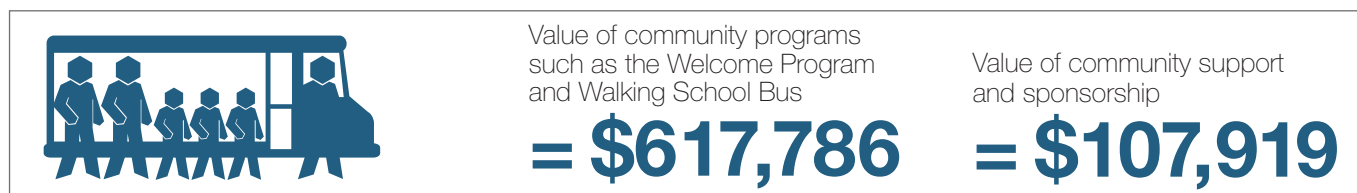
Indicator: Value of community programs

In 2011-2012, the value of community programs such as the Welcome Program and Walking School Bus totalled \$617,786. The value of our additional community support and sponsorship was \$107,919.

How can we improve our performance?

As we expand our 21st Century Living program we will refine and streamline the way we offer compact and lower cost land and housing. This will help us continue to meet the challenge of delivering housing and land at affordable levels.

Measuring the value we deliver to the community has always been difficult. In 2012-2013 we plan to investigate and pilot the Social Return on Investment (SROI) methodology to test the value of our social programs. SROI measures value as perceived by stakeholders and should give us insights into where best to direct our social investment.



Our results *continued*

MATERIAL ISSUE 2

Demonstrating housing diversity and delivering increased housing supply

Why is this important?

Socially sustainable communities are diverse communities. To provide for a mix of people, we need to ensure there is a diversity of housing, including product at affordable prices.

How do we measure the value we create?

Our relative affordability indicator describes the percentage of Landcom housing sold at or below the average sales price for new land and housing in a defined local area. This allows us to assess our impact relative to current market conditions. As well, we report on universal housing in our display villages.

Our year-on-year relative affordability performance can vary depending on the stage of various projects and market conditions. It demonstrates that through lot diversity, a range of house price points can be delivered. While not a perfect indicator, it illustrates how lot diversity contributes to greater affordability.

Indicator: Percentage of new Landcom housing sold at or below the average sales price for new housing in a defined local geography

In 2011-2012, the percentage of our houses sold at or below average prices in Sydney's north west was 40%. In the south west it varied from 28% in Liverpool, to 58% in Camden and 91% in Campbelltown.

Indicator: 100% of residential display villages to contain at least one universal house

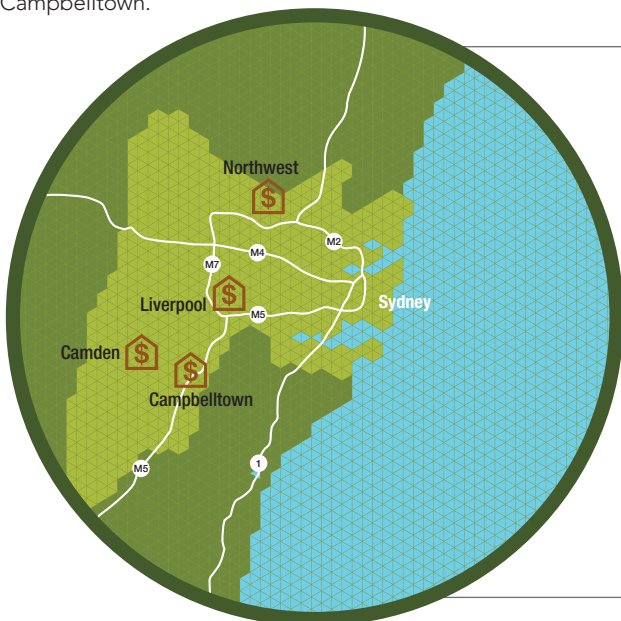
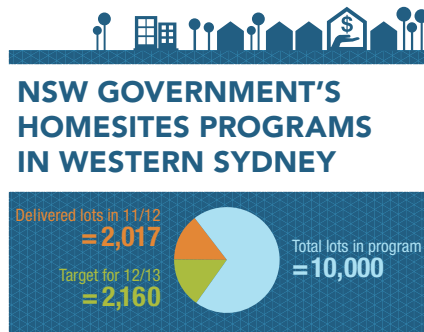
No result. At Renwick, nine display homes were built. However, this was not a traditional display village as there was no formal display village agreement. The display homes in the village are run independently by builders who are responsible for obtaining their own development consent. While the display housing complied with Council design controls, it did not include any universal housing.

How can we improve our performance?

Overall, this is a difficult area in which to judge performance since so many of the factors are out of Landcom's direct control.

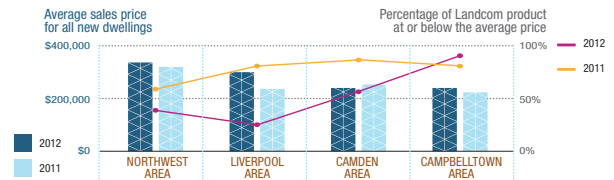
We are considering more accurate measures for next year's report, such as how many of the 10,000 homesites we deliver in western Sydney are released ahead of target. However, this would only be a short-term target. We will also consider reporting on the number of lots delivered in New South Wales as a whole, to reflect how the industry performs, and the emerging role of UrbanGrowth NSW as a facilitator for other developers. Other areas to be explored include reporting on the percentage of our contribution to the state's new housing supply each financial year; and the way in which we remove blockages to developments.

The federal government currently has a non-binding target of 25% for all new housing to adhere to 'livable' design principles, a subset of our universal housing criteria. The Livable Housing Design Guideline (2012) is based largely on Landcom's Universal Housing Design Guidelines (2008). It is possible this target will be mandated if the industry fails to satisfactorily address this issue. If this occurs we will be ready to lead industry through this process by practical demonstration of our own projects.

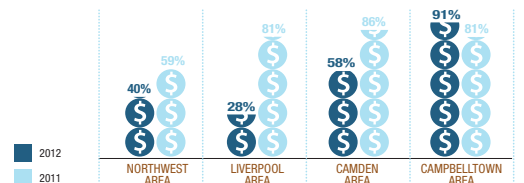


Percentage of new Landcom housing sold at or below the average sales price for new housing in a defined local geography

2012 RELATIVE AFFORDABILITY ANALYSIS



% LANDCOM PRODUCT AT OR BELOW AVERAGE PRICE



Our results *continued*

MATERIAL ISSUE 3

Developing, encouraging and maintaining an environmental ethic of low impact, high performance, efficiency and liveability

Why is this important?

Environmental resilience means the places we plan and build must be liveable, able to withstand climate shocks and flooding, and use energy efficiently. It is this thinking that underpins our 'public good' philosophy, drives our activities and sees us pushing the boundaries in our sphere of influence.

How do we measure the value we create?

We measure our performance in this area through indicators that track:

- greenhouse gas emissions
- renewable energy supply
- POEO Act compliance and third-party environmental/WHS audits
- protection of ecological communities and riparian corridors
- use of recycled products.

Indicators: (1) 100% of projects over 500 dwellings to achieve more than 50% reduction of greenhouse emissions compared with base case, and, (2) to include a minimum of 5% renewable energy supply, onsite or offsite.

Three projects with more than 500 dwellings reached masterplan approval in 2011-2012. These projects were North Penrith, The Ponds Stage 4 and UWS Campbelltown. Spring Farm is also included this year because it reached masterplan approval prior to the reporting period, but had not been previously reported.

We assess these projects for an energy and greenhouse gas emissions reduction strategy (or similar) that is developed at the masterplan approval stage. While none of the four projects at masterplan stage had a strategy to reduce energy and greenhouse gas emissions, this reflects the stage in the planning cycle that they had reached. As these projects progress into detailed planning and prepare specific strategies to meet the energy and greenhouse indicators, updates on their results will be reported.

We are using PRECINX® on all four projects to model their environmental, social and economic performance. PRECINX® modelling shows how targets can be met with a mix of energy initiatives and we will again report on these results next year if their status changes.

Indicator: Zero projects notified by the regulatory authority as being in breach of the Protection of the Environment Operations Act 1997 and/or other relevant legislation

The Protection of the Environment Operations Act 1997 (POEO Act) governs the way in which pollution incidents are reported and managed. This year we are again pleased to report that we have not recorded any breaches. Nor have we received any notification of being in breach of this or any other relevant legislation.

Indicator: 100% of civil works contracts that have environmental and WHS audits carried out in accordance with contract requirements

In 2011-2012, civil works were completed under nine contracts, and six third-party environmental and WHS audits were completed. This result (67% for both environmental and WHS third-party audits) is less than last year's environmental audit results (81%) and an improvement on last year's WHS results (56%). There is an ongoing concerted effort across the organisation to raise the awareness of contractors needing to submit third-party audits. Through this, we have found that the quality of the audit results has improved with fewer serious incidents.

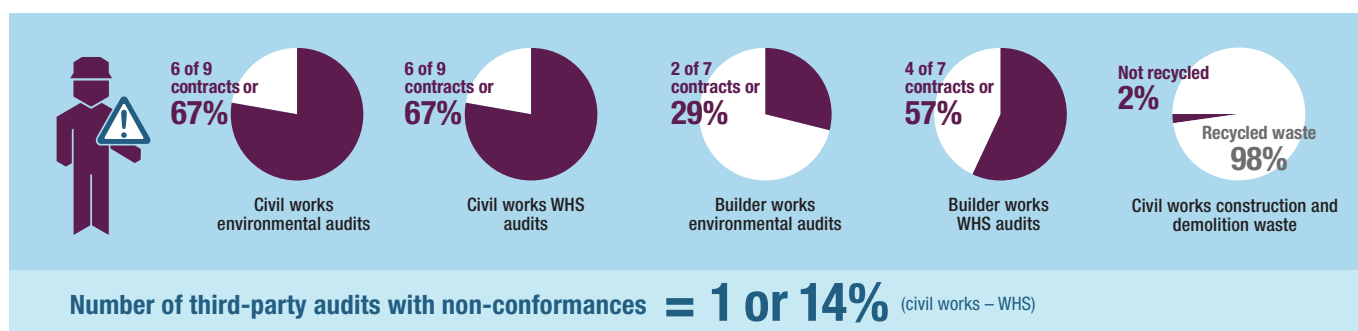
We will continue to assess our processes and take preventative measures to ensure civil contractors comply with our expected standards.

Indicator: 100% of builder contracts that have environmental and WHS audits carried out in accordance with contract requirements

In 2011-2012 of the seven building contracts requiring third-party audits, 29% completed environmental audits and 57% completed WHS audits. This low percentage reflects the nature of our typical building contracts and that it is not always practical or possible to audit builders during lower value construction projects which may be completed quickly. We are investigating more appropriate controls for short-term contracts.

