



CDP5

2007 // carbon disclosure project



Stockland

Letter from the Managing Director

31 May 2007

**Project Coordinator
Carbon Disclosure Project**

Carbon Disclosure Project 5

We are pleased to submit our response to the Carbon Disclosure Project (CDP5).

We have once again found the process of reporting our emissions to be extremely engaging across all of our business areas. For us, the increased awareness of climate change and the coinciding responsibility for business and government to take action, is an enabling truth. It allows us to drive efficiencies in our business whilst acting on our wider responsibilities. Our aim is for good carbon management and more sustainable practices to become a core organising principle for the way we do business.

We are developing a Climate Change Action Plan that will enable us to take positive steps to improve our carbon performance. More than focusing on the operations of our business, this plan will also seek to establish how we can lead on reducing the emissions we can influence but which are out of our direct control. Our focused involvement in the CDP has been a powerful driver of this decision.

This fits well with our established reputation and actions regarding our Corporate Responsibility and Sustainability practices which ensure we operate with integrity and trust within our global community.

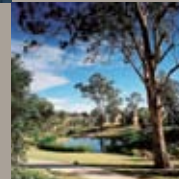
For queries regarding our submission, please contact our General Manager, Corporate Responsibility and Sustainability, Siobhan Toohill on +61 2 9035 2594.



Matthew Quinn
Managing Director



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We are one of Australia's largest and most diversified property groups with interests in retail, commercial, industrial, residential, retirement living and unlisted property fund sectors. We currently have assets in Australia, New Zealand and the United Kingdom valued at over A\$10 billion and are now one of the top 30 ASX listed companies (ASX:SGP) with a market capitalisation in excess of \$12 billion.

Introduction

We have achieved 24 consecutive years of profit growth and consistent returns for security holders. We are structured as a stapled security; a combination of a unit in a trust and a share in a company. This allows us to undertake both property investment (via Stockland Trust) and property management and development (via Stockland Corporation). We are the second largest property group in the Australian Real Estate Investment Trust (REIT).

This report covers our Australian operations:

- Commercial and Industrial Division
- Retail Division
- Development Division
- Unlisted Property Funds Division.

We have taken the opportunity to improve and learn from our current and previous emissions reporting. [As part of the Carbon Disclosure Project (CDP5) we have built capacity in the organisation at the most senior and operational levels regarding the science and management of climate change.] We are now developing a Climate Change Action Plan (CCAP) to guide us in reducing emissions in all of our business activities. We will partner with our supply chain and explore how we can lead on reducing those emissions which are out of our direct control.

For this reporting period we engaged KPMG to undertake specific procedures to check the accuracy, completeness and consistency of the electricity use performance data for retail, and commercial and industrial properties. As a result of this work KPMG provided independent feedback to our management on improvement opportunities for the underlying electricity performance data collection processes, which our management are now working on addressing.

Whilst we remain a low-carbon-intensive company, with reported emissions totalling 111,164 tonnes of greenhouse gases (calendar year 2006), we are aware of our responsibility to demonstrate real leadership in reducing our emissions. We consider the increased awareness of climate change and the responsibility for business and government to take action as an enabling truth, and increasingly an organising principle for the way we do business.



Section A //

1 //

Climate change risks, opportunities and strategy

i. Regulatory risks associated with current and/or expected government policy on climate change, e.g. emissions limits or energy efficiency standards.

We are not a carbon intensive company. In an assessment of the risks and opportunities presented by climate change for the top ASX100 listed companies we were regarded as low risk. Whilst we are regarded in the market place as 'low risk', in relation to a future price on carbon and the predicted physical impacts associated with climate change, we recognise that climate change presents a risk to our operations.

One of the major risks we and the broader economy face is the uncertainty of building regulations associated with energy efficiency standards. Recent commentary by the IPCC on the potential of the building sector to reduce emissions (against BAU projections) by 30% have further increased the likelihood of new regulation to address apparent market failure².

We operate across Australia within a number of regulatory frameworks. Despite the presence of an Australian Building Code which is meant to provide consistent regulatory standards, most states and territories have varied it to some degree. The diversity of the regulatory controls governing building standards across Australia presents significant risk of 'lost opportunity' in the efficient and cost-effective reduction of greenhouse gas emissions. For instance, in the residential sector of the six Australian states, only NSW regulates emission reductions through the use of a performance-based scheme that allows developers to choose the design and mix of technologies that offer the least cost of compliance.