Environmental and WHS audits

Number & % civil and builder audits



Our results *continued*

16

Indicators: (1) Zero percentage (and number) of civil contractors issued with a non-conformance based on findings of either environmental or WHS audits, and (2) Zero percentage (and number) of building contractors issued with an immediate action rectification based on findings of either environmental or WHS audits

These are preventative or lead indicators, with the lag indicator being breaches against the POEO Act. We strive for a zero result because it gives confidence that the risk of being in breach of the POEO Act is less likely to happen.

This year we amended the method used to calculate 'immediate action rectifications' to better reflect the intent behind this indicator. In previous years we included all issues identified by auditors in the result; this included any 'areas of concern' and 'recommendations', in addition to non-conformances raised by the third-party auditors. Our review of our Environmental Management System helped us clarify the intent and responsibilities behind this system. These third-party audits are a way of tracking our contractors' performance. As a process of continual improvement, audits are designed to identify opportunities to improve; however, the severity and risk with these issues is not the same as non-conformances or immediate rectification responses. Our revised method more appropriately reflects our contractors' performance and the auditing process by focusing on those issues which are significant and high risk.

No contractors were issued with non-conformance notices, or repeat offences or non-compliances this year, following environmental audits, and no builder works were issued with an immediate action request within their WHS third-party audits.

For civil contractors who completed WHS audits, only one (representing 14%) included an immediate action request which was considered high risk and required rectification. The contractor issued with the immediate action rectification completed a close-out audit with the actions considered rectified and therefore deemed satisfactory by the auditor.

No contractors were issued with repeat offences or repeat non-compliances this year, following WHS audits.

Indicator: No loss of 'high conservation significance' Endangered Ecological Communities

This year we calculated a loss of 17% of the 'high conservation significance' Endangered Ecological Communities under our management. This represents removal of 5.8 hectares of Cumberland Plain Woodland at The Ponds Stage 4 and UWS Campbelltown.

At The Ponds Stage 4, the loss was sanctioned by the Office of Environment and Heritage, which also endorsed our proposal to remediate, rehabilitate and conserve larger, better preserved and more valuable communities onsite.

At UWS Campbelltown, the remnant Cumberland Plain Woodland is mainly located in a series of disjunct narrow patches within bush/riparian corridors

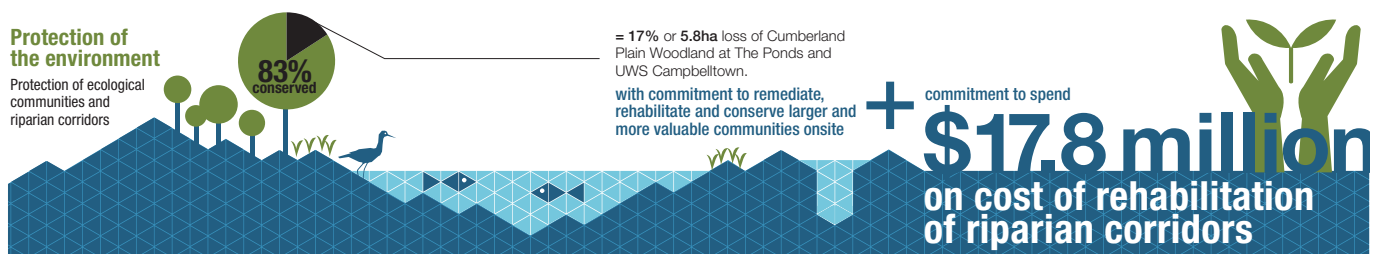
which will not be developed. The areas identified for removal are fringe areas and isolated stands that are degraded, weed infested and of low significance. The proposal will implement a management plan for retained vegetation as well as revegetation of some 30ha of the site linking retained patches and restoring native vegetation to denuded riparian areas.

Indicator: No loss of riparian corridors for third order streams

Riparian corridors are the vegetated areas around creeks, streams, rivers, lakes, dams, estuaries, wetlands, river floodplains or any land influenced by tidal waters. Our aim is to avoid any loss of riparian corridors around water bodies that maintain significant aquatic habitat, and to conserve a riparian zone of between 20m and 40m and a vegetated buffer of 10m for first, second and third order streams.

This year we measured 3,901m of riparian corridors and recorded a loss of 1,062m, or 27%. This is largely attributed to the removal of farm dams at three masterplan projects. However, on the replacement side, approximately \$17.8 million is allocated to rehabilitate the remaining core riparian corridors areas.

During this year, Landcom also assisted the NSW Office of Water develop a practical policy for managing riparian corridors. The new policy, effective from 1 July 2012, is designed to provide more flexibility for development while protecting environmental values. The outcomes from the policy review are expected to deliver better ecological and development outcomes.



Indicator: Reduce corporate greenhouse gas emissions by 1% annually and reduce reliance on offsets to achieve carbon neutrality

Landcom's corporate greenhouse gas emissions were 365 CO₂e tonnes, compared with 503 CO₂e tonnes last year, a reduction of more than 25%. This equates to emissions of 168 CO₂e kilograms per capita, which is also down from 212 CO₂e kilograms demonstrating a per capita decrease of around 20% in 2011-2012. The per capita figure includes our Scope 1 and 3 emissions from the refining and distribution of liquid fuels. During the reporting period, we purchased 18.4 CO₂e tonnes of carbon credits through Greenfleet to partially offset this amount. We also purchased 100% GreenPower for our offices.

This reduction is largely attributed to the closure of our Campbelltown and the Green Square 'Tote' building offices which has led to greater efficiency in the use of our Parramatta and Newcastle offices. Because of the closure of the Campbelltown office and a small decrease in our Newcastle office staff, our fleet emissions also decreased to be 13% less than last year, and 24.7 CO₂e tonnes in total. This was despite the fact that we took on one extra vehicle for our Parramatta office, to cater for the increase in staff located there.

Indicator: Other products purchased containing recycled content or contributing to improved sustainability outcome

We have removed individual general rubbish and recycling bins in our offices, in favour of centrally located facilities. Centralising waste disposal increases staff awareness, encourages reuse and recycling, and reduces the resources required to handle bins. All waste material at our pre-developed sites is taken to our transfer stations and where possible, recycled at nearby waste handling facilities.

Wherever possible we source materials that contain recycled content. For example, the file covers we purchase are 100% recyclable and carbon neutral; our notebooks have accohide recycled covers made from 100% recycled polypropylene with the pages made from 100% recycled paper; and bubble wrap is 100% recycled, degradable and accredited in accordance with ISO9001/ISO14001.

Our planned office move has also provided more opportunities for us to reuse and recycle existing materials, such as recovering and 're-living' office chairs, and designing facilities that will ensure best practice energy, water and waste management.

How can we improve our performance?

There is room for improvement in the way we measure environmental performance. Many of our existing environmental indicators are detailed and project specific. We will retain these, but we need indicators that tell a story about environmental practices and that are meaningful to our organisation, our partners and the industry as a whole. We also need indicators that will address issues like the impacts of carbon trading, and focus on encouraging behavioural change and long-term environmental sustainability. We will consider these needs as we review our reporting framework in the coming year.

Another barrier is the higher upfront cost of energy efficient homes. Communicating the environmental benefits and the lower life-cycle costs of energy efficient housing choices is our challenge and we will look to more ways of sharing information and industry knowledge. For example, we will continue to promote our Eco-Living homes which were completed this year.

The challenge for us is to get the balance right between promoting sustainability outcomes and enabling affordable housing solutions.

Corporate sustainability

Corporate greenhouse gas emissions and reduced reliance on offsets to achieve carbon neutrality



Corporate emissions

27% electricity reduction, with **365 CO₂e tonnes** generated, compared with **503 CO₂e tonnes** last year. **168 CO₂e kg per employee**



Fleet emissions
24.7 CO₂e tonnes, a decrease of 41%



Waste and recycling
introduced central facilities and removed individual rubbish and recycling bins to increase staff awareness of reuse and recycling



Recycled content
All files and notebooks **100% recyclable** and carbon neutral

Our results *continued*

MATERIAL ISSUE 4

Exhibiting and facilitating industry leadership and innovation

Why is this important?

Landcom acts as a facilitator in the development industry and encourages innovation. Through our developments, our design guidelines and contractual arrangements, we have been able to influence and encourage sustainability and innovation in urban design.

How do we measure the value we create?

We measure our performance in this area through indicators that track:

- projects demonstrating leadership and innovation: these are projects that deliver on Landcom's three core values of sustainability, problem solving and relationships.
- construction contracts that include sustainability criteria
- the number of projects where the use of our guidelines influence urban outcomes.

Indicator: 100% (and number) of construction contracts tendered during the year that included selection criteria relating to sustainability innovation through materials, design and/or practices

Of the 34 construction contracts tendered, 76% included sustainability criteria. The figure reflects those contracts that had a sustainability focus or the ability to use sustainable features within a contract. This result is significantly better than last year's and reflects the inclusion of these criteria in the standard construction contract template.

PROJECTS DEMONSTRATING LEADERSHIP AND INNOVATION

WORKING WITH THE NOT-FOR-PROFIT SECTOR

In 2011, Euralla Community Services engaged Landcom to provide a 'group home' for people with disabilities. To ensure we designed a comfortable and liveable home, we worked closely with four intellectually and physically disabled people to understand their specific needs. It made practical sense to also apply our own Universal Housing guidelines which aim to provide flexibility in the home for people at different ages and abilities. Thanks to the success of this project, we are expanding our work with the not-for-profit sector and working with Link Housing and St George Community Housing on other projects.



EURALLA

EDUCATING ECO-DESIGN

A practical example of our role as an influencer of sustainable design is the opening of our Eco-Living display homes at The Ponds. This project, a partnership with Clarendon Homes, is a suite of three homes that showcase sustainability and energy efficient design and construction. To broaden community understanding, Landcom organised tours with school groups. The groups were given an explanation of the way in which the homes required less energy, used recycled materials and reflected best practice in sustainable design, including universal design features.



ECO LIVING VILLAGE

Our results *continued*

Indicator: 100% (and number) of construction contracts let during the year that included selection criteria relating to sustainability innovation through materials, design and/or practices

Of the 34 construction contracts let, 50% included sustainability criteria. This result is similar to last year's and shows we are still a long way from achieving our sustainable supply chain targets. Sharing results with project teams and our contractors and more clearly articulating targets in our tender documents and contracts are two ways we will seek to improve our performance in this area.

Indicator: 100% (and number) of projects where the 'Landcom guidelines' were or will be used to influence urban outcomes through project design guidelines

All of our 10 projects developing land only, used the Landcom Guidelines to develop their own design guidelines this year.

An example of how our Public Art Guidelines are being used is The Ponds Arts Strategy. Public art projects have been incorporated in key locations at The Ponds including at the entrance to the development, along the creek line, in neighbourhood parks, community spaces and in the parklands corridor. This strategy is supporting regional and emerging artists and will increase community involvement as the program evolves.

There is also evidence that our guidelines are being more widely adopted nationally and internationally. Landcom's Universal Housing Design Guide was used as a key resource by Livable Housing Australia, for the development of a national 'Livable Housing Design Guide'.

How can we improve our performance?

Currently our indicators focus on leadership and innovation and we may need to amend these indicators as we develop ways to package our abilities into products.

We are expecting a more significant role in facilitating urban renewal, including assisting with planning reforms to achieve the delivery of better urban outcomes.

PROJECTS DEMONSTRATING LEADERSHIP AND INNOVATION



BUNYA

BEYOND BASIX AT BUNYA

At Bunya, in partnership with The Minister for Planning, Landcom went beyond the BASIX requirements to achieve a 50% reduction in water and 65% reduction in energy consumption for the average home. Industry norms were exceeded by working closely with a builder panel able to implement savings at minimal cost. Cost savings were passed through to homeowners, because design features that result in less energy and water usage reduce the owners' living costs. As well, home buyers at Bunya were able to access the Housing Affordability Fund.

BILLBORED

Landcom worked with architectural design students from the University of Technology Sydney (UTS) to reinvigorate and challenge the conventional approach to billboard designs. We ran a design competition where students were asked to come up with fresh ideas around billboard designs for residential developments that better reflect Landcom's sustainability values. At the same time, entrants were asked to consider practical issues like buildability, illumination, construction cost and maintenance. We selected five winners and we are now working with UTS to explore opportunities to implement the designs.



AN EXAMPLE OF A STUDENT'S DESIGN FROM THE BILLBORED COMPETITION - KATHLEEN STEVENSON

Our results *continued*

MATERIAL ISSUE 5

Facilitating cross-government actions and outcomes

Why is this important?

As Landcom, we can help deliver and promote integrated decision-making. Our unique position helps us contribute to and shape the conversation between different government departments and the private sector. Used well, this can help align interests and close the gap between planning and delivery.

How do we measure the value we create?

We measure our performance in this area primarily through indicators that track how we identify and engage with our stakeholders.

Indicator: Description of basis for identification and selection of stakeholders with whom to engage over reporting period

We define stakeholders as individuals, groups or networks who can affect or are affected by Landcom. In 2010, we adopted a formal stakeholder consultation framework and are formalising a five-year strategy to articulate how, when and with whom we should engage. This year, we also asked a cross section of our staff to identify those stakeholders most relevant to our organisation. Refer to 'Our Stakeholders' section in this report for more detail.

Indicator: Description of approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group

We regularly update our stakeholders, address concerns, discuss development plans, and work with them towards shared objectives. Engagement ranges from 'structured engagement' to communication which helps them stay informed.

Of the active development projects sampled for this indicator, all stakeholders listed in the previous indicator were represented at events held monthly, or through written communication on an ongoing and 'as required' basis.

During the year, we held regular infrastructure coordination group meetings with the Department of Premier & Cabinet, Department of Planning & Infrastructure and Office of

Environment and Heritage. This helped us manage cross-agency issues affecting our 10,000 homesites program and other issues relevant to the wider development industry.

This year we also established an infrastructure team to better manage our relationships with key infrastructure stakeholders. We met regularly with service provider agencies like Sydney Water, Roads and Maritime Services, Endeavour Energy, Ausgrid and NBN Co, to remove blockages and introduce process improvements which have a whole of industry benefit. We also met selected industry representatives to improve processes, review technical standards and coordinate constructive responses.

We also provided a coordinated corporate approach to managing policy issues with industry, government departments and service provider agencies. For example we:

- participated in the Department of Planning & Infrastructure's Transport and Infrastructure Technical Working Group
- reviewed Transport for NSW's Long Term Transport Masterplan Discussion Paper and provided a written submission
- reviewed and provided submissions on changes to technical standards implemented by Sydney Water and Endeavour Energy
- participated in the Urban Development Institute of Australia committees for Land Release &

Housing and Infrastructure Investment & Taxation and we were represented on the NSW Sustainability Policy Advisory Group.

How can we improve our performance?

Currently we are engaged in a number of research projects. We are working with Land Property Information and the University of NSW on applied imagery to investigate the application of change detection software to satellite and aerial imagery on development projects. With the University of NSW's School of Built Environment, we are working on a digitally enabled community spaces project. We are also developing a digital communities strategy aimed at leveraging the opportunities of NBN enabled development precincts. This aims to improve social sustainability via developing and promoting digitally enabled community spaces, telework centres, smart work centres and digital community hubs. The initiative is taking a leading role in the delivery of a pilot project and draws together industry experts, the IT industry and government agencies.



LANDCOM'S DESIGN GUIDELINES

MATERIAL ISSUE 6

Fostering a flexible and adaptive organisational culture that maintains our relevance

Why is this important?

To support government direction and ensure we can implement what is required of us, it is vital that we build the capacity of our people. Their ability to adapt to a constantly changing external environment is crucial to our success. As such, we foster a culture that is flexible, adaptive and relevant.

How do we measure the value we create?

We measure our performance in this area through indicators that track the outcomes of our human resources strategy in areas of culture, leadership, skills development and training.

Indicator: Outcomes from the Human Resources Strategy and its objectives

Landcom's Human Resources Strategy is aligned to our corporate objective of 'further promoting the principles of accountability, leadership and people management in Landcom'. The Strategy took three strands this year, as follows:

- 1. Embedding our core values**
In 2011-2012, the focus was to continue embedding our core values. To this end, we revised our induction process. We launched the new induction process to all line managers, first by providing them with a toolkit which outlined the process to be followed for new employees in the first month of employment. We also continued to roll out our Values in Action stories, promoting the achievements of our people and projects.
- 2. Developing leadership and people management skills**
In August 2011, our managers completed a High Performance Leadership Program designed to address skills gaps in leadership and communication. Throughout the year, managers were provided opportunities to enhance their skills through competency framework training. Our competency

framework for development articulates the skills, behaviours and competencies required at each level of an employee's progression. Also, 13 staff completed a post graduate certificate in management, developed in conjunction with Macquarie Graduate School of Management.

- 3. Competency training for staff**
In addition, we continued our Training and Development program, building skills across key competencies required for the success of the business.

Indicator: Assessment of overall employee satisfaction expressed by Landcom staff.

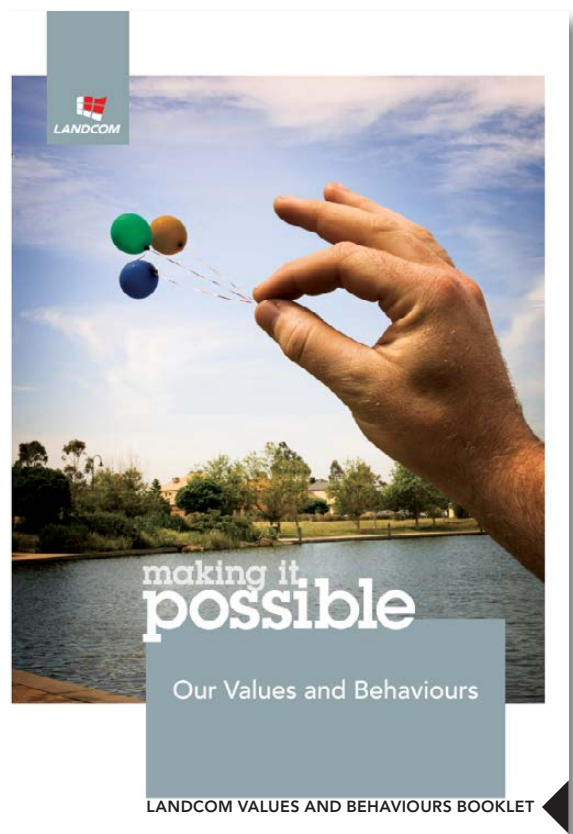
This indicator is reported every second year, following the Human Resources staff survey.

We have delayed conducting our employee opinion survey pending the amalgamation of Landcom and the Sydney Metropolitan Development Authority.

How can we improve our performance?

With the pending merger of Landcom and the Sydney Metropolitan Development Authority we will need to review our people and culture indicators to reflect the transition to a new entity, our new mandates and potential skills gaps created by a change of focus.

The transition is in its early planning phase. We will respond on this material in more detail in next year's report.



Our results *continued*

MATERIAL ISSUE 7

Generating and leveraging opportunities and outcomes for the private sector and others

Why is this important?

Landcom has an important role to play in developing relationships and finding new ways to undertake partnerships. We've adopted a consensus approach to relationship building and this remains our preferred method.

Our goal is to create opportunities for others by removing blockages and solving problems. We use a series of indicators that highlight whether we have done this through our value chain, through financial governance, or through our partnership approach.

How do we measure the value we create?

We measure our performance in this area through indicators that track:

- the economic output and jobs created from our activities
- whether builders' designs are incorporated our design guidelines
- whether our development partnerships included sustainability requirements
- whether public space design contracts included requirements for sustainable materials, design and practices.

Indicator: Total economic output generated from Landcom's activities

\$782,166,480

Indicator: Total number of jobs generated through Landcom's activities

Job creation and economic output are generated within the development and associated industries as a product of Landcom's activities. Accordingly, the following multiplier formulas are used to calculate employment and economic output generated as a function of Landcom's capital investment: the Australian Bureau of Statistics summarises the multipliers for output and employment in the construction industry. They show that for every \$1 million spent on construction output (houses, non-residential buildings and other construction) in 1996-1997, a possible \$2.9 million in output would be generated in the economy as a whole, giving rise to nine jobs in the construction industry (the initial employment effect) and 37 jobs in the economy as a whole from all effects.

The number of jobs generated within the development and associated industries as a product of Landcom's activities is 9,979 in 2011-2012.

Indicator: 100% of lots delivered where the builders' designs have or will be influenced by Landcom through design guidelines

100% (or 940) lots within precincts that completed civil works this year have project design guidelines associated within these precincts.

Indicator: Number and description of development partnerships Landcom entered into over the previous 12 months that included sustainability requirements

We finalised the purchase of the Ingleburn Army Camp from the Commonwealth Government in September 2011. In acquiring the site and opening the way for the development of 3,000 new homes, we undertook to deliver on a number of sustainability initiatives. These include affordable housing, housing for seniors, and incorporating extensive conservation lands and heritage preservation.

Indicator: 100% (and number) of public space design contracts let during the period that include sustainable materials, design and practices requirements

This year we let 19 public space design contracts of which nine (47%) tenderers included sustainability criteria. This result is less than last

year which is disappointing, as the inclusion of sustainability criteria became a component of the standard design contract template during this reporting period. We recognise that if sustainability features are not identified in the design phase, then having sustainability implemented as the development and construction progresses, is very difficult. A way to address this result will be to refine our design briefs so that more targeted sustainability elements are identified in our public space design contracts. We will continue to analyse our internal processes, such as through our design briefs, to identify more sustainability opportunities within our supply chain.

How can we improve our performance?

As part of our focus on a sustainable supply chain, in 2011-2012 Landcom participated in the NSW Social Procurement Action Group. To facilitate greater social procurement, representatives from across all levels of government worked together to develop a Social Procurement Guide. The guide will assist public sector organisations interested in promoting procurement practices that deliver wider social benefit. It has been launched through the Social Enterprises Sydney website.

We will continue to share our design guidelines knowledge and experience to assist further development in the NSW Housing Code, so these practices become industry standards.