Our Design House works very closely with the NSW Government's Sustainability Unit, testing and benchmarking real projects against the Building Sustainability Index (BASIX). This enables us to become more aware of the emerging regulatory requirements and has also better informed the development of BASIX for the advancement of the regulatory tool and the property industry.

With all the current debate surrounding which are the most progressive and responsive building standards, it is worth noting the IPCC identified the need to have passive and active design standards for both heating and cooling loads³. Currently only NSW, through its BASIX standards, enforces this measure as other states allow for trade off between heating and cooling loads under the Australian Building Code's 5 Star standards. By complying with the BASIX caps for both heating and cooling loads we provide increased assurance that residential dwellings constructed on our development sites in NSW will be designed to be thermally responsive for both summer and winter conditions.

In addition, the NSW BASIX standards are the only standards applied in Australia for new residential development that measure total household energy and greenhouse gas emissions. Further, the BASIX scheme is capable of being linked to a broader market-based mechanism to limit the need for further regulation which could result in inflated abatement costs compared to other sectors of the economy.

The risk profile of regulation uncertainty also applies to our retail and commercial operations and assets. We are a leading voluntary participant in the development of rating tools by the Green Building Council of Australia for these parts of our business. The prevailing context for

the development of rating tools for retail centres, office refurbishments, multi-unit residential and other building types is that they are designed to be voluntary and provide for flexibility for both the tenant and the owner/developer. Increasingly we are seeing rating tools forming the basis of both local and state building regulation. In the absence of transparent regulatory impact assessment, this trend of mandating standards that were never designed to be part of the regulatory system could add significant compliance costs that would limit the potential investment in emissions abatement that may have otherwise been made.

Through the application of community-wide energy infrastructure there is increased potential for a developer, in partnership with a local authority and the energy network provider, to deliver greater emission reductions at lower cost than by purely trying to abate the emissions of an individual building. The risk of inflexible building regulations restricting this type of innovation is one that governments and industry need to monitor.

We would like to see any future building regulation developed by government, when responding to the dilemma of climate change, to meet the policy criteria outlined by Sir Nicholas Stern:

"... policy must promote sound market signals, overcome market failures and have equity and risk mitigation at its core⁴."

We are keeping a close watch on the likely impacts of an emerging National Emissions Trading Scheme. Whilst not expecting to be captured directly by the terms of reference, we are analysing potential effects that a price on carbon would have on our supply chain.

1a/ risks:

What commercial risks does climate change present to your company including, but not limited to, those listed below?

1 Citigroup 2006

2 IPCC Fourth Assessment Report, Working Group III – Climate Change 2007:

Mitigation of Climate Change

3 IPCC p 13, 2007

4 Stern Review, 2006

ii. Physical risks to your business operations from scenarios identified by the Intergovernmental Panel on Climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages.

We take the challenge of adapting to climate change very seriously. We have tracked the latest findings from the IPCC, and closely monitored state and national reviews on the physical impacts likely to be faced by our sector.

Average temperatures in Australia have risen by 0.9°C over the last 100 years. The results of focused studies on the local impacts of climate change for the Sydney Metropolitan area are both consistent with the predictions made at the national level and instructive for both regulators and developers who are responsible for the growth of our urban and regional communities.

Moderate predictions of climate change for the Sydney Metropolitan area by 2030 include:

- a further warming of 1°C
- a 5% decrease in rainfall
- more hot days with temperatures over 35°C
- increased storm events⁵.

Physical assets of the built environment including homes, retail and commercial centres are directly vulnerable to the physical impacts of climate change, such as droughts, floods, storms and a rise in sea-level. So we are ensuring our design responses are being adjusted appropriately.

The response across Australia to the increase of floods and the associated costs of developing assets on flood-prone land presents significant concern for the development industry. We are a major land holder in south-east Queensland and the impact of climate change, whether through increased drought affecting water supply, or the impact of sea level rises increasing the amount of flood constrained areas, would have a major impact on this development corridor.

Climate change will also affect the infrastructure that supports our communities and maintains the viability of our cities. The ability of sewerage and stormwater systems to cope with rising sea levels and increased flooding has been identified as potentially a major cost to the development and maintenance of urban infrastructure which will further impact the potential of industry and government to fund infrastructure in our new communities.

iii. Other risks including shifts in consumer attitude and demand.

There has been a clear shift in the politics of climate change at a national level in Australia over the past 12 months. Most commentators point to the importance the community places on climate change as a key driver of mainstream political acceptance of the need to act.

Shareholder understanding and concern about climate issues is growing and the investment community is responding accordingly. Though climate risk is yet to play a significant role in the valuation of a company, internationally it has begun to play a role in project finance. In the past few years, some of the world's most significant investors have begun to run the ruler over major projects to ascertain their GHG emissions and potential carbon liability⁶.

There have been clear signals in the market about the benefits of being branded environmentally responsible. Energy retailers are now reporting growth rates in excess of 75% per year of customers choosing to participate in their accredited GreenPower schemes⁷.

Our Residential Communities business has undertaken focus group sessions to assist us in determining the value placed on being environmentally responsible by the community and help us better understand the correlation with potential purchases⁸.

A recent survey says Australian consumers are prepared to pay up to 8% more for a home with features that provide greater comfort while saving on energy and water costs⁹. Although we are yet to see this translate into a significant "willingness to pay" in our sector of the economy, our consumer research of potential residential purchasers indicates that sustainability considerations such as energy efficiency, are just as important as traditional considerations such as location.



We are also aware of the risk of not meeting our minimum performance standards obligations for government and non-government tenants. Increasingly tenants are requiring leases to be based around recognisable emission reporting standards such as AGBR. Our increased ability to provide data on the performance of our assets assists us in providing the required assurances for our commercial tenants.

While there is no apparent evidence yet, we will closely monitor the risk associated with consumer reluctance to be located in areas where the effects of climate change are likely to be magnified. This will be of particular concern to the development industry if consumer unease about increased temperatures and lack of rainfall in certain locations is not paralleled by government planning strategies.

⁵ *Climate Change in the Sydney Metropolitan Catchments*, CSIRO January 2007

⁶ *New York Times, Investors Seek Climate Change Information* June 15, 2006

⁷ National GreenPower Accreditation Annual Audit, Jan – Dec 2005

⁸ *Stockland Usage and Attitude Study*, Synovate Research, May 2007

⁹ <http://money.ninemsn.com.au/ARTICLE.aspx?id=100643>

1b/ opportunities:

What commercial opportunities does climate change present to your company for both existing and new products and services?



We have taken the initiative in the preparation of this CDP report to consider how we will develop a Climate Change Action Plan (CCAP). Over the past few years we have consistently demonstrated that we are well ahead of the regulation curve regarding the Government's response to mandating increased greenhouse gas and energy efficiency standards. This was best demonstrated by our development of a BASIX compliant village (Bridgewater Estate) prior to the 2004 implementation of what are arguably the country's most stringent standards for GHG emissions. We have continued to support and raise the bar on BASIX standards. We are the first developer in Australia to lodge a BASIX compliant high-rise residential development application (The Hyde) featuring co-generation technology which effectively produces greenhouse-free hot water for the residences.

We have seen that responding to climate change has created enormous opportunity for new and emerging products and businesses that service the development sector. Anecdotal reports received from the NSW Government suggest that the uptake of solar hot water systems has increased by a factor of four, and performance glazing is now used in over 40% of new homes (up from 5% just two years ago).



We are aware that the increased application of cogeneration for multi-unit, commercial and retail developments is seeing the establishment of new facilities-management businesses which will ensure owners corporations and asset managers can operate their buildings efficiently, limit their emissions and reduce their energy bills.

Tapping the supply chain, in a focussed and deliberate manner across the full range of our business activities, may provide us with the best opportunity to leverage GHG reductions well beyond our own direct emissions. Issues around third party enforcement need to be addressed, however, we are aware of the leadership roles taken by major companies such as Wal-Mart that have begun to require emission reductions from their suppliers.

1c/ strategy:

Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage these risks and opportunities. Please include adaptation to physical risks.



We will actively respond to the risks and opportunities presented by climate change. Full engagement with this year's CDP has seen us take the first step in an iterative process with the aim of doing more than just looking at our own direct emissions.