AN EXAMPLE OF SUSTAINABLE PRACTICES AT VICTORIA PARK

MATERIAL ISSUE 8

Maintaining a profitable and quality business

Why is this important?

Meeting our financial targets is critical to our success and viability. In future, as UrbanGrowth NSW, we may need to redefine the way in which we measure our success.

What won't change is our focus on maintaining the quality of our business. The nature of our business means that we employ a wide range of contractors. To ensure they produce work of the quality that meets our standards, we have put in place prequalification criteria that contractors must fulfill to gain employment with us. This has also involved educating our own people to ensure they, wherever possible, draw on our list of prequalified contractors.

How do we measure the value we create?

We measure our performance in this area through indicators that track our revenues, contribution to government and the number of prequalified contractors we employ.

Indicator: Earnings before interest and tax (EBIT)

\$78,082,064

Indicator: Number of project managers, civil works, and landscaping providers prequalified by Landcom

There were 48 prequalified contractors on Landcom's approved list for project management, civil works and landscaping during the year. This figure compares with 62 last year and 59 in the previous year. This year's reduction is largely due to the fact that the project management panel was renewed last year, resulting in a reduction in the total number of firms appointed to the new panel. The civil works and landscaping panels remained unchanged.

Of the contracts let relating to project management, civil works, and landscaping, 89% were awarded to contractors on our prequalified list.

Indicator: Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items

\$398,086,180

Indicator: Dividend and tax equivalent returned to NSW government

\$54,795,900

How can we improve our performance?

Landcom's Business Improvement Program aims to drive continual progress. It does this by identifying what we can do to improve our performance, and is based on feedback from the people and organisations with which we do business. The program is reviewed quarterly by management.

Actions which the program has identified for next year include initiatives to improve our relationships with pre-qualified contractors, consultants, project managers and builders; providing better access to, and transfer of, information within and outside the business; and streamlining our reporting systems.



Our results *continued*

Five-year performance summary

How our results are determined

The following tables list all of Landcom's sustainability performance indicators and their results for the previous five financial years. This includes both our corporate activities and our development projects.

The influence we have on our projects depends on the type of project, how it's delivered and our level of involvement. For reporting purposes, we categorise our projects into those that deliver 'land' and those that deliver 'built form'.

Projects that deliver land

These are projects where we subdivide land and sell it directly to the public. While we have no direct, or only limited, control of the building construction, we can influence design and sustainability initiatives through our design guidelines or through the development approval process.

Projects that deliver built form

For some projects, we subdivide land and retain an involvement throughout part, or all, of the building process.

We exercise control over the built form either through joint ventures, project delivery agreements or other builder partnering arrangements. This allows us to promote sustainability and urban design objectives directly.

The sustainability data we collect is based on each project reaching a specific milestone. The 19 projects in this year's report are those that achieved these milestones between 1 July 2011 and 30 June 2012. The milestones and the reporting indicators relevant to each are set out in the next table.

Milestone	What needs to be achieved	Indicator category	Indicator descriptor
Milestone 1 (M1) Masterplan completion	Completion of Concept Plan, Development Control Plans or masterplan	Biodiversity and native vegetation management Riparian corridor management Social sustainability due diligence Strategic social planning Indigenous and non-Indigenous heritage Demonstration projects Sustainable supply chain	Native vegetation management Riparian corridor management Social sustainability due diligence Strategic social planning Conservation of Indigenous heritage Conservation of non-Indigenous heritage Demonstration projects Project sustainable supply chain
Milestone 2 (M2) Completion of precinct civil works	Completion of civil works	Urban water cycle management Waste Influencing design Moderate income housing Relative affordability Community facilities Regulatory compliance Demonstration projects Sustainable supply chain	Urban water cycle management Water quality Waterway protection Waste civil works Influencing design Moderate income housing Relative affordability Community facilities Civil works regulatory compliance Demonstration projects Sustainable supply chain
Milestone 3 (M3) Built form commencement	Commencement of built form where Landcom is partnering with a builder or other developer	Urban water cycle management Waste Energy and greenhouse gas emissions Moderate income housing Relative affordability Ageing in place Regulatory compliance Demonstration projects Sustainable supply chain	Water conservation Waste builders Energy efficiency Sustainable or renewable energy supply Moderate income housing Relative affordability Ageing in place Builder regulatory compliance Demonstration projects Sustainable supply chain
Milestone 4 (M4) Sustainable community programs	Completed projects where we still have community programs in place	Sustainable community programs Community sponsorship Demonstration projects	Sustainable community programs Community sponsorship Demonstration projects

Five-year performance summary table

How to read the results

The results within this report are generally recorded in whole numbers. However, there are circumstances where the sensitivity of a result and our need to be accountable calls for greater accuracy. While this may result in minor inconsistencies in the way our results are presented, our overall aim is to be transparent and to help readers understand and interpret our performance.

The exceptions to reporting in whole numbers are:

- Results expressed as a percentage are provided in whole numbers, with results rounded up or down to the nearest whole number. Exceptions to this are

where any indicator results have targets that are themselves expressed to one decimal point (e.g. our 7.5% moderate income housing target).

- Results that reflect units of measurement are recorded to one decimal place where the unit of measurement is large (e.g. tonnes, hectares). Results against smaller units of measurement (e.g. metres) are expressed in whole numbers only, with results rounded up or down to the nearest whole number.
- Financial results are generally provided to two decimal places. This conforms to standard accounting practices.
- A zero result indicates no project or corporate activity achieved a result

above zero for this indicator. This generally applies where indicators are based on a 'Yes/No' response.

- A non-applicable result (e.g. No result, No apartments, N/A) indicates that no project or corporate activity met the criteria to respond to this indicator.
- Indicators and results presented in italics relate to 'first generation' sustainability performance indicators, and are shown alongside our current indicators to allow, where possible, comparisons in performance over time.

An explanation of some words and terms used in this report are included in the glossary.

ENVIRONMENTAL SUSTAINABILITY - URBAN WATER CYCLE MANAGEMENT

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Urban water cycle management	Percentage of projects with specific Water Sensitive Urban Design (WSUD) strategies, ensuring that these strategies are appropriate to the size and location of the project	100%	100%	100%	100%	100%	89%	100%
Water quality	Percentage reduction in the mean annual load of total nitrogen	45%	48%	46%	47%	45%	45%	45%
	Percentage reduction in the mean annual load of total phosphorus	65%	69%	72%	71%	45%	56%	62%
	Percentage reduction in the mean annual load of total suspended solids	85%	86%	90%	85%	80%	80%	83%
Waterway protection	Stream Erosion Index (SEI) of 2.0	100%	50%	66%	No result		No data – indicator introduced in 2009-2010	
	<i>Projects where post development storm discharge equals pre-development storm levels for the 1.5 year ARI</i>	N/A	N/A	N/A	N/A	100%	100%	100%
Water conservation	Percentage reduction in potable water consumption compared to the base case (single and attached dwellings not serviced by reticulated recycled water)	45%	47%	43%	41%		No data – indicator introduced in 2009-2010	
	Percentage reduction in potable water consumption compared to the base case (single and attached dwellings serviced by reticulated recycled water)	60%	51%	50%	48%		No data – indicator introduced in 2009-2010	
	Percentage reduction in potable water consumption compared to the base case (apartments not serviced by reticulated recycled water)	45%	No apartments	No apartments	No apartments		No data – indicator introduced in 2009-2010	
	Percentage reduction in potable water consumption compared to the base case (apartments serviced by reticulated recycled water)	55%	No apartments	No apartments	No apartments		No data – indicator introduced in 2009-2010	
	<i>Reduction in water consumption (average BASIX score)</i>	N/A	N/A	N/A	N/A	40%	46%	49%
	Percentage of public open space irrigation system supplied by a non-potable water source	100%	100%	75%	100%		No data – indicator introduced in 2009-2010	
	Percentage of commercial buildings designed and constructed to achieve a 5 star or greater rating under the NABERS Water scheme	100%	No commercial buildings	No result	One commercial building constructed. Refer to the 2010-2011 Sustainability Report.		No data – indicator introduced in 2009-2010	

Our results *continued*

ENVIRONMENTAL SUSTAINABILITY - ENERGY AND GREENHOUSE GAS EMISSIONS

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Energy efficiency	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for detached and attached dwellings	50%	55%	48%	45%		No data – indicator introduced in 2009-2010	
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for three-storey apartments	40%	No apartments	No apartments	No apartments		No data – indicator introduced in 2009-2010	
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for four and five-storey apartments	35%	No apartments	No apartments	No apartments		No data – indicator introduced in 2009-2010	
	Percentage reduction in operational greenhouse gas emissions from dwellings built by Landcom compared with NSW average emissions (the base case as defined by BASIX) for six or more storey apartments	30%	No apartments	No apartments	No apartments		No data – indicator introduced in 2009-2010	
	<i>Reduction in greenhouse gas emissions</i>	N/A	N/A	N/A	N/A	40%	17%	20%
	Percentage of dwellings that achieve a 6 star or greater thermal efficiency rating (measured using NatHERS or a similar rating tool)	100%	49%	19%	20%		No data – indicator introduced in 2009-2010	
	Percentage of dwellings that achieve a 4.5 star NatHERS score	N/A	N/A	N/A	N/A	100%	91%	74%
	Percentage of commercial buildings designed and constructed to achieve a 5 star or greater rating under the NABERS Energy scheme	100%	No commercial buildings	No result	One commercial building constructed, Refer to the 2010-2011 Sustainability Report.		No data – indicator introduced in 2009-2010	
	Percentage of commercial buildings to achieve a 4.5 star or greater under the Australian Building Greenhouse Rating	N/A	N/A	N/A	N/A	100%	N/A	100% (1 out of 1)
Sustainable or renewable energy supply	Percentage of dwellings built by Landcom to be fitted with solar hot water systems capable of achieving a minimum of 30 Small-scale Technology Certificates (STCs) or 19 STCs for dwellings of two or fewer bedrooms	100%	9%	18%	11%		No data – indicator introduced in 2009-2010	
	Percentage of dwellings to be fitted with gas boosted solar hot water systems to meet at least 60% of energy requirements for the year	N/A	N/A	N/A	N/A	100%	41% (93 out of 227)	47% (224 out of 477)
	Percentage of projects greater than 500 dwellings to achieve more than 50% reduction of greenhouse gas emissions compared with NSW average greenhouse gas emissions (with strategy or equivalent to be developed at masterplan approval stage)	100%	0%	Indicator in testing phase	Methodology under development		No data – indicator introduced in 2009-2010	
	Percentage of projects with over 500 dwellings to achieve more than 40% reduction of greenhouse gas emissions compared with base case (and including a percentage of renewable energy generation)	N/A	N/A	N/A	N/A	100%	N/A (Note 1)	N/A (Note 1)
	Percentage of projects greater than 500 dwellings to include a minimum of 5% renewable energy supply, either onsite or offsite (with strategy or equivalent to be developed at masterplan approval stage)	100%	0%	Indicator in testing phase	Methodology under development		No data – indicator introduced in 2009-2010	
	Percentage of projects with over 500 dwellings that include a component of renewable energy generation either onsite or offsite	N/A	N/A	N/A	N/A	100%	N/A (Note 1)	N/A (Note 1)

Note 1: Renewable energy output for masterplanned projects completed this year was not determined at the time of reporting.

ENVIRONMENTAL SUSTAINABILITY - BIODIVERSITY AND VEGETATION MANAGEMENT

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Native vegetation management	Loss of 'High Conservation Significance' Endangered Ecological Communities	No loss	34.3ha recorded, 5.8ha cleared	None recorded	7.8ha recorded, 0.2ha cleared	No loss	2.8ha cleared, 10.1ha conserved	Nil cleared 4.7ha conserved
	Loss of 'Moderate Conservation Significance' Endangered Ecological Communities	No target	2.0ha recorded, none cleared	None recorded	1.5ha recorded, 0.7ha cleared	No target	1.9ha cleared, 3.8ha conserved	5.7ha cleared, Nil conserved
	Loss of 'Low Conservation Significance' Endangered Ecological Communities	No target	9.6ha recorded, 9.1ha cleared	0.6ha recorded, 0.6ha cleared	4.2ha recorded, 4.2ha cleared	No target	1.7ha cleared, 2.8ha conserved	13.9ha cleared, 13.8ha conserved
	Area of Endangered Ecological Communities replanted (including Endangered Ecological Communities/threatened species/remnant vegetation)	No target	35.8ha replanted	0ha	8.7ha		No data – indicator introduced in 2009-2010	
	Area of Endangered Ecological Communities replanted	N/A	N/A	N/A	N/A	No target	17.4ha	10.3ha
	Area zoned for environmental protection or conservation	No target	2.2ha	0ha	6.3ha	No target	8.0ha	8.8ha
	Percentage of projects where Endangered Ecological Communities or threatened species found are to have an appropriate Vegetation Management Plan (VMP)	100%	100%	To be included in Council VMP	100%	100%	100%	100%
	Loss of native vegetation as potential habitat for threatened species	No target	23.0ha recorded, 2.7ha cleared	No measurable loss	10.0ha replanted, 7.0ha cleared, net gain 3.0ha	No target	14.1ha cleared 16.7ha conserved	19.6ha cleared, 18.1ha conserved
	Areas of vegetation communities (Endangered Ecological Communities, threatened species or remnant vegetation) receiving onsite conservation in perpetuity	No target	0ha	0ha	6.3ha		No data – indicator introduced in 2009-2010	
	Areas of vegetation communities (Endangered Ecological Communities, threatened species or remnant vegetation) receiving offsite conservation in perpetuity	No target	53.5ha dedicated as reserve	0ha	None recorded		No data – indicator introduced in 2009-2010	
Value of conservation contribution (including biobanking offset onsite and offsite and works associated with VMP)	No target	\$17,799,371	\$0	\$903,340		No data – indicator introduced in 2009-2010		

Our results *continued*

ENVIRONMENTAL SUSTAINABILITY - RIPARIAN CORRIDOR MANAGEMENT

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Riparian corridor management	Loss of riparian corridors for third order streams	No loss	3,901m recorded, 1,062m removed	No third order streams	325m loss, 746m gain		No data – indicator introduced in 2009-2010	
	<i>Loss of riparian corridors for Category 1 – high significance streams</i>	N/A	N/A	N/A	N/A	No loss	No Category 1 recorded	Nil
	Conservation of 20-40m core riparian zone, and 10m vegetated buffer for any third order or greater watercourses and where there is a defined channel where water flows intermittently or permanently; this includes estuaries, wetlands and any parts of rivers influenced by tidal waters	100%	100%	No third order streams	100%		No data – indicator introduced in 2009-2010	
	<i>Greater than 40m of riparian corridor from top of bank for Category 1 – high significance streams</i>	N/A	N/A	N/A	N/A	100%	No Category 1 recorded	N/A
	Conservation of 20m core riparian zone and 10m vegetated buffer for any permanently flowing first order watercourse, and/or second order watercourse; and where there is a defined channel where water flows intermittently or permanently	100%	84% conserved (3,439m recorded, 556m removed)	100%	None recorded		No data – indicator introduced in 2009-2010	
	<i>20-30m of riparian corridor from top of bank for Category 2 – moderate significance streams</i>	N/A	N/A	N/A	N/A	100%	No Category 2 recorded	N/A
	Length of in-stream breaks resulting from Landcom's design for third order streams	No breaks	No breaks	None recorded	None recorded		No data – indicator introduced in 2009-2010	
	<i>Length of in-stream breaks resulting from Landcom's design for Category 1 – high significance streams</i>	N/A	N/A	N/A	N/A	No breaks	No Category 1 recorded	0 m
	Length of in-stream breaks resulting from Landcom's design for second order streams	No target	No breaks	None recorded	None recorded		No data – indicator introduced in 2009-2010	
	<i>Length of in-stream breaks resulting from Landcom's design for Category 2 – moderate significance streams</i>	N/A	N/A	N/A	N/A	No target	No Category 2 recorded	N/A
	Length of in-stream breaks resulting from Landcom's design for first order streams	No target	No breaks	494m infilled for development	Four first order watercourses infilled for development		No data – indicator introduced in 2009-2010	
	<i>Length of in-stream breaks resulting from Landcom's design for Category 3 – low significance streams</i>	N/A	N/A	N/A	N/A	No target	Nil	Nil
	Conservation of 10m for any first order watercourse where there is a defined channel and where water flows intermittently	100%	85% conserved (1,493m recorded, 230m removed)	100%	None recorded		No data – indicator introduced in 2009-2010	
	<i>5-10m setback from top of bank for Category 3 – low significance streams</i>	N/A	N/A	N/A	N/A	100%	100%	100%
	Appropriate Riparian Corridor Management Plans developed for all Landcom projects where riparian land exists	100%	100%	100%	100%	100%	100%	100%
	Area of riparian land in environment protection zoning	No target	2.23ha	2.9ha	6.3ha		No data – indicator introduced in 2009-2010	
<i>Area to be zoned for environmental conservation</i>	N/A	N/A	N/A	N/A	No target	Nil	8.8ha	
Ramsar wetlands or other significant or listed water bodies affected by Landcom's activities	No target	No Ramsar wetlands recorded	No Ramsar wetlands recorded	No Ramsar wetlands recorded	No Ramsar wetlands recorded	No target	1	1

ENVIRONMENTAL SUSTAINABILITY - WASTE

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Civil works project waste	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from civil works completed in the reporting year (Note 1)	95%	98%	93%	94%	95%	99%	100%
Builder project waste	Percentage of recovery (reuse and recycle) of total construction and demolition waste materials generated from building construction projects delivered in the reporting year (Note 1)	95%	76%	70%	No result	76%	No data	No data

Note 1: Recycled and reused waste data is estimated by our contractors.

ENVIRONMENTAL SUSTAINABILITY - INFLUENCING DESIGN

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Influencing design	Number of projects where Landcom influences the builders' product by specifying design criteria	No target	10 of 10 projects	10 of 10 projects	9 of 9 projects	No target	6 out of 6 projects	8 out of 8 projects
	Percentage of lots delivered where the builders' designs have or will be influenced by Landcom through design guidelines	No target	100%	100%	100%	No target	100%	94%
	Percentage (and number) of projects where 'The Landcom Guidelines' were or will be used to influence urban design through project design guidelines	100%	100% (10 of 10 projects)	60% (6 of 10 projects)	56% (5 of 9 projects)		No data – indicator introduced in 2009-2010	
	Percentage of lots delivered that had sustainable design criteria in design guidelines, comprising two out of four of the following sustainability criteria: (a) solar orientation and passive solar design (b) energy efficient design (i.e. 6 star thermal performance) (c) water conservation measures (i.e. 4 star rated fittings and fixtures) (d) household recycling facilities	100%	82%	100%	93%		No data – indicator introduced in 2009-2010. Previously, the indicator was defined as: Percentage of lots delivered that had sustainable design criteria in design guidelines, comprising two out of four of the following sustainability criteria: – solar orientation and passive solar design – energy efficient design (i.e. 4.5 star NatHERS (Nationwide House Energy Rating Scheme) – water conservation measures (i.e. AAA-rated shower roses, 3/6-litre flush toilets) – waste minimisation and ongoing recycling facilities. This was then superseded by BASIX, so data collection was no longer required.	

ENVIRONMENTAL SUSTAINABILITY - DEMONSTRATION PROJECTS

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Demonstration projects	Description of environmental leadership and innovation across the organisation (including development, policy, and corporate initiatives)	No target	Refer to Material Issue 4 within the Sustainability Report	The Ponds, Bunya	Refer to Demonstration projects section		No data – indicator introduced in 2009-2010	

Our results *continued*

ENVIRONMENTAL SUSTAINABILITY - ENVIRONMENTAL PERFORMANCE IN OUR OFFICE OPERATIONS

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Water conservation	Reduce potable water consumption by 15% by 2010-2011	Baseline to be determined	No result	No result	N/A		No data – indicator introduced in 2009-2010	
Energy conservation	Corporate fleet environmental performance score of 13.5/20 for passenger vehicles and 9.0/20 for light commercial vehicles	13.5 and 9	14.4 (passenger vehicles) 8.5 (light commercial vehicles)	14.2 and 8.5	14.2	12	13	13
	Carbon neutral operations for each office	100% of greenhouse gas emissions offset	Carbon neutral strategy under review	Position being finalised	Baseline to be determined		No data – indicator introduced in 2009-2010	
	Reduce greenhouse gas emissions from fleet by 20% based on 2004-2005 emissions (CO ₂ e tonnes)	< 42	24.7 CO ₂ e tonnes (41% reduction from 2004-2005 emissions)	28.4	29.2		No data – indicator introduced in 2009-2010	
	Greenhouse gas emissions generated through vehicle fleet	N/A	N/A	N/A	N/A	No target	43 tCO ₂ e	42 tCO ₂ e
	Reduce reliance on offsets to achieve carbon neutrality	No target	27% offset reduction, carbon neutrality strategy under review	Position being finalised. A fuel reduction did result since the previous reporting period.	Baseline to be determined		No data – indicator introduced in 2009-2010	
	Purchase 100% GreenPower for office use	Units of 100% GreenPower purchased	100% GreenPower purchased	100% GreenPower purchased for office use	100%	No target	100%	100%
	Reduce corporate greenhouse gas emissions by 1% annually based on the previous year's greenhouse gas emission generation	1% less energy consumption than previous year	27% greenhouse gas emission reduction from 2010-2011, and 168 CO ₂ e kg per employee generated (Scope 1/3 only)	1% reduction achieved – 212 CO ₂ e kg per employee generated	214 CO ₂ e kg per employee generated		No data – indicator introduced in 2009-2010	
	Greenhouse gas emissions generated from electricity consumption	N/A	N/A	N/A	N/A	No target	465 tCO ₂ e	434 tCO ₂ e
Waste	A4/A3 paper purchased with recycled content	100%	99% of paper purchased contained 100% recycled content	98% of office paper contained 100% recycled content (3,516 of 3,571 reams), 54% of marketing materials contained 100% recycled content	99% or 4,396 of 4,441 A4 equivalent reams		No data – indicator introduced in 2009-2010	
	Paper purchased with recycled content (measured in reams of 500 sheets)	N/A	N/A	N/A	N/A	85% of paper purchased contains recycled content	A4 – 2,910 reams, A3 – 148 reams	A4 – 3,105 reams, A3 – 96 reams