For the development of this report we sought expert advice to assist with the collection and analysis of energy data, and to work with senior representatives of each business area to better understand the risks, rewards and opportunities that would emerge with establishing a Climate Change Action Plan.

A key part of that engagement focussed on understanding the relationship with our supply chain and the opportunity to influence the reduction of emissions outside our direct control. For instance, as part of the CDP5 process we are not responsible for reporting on emissions associated with the construction of

approximately 4000 residential dwellings that will be built this year as a result of our residential communities business. It is widely acknowledged that we already require stringent environmental performance standards from any builder that develops a property in our developments¹⁰. Hence, we see it as a natural progression to ensure our corporate climate objectives are mirrored by our partners and supply chain.

In conjunction with the preparation of the CDP report a series of climate change capacity building workshops has been undertaken at both the executive and operational staff levels with leading experts briefing us on the latest scientific, economic and regulatory responses to climate management from across the globe. We have ensured that this knowledge is transferred through our internal committee and communication networks. The high profile role given to both our Board Corporate Responsibility and Sustainability (CR&S) Committee and our Employee CR&S Committee has allowed such matters to be integrated in our balanced scorecard reporting and accountability system, ensuring that decisions affecting emissions are beginning to be addressed at both the executive and operational levels of our business.

Across each of our business areas we meet or exceed relevant building and construction standards. At this point in time, we accept that those standards are adequate for ameliorating the physical changes to our urban climates. However, as part of our Climate Change Action Plan, we will determine whether those regulatory standards are fully adequate for the forecasted warming and climate change.

1d/ reduction targets:

What are your emissions reduction targets and time frames to achieve them?
What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

(This question not required if answering Section B.)



// Not applicable



Section A//

2/

Greenhouse
gas emissions
accounting

2a/ methodology:

Please provide the following information on your company's emissions measurements



i. The accounting year used to report GHG emissions.

We have adopted the accounting year of January to December 2006 to report GHG emissions for CDP5.

ii. The methodology by which emissions are calculated.

We have adopted the 'Control Approach' relating to our property portfolio to establish the organisational and operational reporting boundaries for CDP5. Emissions have been calculated using the GHG calculation tools provided on the GHG Protocol Initiative website (www.ghgprotocol.org).

iii. Whether the information provided has been externally verified or audited.

We engaged the services of KPMG to undertake 'agreed procedures assurance work' in relation to the collection and management of electricity data for CDP5. Prior to the development of our Climate Change Action Plan, we felt it important to advance our data management capabilities. A series of recommendations have been provided by KPMG that will ensure a more complete, streamlined and transparent process for the collection and interpretation of energy data be established for the next CDP reporting year.

iv. An explanation for any significant variations in emissions from year to year, e.g. due to major acquisitions, divestments, introduction of new technologies, etc.

Our CDP4 used a more carbon intensive GHG coefficient in reporting for indirect electricity consumption than is required under CDP5, which in numerical terms has seen a substantial reduction in our overall emissions profile.

During the preparation of CDP5 we examined the possibility of the inclusion of 'on-sold' electricity to leaseholders in our Retail portfolio. This would have seen an increase in electricity consumption of over 76% from this business area alone. It was determined that this was not a comprehensive account of all electricity used in on-site leases, or for other business areas such as our commercial assets. We have therefore not attempted to report on it. However, it has assisted us in understanding the relationship between base and whole-building emissions. Such 'ownership' of emissions will be part of the transparency that will be invaluable in the preparation of our Climate Change Action Plan.

Where reliable but limited data was available, assumptions were made to give an annual estimation of consumption. This occurred on less than 2% of our metered sites.

2b/ scope 1 and 2 of GHG protocol:

Direct and indirect
GHG emissions and
electricity consumption.
Please complete the
table for tonnes CO²e
emitted and electricity
consumption



	Globally	Annex B Countries
Scope 1 activity tonnes CO ² e emitted	2,058	n/a
Scope 2 activity tonnes CO ² e emitted	108,271	n/a
MWh of purchased electricity	128,741	n/a
Percentage of purchased MWh from renewables	0	n/a

2c/ scope 3 of GHG protocol:

Other indirect GHG emissions. Where feasible please provide estimates for the following categories of emissions



i. Use/disposal of company's products and services.

Not applicable.

ii. Your supply chain.

No reliable data exists and we have not attempted to collate or account for emissions associated with our supply chain for CDP5.

iii. External distribution/logistics.