ENVIRONMENTAL SUSTAINABILITY - ENVIRONMENTAL PERFORMANCE IN OUR OFFICE OPERATIONS | *continued*

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Waste <i>continued</i>	Used toner cartridges recycled	No target	200 toner cartridges were purchased, 100% recycled	162	198 of 198 cartridges recycled (100%)		No data – indicator introduced in 2009-2010. Landcom has intermittently reported this in previous years.	
	Volume of co-mingled recycling	No target	0.4 tonnes	0.3t	0.4t	No target	0.4t	0.4t
	Percentage (and number) of retired computers and monitors reused or recycled	100%	100% of recyclable IT equipment was recycled	100% – 61 computer and 49 monitors	100% – 20 computers and monitors recycled	No target	23 monitors sent to landfill	20 CPUs and 38 monitors reused, 11 monitors sent to landfill
	Volume of paper and cardboard recycled	No target	17.0 tonnes recycled	16.9t	12.5t	No target	7.9t	4.1t
Sustainable supply chain	Number and percentage of new contracts relating to corporate activities that include sustainable innovation in the contract	No target	No result, no applicable corporate contracts let in 2011-2012	No result	0 of 2 contracts (0%)		No data – indicator introduced in 2009-2010	
	Percentage of 4.5 star NABERS rated buildings used as Landcom's head office and regional offices	100%	0%, Landcom is relocating in the 2012-2013 FY and will report this indicator in the 2013 Sustainability Report. The Newcastle office has a NABERS Energy rating of 4.5 stars.	No result; Landcom's current office was re-leased in 2010-2011; it does not have a current NABERS rating	No ratings undertaken		No data – indicator introduced in 2009-2010	
	Other products purchased containing recycled content or contributing to improved sustainability outcome	No target	Refer to material issue 3 within the Sustainability Report	33.1 tonnes of green waste recycled at predeveloped sites	Landcom purchased new record files that were carbon neutral and made from 100% recycled material 929 A4 equivalent reams of materials produced were printed on paper with recycled content		No data – indicator introduced in 2009-2010	
	Percentage of minimum 5 star MEPS and WELS appliances purchased	100%	0%, one freezer was purchased that did not meet the required rating	N/A	1 x 4 star dishwasher		No data – indicator introduced in 2009-2010	

Our results *continued*

SOCIAL SUSTAINABILITY - DEVELOPMENT PROJECTS

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Social sustainability due diligence	Percentage of new projects that have social sustainability due diligence completed prior to masterplan approval	100%	100%	100%	100%		No data – indicator introduced in 2009-2010	
Strategic social plan	Percentage of new projects that have a strategic social plan completed prior to masterplan approval	100%	100%	100%	100%		No data – indicator introduced in 2009-2010	
Ageing in place	All residential display villages to contain at least one universal house	100%	No result	100%	No result		No data – indicator introduced in 2009-2010	
Moderate income housing	Percentage of total yield that is sold for the purposes of providing moderate income housing	7.5%	7.6%	7.9%	11.9%	7.5%	0.7%	2.0%
Relative affordability	Percentage of new Landcom housing sold at or below the average sales price for new housing in a defined local geography	No target	Refer to Material Issue 2 and associated infographic within the Sustainability Report	Refer to Social Sustainability section	Refer to Social Sustainability section		No data – indicator introduced in 2009-2010	
Community facilities	Primary schools	No target	0	1	2	No target	Nil	2
	High schools	No target	0	0	1			
	Passive open space	No target	8.1ha	42.1ha	26.6ha	No target	10.9ha	16.3ha
	Active open space	No target	1.0ha	2.0ha	6.7ha	No target	3.4ha	Nil
	Recreation centres and court areas	No target	0	1	0		No data – indicator introduced in 2009-2010	
	Community centres	No target	0	1	0	No target	9	3
	Children's playgrounds	No target	4	5	5	No target	4	7
	Financial value allocated to community facilities provided (Note 1)	No target	\$3,348,248	\$10,587,949	\$9,583,000		No data – indicator introduced in 2009-2010	
Sustainable communities	Percentage of projects over 200 lots with community development programs (including Welcome Program)	100%	90%	69%	93%		No data – indicator introduced in 2009-2010	
	<i>Percentage of projects with more than 200 home sites that have a Welcome Program provided</i>	N/A	N/A	N/A	N/A	100%	61%	51%
	Percentage of projects with a structured sustainable living education program in place	100%	70%	62%	73%	100%	40%	27%
	Financial value of community programs (including, for example, Welcome Program, Walking School Bus and education programs)	No target	\$603,785	\$700,810	\$683,980		No data – indicator introduced in 2009-2010	

Note 1: This is expenditure that is committed but may not have yet been spent.

SOCIAL SUSTAINABILITY - DEVELOPMENT PROJECTS | *continued*

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Community sponsorship	Financial value of community support and sponsorship	No target	\$107,845	\$138,500	\$79,164		No data – indicator introduced in 2009-2010	
Conservation of Indigenous heritage	Percentage of projects with significant Indigenous heritage issues that have a Heritage Conservation Management Plan developed	100%	100%	100%	100%	100%	100%	N/A
Conservation of non-Indigenous heritage	Percentage of projects with non-Indigenous heritage listed items and places that have a Heritage Conservation Management Plan prepared	100%	100%	100%	No result	100%	100%	N/A

SOCIAL SUSTAINABILITY - DEMONSTRATION PROJECTS

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Demonstration projects	Description of leadership and innovation across the organisation (including development, policy, and corporate initiatives)	No target	Refer to Material Issue 4 within the Sustainability Report	Minto, Rouse Hill, The Ponds	Refer to demonstration projects section		No data – indicator introduced in 2009-2010	

SOCIAL SUSTAINABILITY - SOCIAL SUSTAINABILITY IN OUR ORGANISATION

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008	
Social sustainability	Aboriginal and Torres Strait Islander employment opportunity	No target	For the period 20 June 2011 to 22 December 2011, Landcom employed an Aboriginal Cadet on a part-time basis	2	1	No target	Refer to previous years' reports		
	Outcomes from the Human Resources strategy and its objectives	No target	Refer to material issue 6 within the Sustainability Report	Refer to Social Sustainability in our organisation section	Refer to Social Sustainability section	No target	Refer to previous years' reports		
	External training delivered to Landcom staff	No target	39 training events delivered to 62 Landcom staff	34 training events	47		No data – indicator introduced in 2009-2010		
	Training delivered by Landcom (to both internal and external audiences)	No target	14 training events delivered to 326 attendees	9 training events					
	Assessment of overall employee satisfaction expressed by Landcom staff, following the HR staff survey. This indicator includes the sub-indicator 'Staff perspective on Landcom sustainability initiatives'.	No target	Refer to material issue 6 within the Sustainability Report	No result	Refer to Social sustainability in our organisation section	72%	No target	N/A	82%
	Sustainability stakeholder relationship management – description of basis for selection of stakeholders, approaches of engagement and key topics and concerns	No target	Refer to material issue 5 within the Sustainability Report	Refer to Stakeholder engagement section	11 stakeholder groups represented	Positive		No data – indicator introduced in 2009-2010	

Our results *continued*

ECONOMIC SUSTAINABILITY – CORPORATE PERFORMANCE

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Profitability	Total revenue received from sale of land, profit from joint ventures, project management services and miscellaneous items	No target	\$398,086,180	\$402,851,205	\$384,526,000	No target	\$278,665,000	\$349,572,000
	Sales margin: calculated as sales revenue on land sales less total cost of developing that land divided by sales revenue	No target	31.68%	34.22%	24.39%	No target	32.76%	28.50%
	Return on sales: calculated as Landcom's net operating profit after tax divided by total revenue from the sale of land	No target	12.27%	13.49%	8.12%	No target	11.97%	10.04%
	Earnings before interest and tax (EBIT)	No target	\$78,082,064	\$82,800,726	\$53,096,000	No target	\$51,617,000	\$59,530,000
	Return on equity: calculated as earnings after tax divided by total shareholder equity	No target	13.92%	15.85%	9.61%	No target	9.59%	9.75%
	Return on total operating assets: calculated as profit after taxes divided by total operating assets	No target	6.09%	7.06%	4.51%	No target	4.80%	4.97%
Financing capacity	Debt to equity ratio: measure of the amount of debt funding (net) as percentage of equity used as at the end of the financial year	No target	20.67%	12.87%	0.00%	No target	0.00%	0.20%
Returns to government	Dividend and tax equivalent returned to NSW government	No target	\$54,795,900	\$59,623,709	\$64,419,000	No target	\$58,241,000	\$51,137,000
Job creation	Total number of jobs generated through Landcom's activities	No target	9,979	10,209	9,762	No target	6,463	6,858
Economic output	Total economic output generated from Landcom's activities	No target	\$782,166,480	\$800,202,491	\$765,126,707	No target	\$506,537,244	\$537,547,859

GOVERNANCE - CORPORATE

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Regulatory compliance	Percentage of projects notified by the regulatory authority as being in breach of the <i>Protection of Environment Operations Act 1997</i> and/or other relevant legislation	0%	0%	0%	0%		No data – indicator introduced in 2009-2010	
	Percentage of projects achieving full compliance with the <i>Protection of Environment Operations Act 1997</i> and environment, OH&S and planning legislation	N/A	N/A	N/A	N/A	100% (Note 1)	100% (Note 1)	100% (Note 1)
Voluntary compliance	Environmental Management System certification to AS/NZS ISO 14001: 2004	Recertification to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001:2004	Recertified to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertification to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004	Recertified to AS/NZS ISO 14001: 2004
	Global Reporting Initiative status	No target	G3.1 and CRESS A+	G3 A+	G3 A+	No target	G3 B+	G2 in accordance

GOVERNANCE - ENVIRONMENTAL COMPLIANCE

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Environmental third-party audit results	Percentage and number of civil works contracts that have environmental audits carried out in accordance with contract requirements	100%	67% (6 of 9 contracts)	81% (13 of 16 contracts)	33% (8 of 24 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of builder contracts that have environmental audits carried out in accordance with contract requirements	100%	29% (2 of 7 contracts)	13% (1 of 8 contracts)	No result		No data – indicator introduced in 2009-2010	
	Percentage and number of civil works audits received, issued with an immediate action rectification based on findings of their environmental audits	Zero	0% (0 of 6 audits)	69% (9 of 13 audits)	50% (8 of 16 audits)		No data – indicator introduced in 2009-2010	
	Percentage and number of builder audits received issued with an immediate action rectification based on findings of their environmental audits	Zero	0% (0 of 2 audits)	0% (0 of 1 audit)	No result		No data – indicator introduced in 2009-2010	
	Number of environmental immediate action rectifications issued during the reporting period	Zero	0	17	65 (combined with OH&S results)		No data – indicator introduced in 2009-2010	
	Description of environmental repeat offences and repeat non-compliances with immediate rectification requests	No target		Refer to Material Issue 3 within Sustainability Report	Refer to governance section	Refer to governance section		No data – indicator introduced in 2009-2010

Our results *continued*

GOVERNANCE - WORK, HEALTH AND SAFETY (WHS) COMPLIANCE

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
WHS third-party audit results	Percentage and number of civil works contracts that have WHS audits carried out in accordance with contract requirements	100%	67% (6 of 9 contracts)	56% (9 of 16 contracts)	33% (8 of 24 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of builder contracts that have WHS audits carried out in accordance with contract requirements	100%	57% (4 of 7 contracts)	38% (3 of 8 contracts)	0% (0 of 23 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of civil works audits received issued with an immediate action rectification based on findings of the WHS audits	Zero	17% (1 of 6 audits)	89% (8 of 9 audits)	50% (8 of 16 audits)		No data – indicator introduced in 2009-2010	
	Percentage and number of builder audits received issued with an immediate action rectification based on findings of their WHS audits	Zero	0% (0 of 4 audits)	100% (3 of 3 audits)	No result		No data – indicator introduced in 2009-2010	
	Number of WHS immediate action rectifications issued during the reporting period	Zero	1	36	65 (combined with environmental results)		No data – indicator introduced in 2009-2010	
	Description of WHS repeat offences and repeat non-compliances with immediate rectification requests	No target	Refer to Material Issue 3 within Sustainability Report	Refer to governance section	Refer to governance section		No data – indicator introduced in 2009-2010	

GOVERNANCE - SUSTAINABLE SUPPLY CHAIN

Indicator descriptor	Indicator	Target 2009-2010 to 2013-2014	Result 2011-2012	Result 2010-2011	Result 2009-2010	Target 2002-2003 to 2008-2009	2008-2009	2007-2008
Project sustainable supply chain	Number of project managers, civil works, and landscaping providers prequalified by Landcom	No target	48	62	59		No data – indicator introduced in 2009-2010	
	Percentage of project managers, civil works and landscaping contracts let during the year sourced from Landcom's prequalified list	100%	89%	80%	61%		No data – indicator introduced in 2009-2010	
	Number and description of Project Delivery Agreements (PDAs) Landcom entered into during the year that included sustainability requirements	No target	100% - refer to Material Issue 7 within the Sustainability Report	1 of 1 PDAs	100%, Refer to Sustainable Supply Chain section		No data – indicator introduced in 2009-2010	
	Percentage and number of public space design contracts tendered that included selection criteria relating to sustainability innovation through sustainable materials, design and practices requirements	100%	47% (9 of 19 contracts)	67% (6 of 9 contracts)	23% (3 of 13 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of public space design contracts let that included sustainability innovation through sustainable materials, design and practices requirements	100%	47% (9 of 19 contracts)	67% (6 of 9 contracts)	23% (3 of 13 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of civil works contracts tendered that included selection criteria relating to sustainability innovation through materials, design and-or practices	100%	76% (26 of 34 contracts)	47% (15 of 32 contracts)	39% (9 of 23 contracts)		No data – indicator introduced in 2009-2010	
	Percentage and number of civil works contracts let that included sustainability innovation through sustainable materials, design and practices requirements	100%	50% (17 of 34 contracts)	47% (15 of 32 contracts)	39% (9 of 23 contracts)		No data – indicator introduced in 2009-2010	

Australian Building Greenhouse Rating (ABGR): Commercial building energy and greenhouse rating tool. This has now been incorporated under NABERS for Offices – Energy and is referred to as NABERS Energy ratings.
www.nabers.com.au

Average Recurrence Interval (ARI): The long-term average number of years between the occurrence of a flood as big as (or larger than) the selected event. For example, floods with a discharge as great as (or greater than) the 20-year ARI flood will occur on average once every 20 years.

BASIX: The Building Sustainability Index is a web-based rating tool that calculates the water and energy efficiency of new homes. The NSW Government introduced BASIX so new homes are designed and built to use up to 40% less water and produce 40% fewer greenhouse gas emissions than the average home at the time of its introduction.
www.basix.nsw.gov.au

Biobanking: A market-based scheme that provides; a streamlined biodiversity assessment process for development, a rigorous and credible offsetting scheme and an opportunity for rural landowners to generate income by managing land for conservation.
www.environment.nsw.gov.au/biobanking/

Carbon neutrality: Refers to the situation where the net greenhouse gas emissions associated with an organisation's activities are zero through the acquisition and retirement of carbon offsets that meet additional criteria.
www.beyondneutral.com/up-content/uploads/National-carbonoffset-standard-NOV-2009.pdf.

Carbon neutrality is typically determined as a sum of a greenhouse gas emitters Scope 1, 2, and 3 greenhouse gas emissions. Scope 1: all direct greenhouse gas emissions. Scope 2: indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam. Scope 3: other indirect emissions, such as the extraction and production of purchased materials and fuels and transport related activities.
www.ghgprotocol.org/calculation-tools/faq

CO₂ (Carbon dioxide): A colourless, odourless, non-poisonous gas that is a normal part of our atmosphere. Carbon dioxide is a product of fossil fuel combustion. It is the most significant greenhouse gas because it is released in vast quantities, mainly as a result of burning fossil fuels such as coal, oil and gas.

CO₂e (Carbon dioxide equivalent): Greenhouse gas emissions which include other gases such as methane are often measured in tonnes of carbon dioxide equivalent, which means the equivalent amount of CO₂ emissions which would have the same effect.

Conservation Management Plans (CMPs): A document which sets out what is significant in a place (e.g. heritage items) and, consequently, what policies are appropriate to enable that significance to be retained in its future use and development.

Endangered Ecological Communities (EEC): An assemblage of species occupying a particular area that are in danger of becoming extinct (refer to NSW *Threatened Species Conservation Act 1995* for detailed description).

EEC High conservation significance: Native vegetation in good condition greater than 100m wide that forms a sole link between other native vegetation in good condition.
 Mitchell, P.B. (2002). *NSW Ecosystems Study: Background and Methodology*. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EEC Moderate conservation significance: Low condition native vegetation greater than 100m wide or native vegetation in good condition 50-100m wide that forms part of a sole link between other vegetation in good condition.
 Mitchell, P.B. (2002). *NSW Ecosystems Study: Background and Methodology*. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EEC Low conservation significance: Low condition native vegetation greater than 100m wide or native vegetation in good condition greater than 50m wide that is part of one of several links to other native vegetation in good condition.
 Mitchell, P.B. (2002). *NSW Ecosystems Study: Background and Methodology*. Unpublished report to the NSW National Parks and Wildlife Service, Hurstville.

EMP: Environmental Management Plan.

Greenhouse gases: Greenhouse gases are those gaseous constituents of the atmosphere, both natural and as a result of human activities, that absorb and emit radiation warming the lower atmosphere. This property causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary greenhouse gases in the Earth's atmosphere.

GreenPower: GreenPower is a government accreditation program for renewable energy. It is bought by energy providers and generated from sources such as mini hydro, wind power and biomass which produce no net greenhouse gas emissions.
www.greenpower.gov.au

Habitat: Includes Endangered Ecological Communities where habitat is suitable for threatened species.

In-stream breaks: Structures located in a watercourse, such as weirs, locks, dams and bio-banks.
<http://download.mdba.gov.au/Guide-to-proposed-BP-Vol2-08-12.pdf>

Landcom Guidelines: Set of seven design and planning guides on built form, universal housing, streets, street trees, open space, community centres and public art.
www.landcom.com.au/whats-new/publications-reports/the-landcom-guidelines.aspx

Masterplan: An interpretation of the planning controls and urban design principles for a site setting the framework for future development.

Mean annual load: The yearly average amount of material discharged. Often refers to discharge of water pollutants into a river or creek.

MEPS (Minimum Energy Performance Standards): MEPS is a regulatory tool for improving the energy efficiency of appliances and equipment. MEPS sets the minimum levels of energy efficiency a product must meet for it to be sold in the Australian marketplace.
<http://www.energyrating.gov.au/programs/e3-program/meps/about/>

Moderate income housing (MIH): Housing that is affordable to those households on incomes defined by Australian Bureau of Statistics household income data. For this reporting period it was for household income between \$59,048 and \$88,572 in 2011-2012.

NABERS (National Australian Built Environment Rating System): NABERS is a performance-based rating system for existing buildings and includes the building's performance on energy and water. NABERS rates a building on the basis of its measured operational impacts on the environment, and provides a simple indication of how well an organisation is managing these environmental impacts compared with their peers and neighbours.
www.nabers.com.au

Appendix 1 | Glossary *continued*

NatHERS (Nationwide House Energy Rating Scheme): NatHERS provides a framework that allows various computer software tools to rate the potential energy efficiency of Australian homes. NatHERS defines the minimum set of information that must be used by all software tools. www.nathers.gov.au

Open space – active: Venues or outdoor sports areas designed to support team sports training and competition (Department Of Planning 2010 'Space Planning Guidelines for Local Government').

Open space – passive: Reserves which have had their physical character and/or vegetation modified to support community recreation, community development and wellbeing uses. This includes parks, ornamental gardens, play facilities, community gardens and informal lawns (Department of Planning 2010 'Space Planning Guidelines for Local Government').

Potable water: Water that is suitable for drinking.

Ramsar: The Convention on Wetlands of International Importance (the Ramsar Convention), signed in Ramsar, Iran, in 1971, is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. www.ramsar.org

Remnant vegetation: The NSW *Native Vegetation Act 2003* defines remnant native vegetation as any native vegetation other than regrowth (native vegetation that has regrown during specified time periods). The definition of native vegetation covers indigenous vegetation including: trees (any sapling, shrub or scrub), understorey plants, groundcover (being any type of herbaceous vegetation) and plants occurring in a wetland.

Renewable Energy Certificates (RECs): The '*Renewable Energy (Electricity) Act 2000*' and the '*Renewable Energy (Electricity) Regulations 2001*' allow owners of eligible small generation units to create and trade RECs. Each REC represents the equivalent of one megawatt hour (MWh) of generated electricity from an accredited renewable energy source. These have since been renamed to Small-scale Technology Certificates (STCs).

Riparian corridor: Land directly adjacent to or surrounding a natural or artificial waterway, including rivers, intermittent or permanent creeks and streams, wetlands

and lakes. The corridors provide a crucial link between land and water ecosystems.

Riparian Corridor Management Plan: A document, often required as a condition of consent, or commitment of the project, detailing proposed methods of management in order to mitigate impacts on riparian corridors on or adjacent to, a site during construction and operation of the proposed development.

Section 73 contributions: A Section 73 certificate is confirmation from Sydney Water that required water and sewer servicing works have been built, charges have been paid and any other servicing requirements met.