Not applicable.

iv. Employee business travel.

Emissions associated with business travel were undertaken using three months of business aviation transport data. The data set needed to be converted from journey description to kilometres travelled before it could be annualised to provide us with an estimate of our aviation emissions profile.

Greenhouse Gas Emissions totalling 834.6 tonnes were estimated for the CDP5 reporting year distributed as follows:

- Short haul: 332.4 tonnes
- Medium haul: 484.7 tonnes
- Long haul: 17.5 tonnes



Section B//

3/

Additional greenhouse gas emissions accounting

**3a/
countries:**

For each country in which you have operations, where available.

**3b/
facilities:**

For facilities covered by the EU Emissions Trading Scheme (EU ETS). Please also include the number of allowances you were issued under the applicable National Allocation Plans.

**3c/
EU ETS impact:**

What has been the impact on your profitability of the EU Emissions Trading Scheme?

// This section is not applicable for CDP5. We have recently acquired the UK-based property organisation Halladale and CDP6 will refer to these UK operations.



Section B//

4/

Greenhouse gas emissions management

4a/ reduction programs:

What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal

// i. What is the baseline year for the emissions reduction program?

We have established the calendar year of 2005 as an interim baseline year. It is proposed to consider the benefits of future reporting being aligned to the financial year as it will assist us in the governance and management of emissions reporting. Additionally, we remain aware of the likelihood that in the near future the baseline year may need to be recalculated or reset to allow for the broader and more complete capture of energy data as a result of implementing the assurance recommendations received for CDP5.

ii. What are the emissions reduction targets and over what period do those targets extend?

Within the CDP5 reporting period, our Commercial & Industrial Division (C&I) has implemented a strategic approach to reducing greenhouse gas emissions through its 'Utilities Reduction Program'.

Under this program, emissions reduction targets have been established for C&I through the application of the Australian Building Greenhouse Rating Scheme (ABGR). The ABGR scheme is adopted nationally to assess the emissions performance of commercial office buildings.

During 2007, C&I renewed the ABGR ratings for the portfolio of office buildings included in CDP4 which are currently being validated by the scheme administrator. Whilst awaiting validation, preliminary analysis indicates a portfolio ABGR average for 2006 of approximately 3.0 stars up from 2.6 stars in 2005. This indicates progress towards achieving a portfolio average of 3.6 stars by the end of 2007. Additionally, C&I have also set an electricity reduction target of 8% for the 2007 calendar year.

Action plans have been developed for most of the sites to the first stage of ABGR improvement through installing sub-metering systems, better operational management and building tuning.

Our next stage involves operational and capital expenditure investment to install energy-efficient devices, such as variable speed drives to electric motors, lighting control systems, revising building control strategies and upgrading building management systems to deliver greater reductions in energy use and greenhouse emissions. These projects commenced in FY 2006/2007 and will continue during FY 2007/2008.

A target of ABGR 4.5 Stars (minimum) has been established for all of our new commercial office buildings.



The recent completion of the new Optus Headquarters in Sydney is an example where we entered into a commitment agreement with the NSW Department of Energy, Utilities and Sustainability (DEUS) to achieve a base building ABGR of 4.5 stars. With the complex now complete, and upon occupation by the major tenant Optus by October 2007, monitoring of performance and tracking to the design ABGR will be undertaken during 2007 with the expected 4.5 star rating being achieved by late 2008.

Our new Sydney Head Office has also committed to achieving a tenancy ABGR of 5 stars and following a similar monitoring and performance tracking process, it is expected the design ABGR will be achieved by mid 2008.

The above targets are likely to be both expanded and superseded through the development of our Climate Change Action Plan which will be released in 2007. The Plan will include the consideration of purchasing certified Green Power from renewable sources.

Our Climate Change Action Plan, to be established in 2007, will set emission-reduction targets and timeframes for each business area.

iii. What investment has been/will be required to achieve the targets and over what time period?

As part of the development of our Climate Change Action Plan, we will conduct appropriate economic and financial analysis to establish the business case for each set of emission-reduction targets. Careful consideration will be given to ensure the amount of capital investment made and the reinvestment of any savings are of sufficient magnitude to ensure targets are met within the specified timeframe.

For our Commercial and Industrial Division to achieve emissions reductions to meet portfolio ABGR targets, an initial investment of approximately A\$2.5 million has been made with a further A\$2.5 million budgeted over the next 2–3 years.

iv. What emissions reductions and associated costs or savings have been achieved to date as a result of the program?

For our Commercial & Industrial Division, on properties participating in the Utilities Reduction Program, between 1 July 2006 and 30 April 2007 electricity consumption has reduced by 5.4% or 1697 MWh in total when measured against the 2004/05 base year.

Progress is being made to reach the 8% electricity reduction target for the 2007 calendar year, however reductions to date are not tracking to target. Investigations are currently being undertaken to identify necessary actions to lift underperforming buildings.

v. What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

We have recently relocated our corporate head office into a refurbished commercial building that has been designed to achieve a 5 star tenancy ABGR rating. Included in the fit out of the Stockland space and refurbishment of the base building, a gas powered co-generation system has been proposed to provide cleaner electricity and peak demand reduction shared between the base building and tenancy. Monitoring of performance and tracking to the design ABGR will be undertaken during 2007 with the expected 5 star rating being achieved by late 2008.

Our Commercial & Industrial Division has implemented a strategic approach to reducing greenhouse gas emissions through its 'Utilities Reduction Program'. The features of this program include the installation of intelligent sub metering systems in selected buildings to monitor energy and water usage of major consuming plant and equipment. Reports from the service provider identify areas of high usage and propose action plans for operational improvements to ensure that opportunities identified are included in operating and capital expenditure budgets.

During 2006 our Retail Division engaged consultants to undertake energy audits across a number of properties within our existing portfolio. Over the 07/08 financial year we will make a significant capital investment on energy saving initiatives across 19 centres in our portfolio. Energy saving from these initiatives is forecast to be in the order of 5 million kWh per annum.

We have registered under the Energy Efficiency Opportunities Act 2006 Act (EEO) and are implementing processes to ensure that opportunities for energy efficiency are sought and implemented across the portfolio of assets. In line with the EEO requirements, our Retail Division will undertake energy audits, a series of educational workshops, implementation of energy saving initiatives and report on improvement.

Over the next financial year, a number of systems and improvements will be established across the operational portfolio. These include the installation of building management systems which will be invaluable in monitoring and managing each retail centre's environmental performance. These systems will assist us in providing more comprehensive and robust emissions reporting for CDP6.

In addition to our direct emission reductions on our commercial and retail assets we are leading the way in the adoption of co-generation technology for residential development. In 2006 we became the first developer in Australia to lodge a development application for a major multi-unit residential development with co-generation incorporated from the design stage. During the design and specification of the proposed development projected emissions were reduced by over 50% compared to the base-case building. Construction on this project is expected to start in mid 2007.

As part of our Climate Change Action Plan we will establish targets for the purchase of electricity generated from renewable resources (i.e. accredited GreenPower schemes). The combination of emission reductions across each business area and fuel substitution through the purchase of GreenPower will be a major contributor towards our emission reduction targets.

4b/ emissions trading:

What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc.), where relevant?



Integral to the adoption of a Climate Change Action Plan, and in preparation for CDP5, we commissioned external consultants to provide a review of the current and future opportunities that exist or may present themselves in established or emerging carbon markets. The findings of this work have been incorporated into the internal climate change capacity building program.

In the near future we expect to trade within the market place for the purpose of monetising emission reductions made in our commercial office building portfolio through the NSW Greenhouse Gas Abatement Scheme (GGAS) and offsetting a proportion of emissions from our operations and activities where we consider there is a credible case and a transparent and accountable scheme to do so.

In our CDP4 response, we indicated that we did not participate in any emissions trading schemes, but did recognise the opportunity to create NSW Greenhouse Gas Abatement Certificates (NGACs) under the NSW Greenhouse Gas Abatement Scheme (GGAS). Under this scheme, property portfolios can be registered to claim tradable credits from energy efficiency and abatement projects.

The ABGR scheme is endorsed under the GGAS scheme for property owners to use as a methodology to calculate credits to be earned from GHG abatement projects.

During the recent ABGR renewals process for the Commercial and Industrial Division, application has been made to the scheme's administrators to create NGACs for the Division's NSW and ACT sites. The amount of NGACs to be created is unknown at this stage whilst validation of the ABGR assessment is being undertaken by the scheme's administrators.