Stormwater: Surface water resulting from heavy rain, which is channelled into drainage systems to prevent flooding.

Stream Erosion Index (SEI): The Stream Erosion Index has been proposed by the NSW Office of Environment and Heritage as an indicator for the protection of the streams focusing on the erosion potential for flows from developed areas. It's methodology and definition are under review. (Equatica 2012). www.growthcentres.nsw.gov.au

The Strahler Stream Order Classification System (first, second and third order): The Strahler stream classification system assigns an 'order' to waterways according to the number of additional tributaries associated with each waterway (Strahler, 1952). A higher number indicates a greater number of tributaries associated with that waterway. This system provides a measure of system complexity, and therefore, the potential for aquatic habitat to be present. www.dpi.nsw.gov.au

Threatened species: A species that is either endangered, vulnerable or presumed extinct as defined by the NSW *Threatened Species Conservation Act 1995*.

Total nitrogen: Total nitrogen is the sum of nitrate, ammonia and organic nitrogen. Nitrogen is found in fertilisers and contributes to algal blooms and excessive aquatic plant growth.

Total phosphorus: The total concentration of phosphorus found in the water. Phosphorus is a plant nutrient found in many fertilisers, increasing the growth of plant life such as algae.

Total Suspended Solids: Total suspended solids (TSS) are a measure of the mass of fine inorganic particles suspended in the water. TSS concentration has important ecological impacts including decreasing

light penetration into the water column, clogging gills of fish and smothering aquatic habitat.

Vegetation Management Plan: A document, often required as a condition of consent, or commitment of the project, detailing proposed methods of management in order to mitigate impacts on bushland on or adjacent to, a site during construction and operation of the proposed development.

Vehicle Environmental Performance Score (EPS): A NSW Government program that calculates the greenhouse emissions to assess how much pollution a vehicle emits. Each vehicle is given a greenhouse score and a noxious pollutants score, both out of 10. The higher the score out of 20 indicates a less polluting vehicle. www.statefleet.opg.commerce.nsw.gov.au

VENM (Virgin Excavated Natural Material): The NSW *Protection of the Environment Operations Act 1997* defines VENM as 'natural' material (such as clay, gravel, sand, soil or rock fines) that has been excavated or quarried from areas that are not chemically contaminated and that do not contain any sulfidic ores or soils or any other waste. www.environment.nsw.gov.au

Water Sensitive Urban Design (WSUD): WSUD seeks to ensure that urban development and urban landscapes are designed, constructed and maintained in a manner that minimises the impacts on the urban water cycle – drinking water, wastewater, stormwater, and groundwater.

WELS (Water Efficiency Labelling and Standards) Scheme: WELS is Australia's water efficiency labelling scheme that requires certain products to be registered and labelled with their water efficiency in accordance with the standard set under the national *Water Efficiency Labelling and Standards Act 2005*. www.waterrating.gov.au

WHS: Work Health and Safety.

Abbreviations:

CO₂e t = Carbon dioxide equivalent tonnes

GJ = Gigajoule

Ha = hectare

Kg = kilograms

kL = kilolitre

kWh = kilowatt hour



Net Balance Management Group Pty Ltd
 ABN 50 121 706 081
 Level 2, 332 Kent Street
 Sydney NSW 2000 Australia
 T +61 2 9249 2100
 F +61 2 9262 2053
 E info@netbalance.com
 W netbalance.com

INDEPENDENT ASSURANCE STATEMENT

To the Board and Executive of Landcom:

Landcom commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the 2012 Sustainability Report (the Report). The Report presents Landcom’s sustainability performance for the period 1 July 2011 to 30 June 2012. Landcom was responsible for the preparation of the Report and this statement presents our opinion as independent assurance providers. Net Balance’s responsibility in performing its assurance activities is to the Board and Executive of Landcom in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standards and Objectives

The assurance engagement was undertaken in accordance with AccountAbility’s AA1000 (2008) Assurance Standard (AA1000AS). This standard allows for the evaluation of an organisation’s management, performance and reporting on sustainability issues.

This was undertaken by evaluating the organisation’s adherence to the AA1000 AccountAbility Principles (2008) of:

- Inclusivity:** How does the organisation include stakeholders in developing and achieving an accountable and strategic response to corporate responsibility and sustainability?
- Materiality:** How does the organisation include in its reporting the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?
- Responsiveness:** How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its reporting?

Assurance of the accuracy and quality of selected sustainability performance information was guided by the Australian Standard on Assurance Engagements ASAE3000 *Assurance Engagements other than Audits or Review of Historical Financial Information* (ASAE3000) issued by the Australian Auditing and Assurance Standards Board.

Assurance Type, Level, Scope and Limitations

Net Balance provided ‘Type 2’ moderate level of assurance in accordance with the AA1000AS (2008), and assessed Landcom’s adherence to the AA1000 AccountAbility Principles (2008). The accuracy of selected sustainability performance information was guided by the ASAE3000. A third-party level check of the Report was undertaken against the Global Reporting Initiative (GRI) G3.1 Guidelines and the Construction and Real Estate Sector Supplement (CRESS). The topics covered by this assurance engagement and the criteria used during the process included the following.

Performance Area	Indicator	Assessment Criteria
Creating healthy, diverse and connected communities	Social due diligence; Moderate income housing; Community facilities provided; Financial value of community facilities; community development programs; Financial value of community programs.	Landcom internal criteria “Sustainability Report Manual”
Demonstrating housing diversity and delivering increased housing supply	Relative affordable housing supply; Universal housing supply.	Landcom internal criteria “Sustainability Report Manual”
Developing, encouraging and maintaining an environmental ethic of low impact, high performance, efficiency and liveability	GHG emissions reduction in Landcom dwellings; Environmental and WHS compliance of civil works and builder contracts; Conservation of riparian corridors; No loss of High Conservation Significance Endangered Ecological Communities ; Corporate GHG emissions reduction.	Landcom internal criteria “Sustainability Report Manual”; GRI 16 -17; <i>Threatened Species Conservation Act 1995</i>
Exhibiting and facilitating industry leadership and innovation	Construction contracts let and tendered with sustainability criteria.	Landcom internal criteria “Sustainability Report Manual”
Facilitating cross-government actions and outcomes	Approaches to stakeholder engagement.	GRI 4.14-4.17; AA1000APS

Appendix 2 | Assurance statement *continued*

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Generating and leveraging opportunities and outcomes for the private sector and others	Total number of jobs created.	Landcom internal criteria "Sustainability Report Manual"
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The assurance scope excluded the following:

- assurance of financial data, other than that relating to environmental, social or broader economic performance where applicable
- Landcom offices other than the Head Office in Parramatta.

Assurance Methodology

The assurance engagement was undertaken between July and November 2012, and involved:

- interviews with the Managing Director, a member of the Board, the Social Sustainability Manager, Senior Development Manager - Aging and Disability Project, Development Director – Urban Development Liverpool and General Manager Urban Development South
- a review of the Landcom's Materiality determination process
- interviews with key personnel responsible for collating and writing various parts of the Report to substantiate the reliability of selected claims
- a review of Report content for any significant omissions and anomalies, particularly in relation to claims as well as trends in data
- testing of selected data points and statements relating to the subject matter outlined in Table 1
- a Global Reporting Initiative (GRI) G3.1 and CRESS application level assessment.

Our Independence

Net Balance was not responsible for preparing any part of the Report. During the reporting period, Net Balance was commissioned by Landcom to facilitate a workshop with key internal stakeholders on the material sustainability indicators. Landcom personnel were responsible for selecting the material issues and indicators to report against for the Report. Net Balance was not involved in the development of the material issues or the associated indicators.

Net Balance confirms that we are not aware of any other issue that could impair our objectivity in relation to this assurance engagement, in accordance with our Independence Policy, a copy of which is available at <http://www.netbalance.com/services/assurance>.

Our Competency

The Landcom assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by AccountAbility in the UK. The project included personnel with expertise in environmental and social performance measurement across a range of industry sectors. Net Balance is a global leader in the use of AccountAbility's AA1000AS, having undertaken over 150 assurance engagements in Australia in the past six years. The project team also has demonstrated experience in the application of the ASAE3000.

Findings and Conclusions

Adherence to AA1000 Principles

Inclusivity:

We observed Landcom has mature processes for engaging a wide range of stakeholders including State and Local Government, industry groups, local communities and residents on economic, social and environmental issues at each project milestone. We observed Board level and Executive involvement in the engagement of stakeholders on projects to ensure the sustainability requirements and the broader strategic imperatives of Landcom is upheld by its project partners and suppliers. Of particular mention during the reporting period, was the stakeholder engagement work undertaken to develop group homes for the disabled and development of an eco-living display home that is affordable to customers.

**Materiality:**

Net Balance found the Report appropriately addresses Landcom's environmental and social material issues. During the reporting period, Landcom conducted a materiality assessment of the existing sustainability issues and indicators to identify a core set of indicators that best represent the organisation's performance and linkage to broader business benefits. The result is a Report that focuses on eight material issues important to Landcom and 34 corresponding sustainability indicators. This has increased the alignment between sustainability and broader business performance as well as improved the communication effect of sustainability performance for stakeholders.

Responsiveness:

Net Balance tested the responsiveness of Landcom to its stakeholders through a review of management systems and policies that govern the way that Landcom responds to stakeholder concerns and interests. Landcom was found to be responsive to stakeholder concerns and expectations during the reporting year. Landcom also implemented a number of improvements such as progressing systems for reporting against the revised sustainability indicators, which help to ensure consistency in data collection and reporting.

GRI Third Party Check

The GRI application level check found that the Report was classified as A+.

Conclusion

Overall, it is Net Balance's opinion that nothing has come to our attention to indicate that the Report was not a fair representation of Landcom's sustainability performance during the reporting period. Based on our assurance procedures, no observations have been made that prevent us to conclude that the selected sustainability performance information has been prepared, in all material respects, in accordance with the criteria as presented in Table 1.

The Way Forward

Net Balance found the Report appropriately addresses Landcom's environmental and social material issues. To ensure that Landcom continues to improve, Net Balance identified two key areas for improvement as outlined below. Firstly, we recommend Landcom reviews the existing sustainability indicators to identify indicators that best measure performance against the economic, environmental and social outcomes required. This review is particularly important with the new strategic direction of Landcom as UrbanGrowth NSW. Secondly, we recommend improvements to Landcom's processes for collecting and reporting on its sustainability indicators through a centrally managed database, that is kept up-to-date by development teams, and helps inform decision making during the life time of a project and provides a rapid snapshot of performance.

Further detail on these recommendations has been provided in a report to Landcom's Board and Executive.

On behalf of the assurance team
20 November 2012
Sydney, Australia

Terence Jeyaretnam
Director, Net Balance & Lead CSAP (AccountAbility UK)



Appendix 3 | GRI Index

Pages under development



Level 2, 330 Church Street
Parramatta NSW 2150
PO Box 237 Parramatta NSW 2124
DX 28448 Parramatta
Telephone 61 2 9841 8600
Facsimile 61 2 9841 8688