4c/ emissions intensity:

Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

// We are aware of some market reports in which our emission intensity has been presented as a proportion of our market capitalisation. Whilst this is a reasonable metric in the short term to assess our performance on direct emissions, it is unable to capture the emission reductions that we are leveraging from our supply chain.

It is proposed that each business area will adopt an appropriate indicator of emissions intensity as part of our Climate Change Action Plan. This will assist in benchmarking the performance across each sector of our business against other operators from like sectors.

4d/ energy costs:

What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?



// There is insufficient information across all business areas to provide a comprehensive account of all energy expenditure. It is instructive however to note that our Retail Division spend on energy totals A\$6.1 million which is 5.6% of the operating costs for all our shopping centres.

4e/ planning:

Do you estimate your company's future emissions? If so please provide details of these estimates and summarise the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?



Within the CDP5 reporting period this exercise has not been undertaken. By committing to establish reduction targets against set timeframes such planning will be enabled to assist and broaden our decision making base. We are very aware of the need to future-proof assets from forecast increases in energy prices through the more efficient use of energy and fuel substitution where possible¹¹.



Section B//

5/

Climate change governance

5a/ responsibility:



i. Which Board Committee or other executive body has overall responsibility for climate change?

Our Board constituted a Corporate Responsibility and Sustainability (CR&S) Committee on 9 August 2005. The members of the committee are:

- Mr G Bradley (Chairman, CR&S Committee; Chairman, Stockland), Non-executive Director
- Mr P Scott, Non-executive Director
- Mr M Quinn (Managing Director, Stockland), Executive Director

The purpose of the CR&S Committee is to assist the Board in overseeing our commitment to operate our businesses ethically, responsibly and in a sustainable way.

The CR&S Committee's role includes reviewing the social, environmental and ethical consequences of our current and planned operations. The committee meets at least four times annually, or more frequently as circumstances dictate.

Our Board's CR&S Committee and our Executive Committee have been briefed on our Climate Change Action Plan.

i. What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

Each of our operating divisions as well as our CR&S function reports monthly on environmental sustainability issues and progress to the Executive Committee and to the Board.

We published our first CR&S report in 2006, including greenhouse gas emissions reporting and the commencement of target setting. We are currently preparing our second annual CR&S report, to be assured in accordance with the AA1000 assurance standard.

5b/ individual performance:

Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets? If so, please provide details.



// In mid 2006, we rolled out a balance score card performance management system encompassing finance, people, stakeholders, customers and CR&S objectives for all of our employees. This is currently being refined to better support our public CR&S commitments.

Appendices



1/ GHG emission summary table

Emission	Consumption	GHG emissions (tonne CO ₂ e)	Calculation method
Scope 1 – Direct emissions			
On-site gas consumption	21,103,323 MJ	1,083.3	GHG protocol initiative (July 2005). Calculation tool for direct emissions from stationary combustion. Version 3.0
Vehicle use	407,490 litres	975.1	WRI/WBCSD GHG protocol initiative (June 2003) mobile combustion CO ₂ emissions calculation tool. Version 1.2. Emissions based on fuel use.
Refrigeration & air-conditioning	Not recorded	Not calculated	
Plant & equipment	Not recorded	Not calculated	
Scope 2 – Indirect emissions			
Purchased electricity (See Appendix 2)	128,741,196 kWh	108,271	GHG protocol initiative (December 2006) indirect CO ₂ emissions from purchased electricity. Version 2.1
Scope 3 – Other indirect GHG emissions			
	N/A	N/A	
Air travel	6,965,828 km	834.6	WRI/WBCSD GHG protocol initiative (June 2003) mobile combustion CO ₂ emissions calculation tool. Version 1.2. Emissions based on distance.
Paper use	Not recorded	Not calculated	
Waste disposal	Not recorded	Not calculated	
TOTAL	111,164 tonnes CO₂e		

2/ Scope 2: Indirect emissions – purchased electricity

Division	Percent represented	Total (kWh)	Total GHG (tonnes CO ₂)
	2006	2006	2006
Commercial	72%	59,413,045	50,431
Industrial	4%	4,617,428	3,883
Office Parks	29%	1,723,145	1,449
Retail	76%	62,434,647	108,271
TOTALS		128,741,196	108,271