

# Our approach



- 15 Our reporting approach
- 16 Our Corporate Responsibility and Sustainability strategy
- 18 Residential approach
- 19 Retirement Living approach
- 20 Commercial Property approach
- 21 Responsible investment
- 23 Our stakeholders
- 24 Stakeholder engagement
- 26 Stockland UK
- 27 Aevum
- 29 Case study: Cyclone Yasi and flooding in Queensland
- 30 Case study: North Shore community development
- 31 Case study: Aevum integration

**Our approach to corporate responsibility and sustainability focuses on being inclusive, identifying and addressing our material issues and being responsive to stakeholder interests.**

OUR APPROACH **OUR REPORTING APPROACH**

**Our reporting approach**

**About this report**

This is our sixth annual CR&S report and covers our performance in the financial year 1 July 2010 to 30 June 2011 (FY11). It follows our CR&S Report 2010 which covered our previous financial year ended 30 June 2010 (FY10).

This report explores how we see our responsibilities to our stakeholders and to the environment. It outlines our CR&S strategy and our aligned business unit policies and strategies, and how we performed against targets we set in our FY10 report. We highlight our achievements and share the ongoing and emerging challenges we face.

We developed our report in a highly collaborative manner. Following extensive consultation, over 60 employees contributed data, case studies and discussion of our performance to our online wiki and environmental data management system. The use of these online tools enabled people from across the organisation to contribute. Our CR&S team then reviewed and coordinated the editing of the wiki content, prior to and during the assurance process.

Each year we aim to make our report more accessible to those people who have an interest in the operations of our organisation. With this in mind we communicate our performance through different formats:

- Our **online CR&S Report** provides all of our stakeholders with an easily accessible and interactive version of the report.
- The **downloadable PDF version** of this report is specifically for those seeking full documentation of our performance, for example environmental, social, governance (ESG) analysts.
- **Summary** information from the report forms part of our **Shareholder Review 2011** distributed to our securityholders.
- Our **Financial Report 2011** completes our suite of annual reports.

**Our material issues**

In line with our CR&S strategy, we have reported on material issues that are considered important to us as a business, and to our stakeholders. We took a two-step approach to identify these issues:

**Step 1 – Information capture**

This included examining:

- Themes identified in our annual CR&S strategy workshop, which involves seeking feedback from both internal and external stakeholders,
- Board papers and employee feedback from employee engagement research, and
- External stakeholder views obtained from targeted feedback sessions, consumer research and the media.

**Step 2 – Prioritisation of issues**

This process prioritised issues based on:

- How often they occurred, with the highest weighting applied to issues identified in our CR&S workshop process and employee feedback,
- A review of issues with Group Strategy and Group Risk,
- A materiality assessment by our internal CR&S Report Editorial Panel.

Our material issues are discussed as part of our CR&S strategy.

**Reporting standards**

Once again we have chosen to submit our report to assurance, applying the AA1000 Assurance Standard (2008) principles of inclusivity, materiality and responsiveness.

We have also reported against the Global Reporting Initiative (GRI) and the Construction and Real Estate Sector Supplement (CRESS), applying the indicators to application level A+. Our response to GRI criteria varies in response to our level of control as owner, manager, developer and/or fund manager of assets.

**Scope of report**

All material is to be read as relating to our Australian operations except where indicated. We have reported on our UK operations separately under the Stockland UK section.

We have provided people and greenhouse gas and energy data for the assets we acquired from Aevum in late 2010. The report indicates where Aevum asset data is included.

Data measurement techniques, restatements and calculations appear in this report as footnotes where relevant.

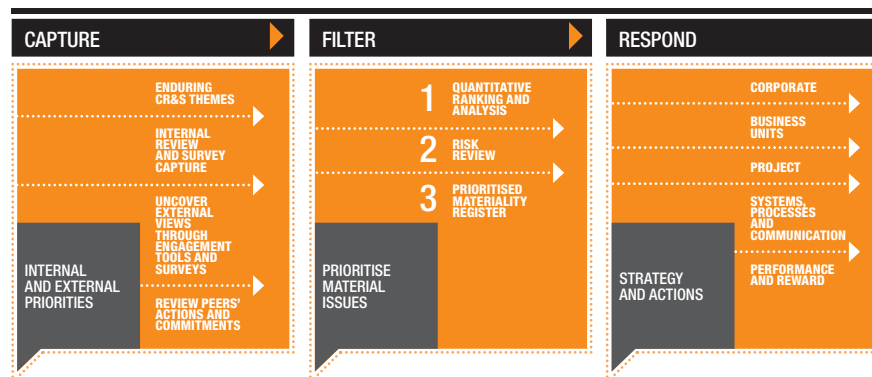
**Evolving our reporting**

This year our online report has been designed to enable interaction with readers through social media tools. We have also nominated and have been selected to participate in the international pilot for integrated reporting over the next two years, led by the International Integrated Reporting Committee.

**Stockland annual reporting 2011**



**PRIORITISING MATERIAL ISSUES TO INFORM OUR CR&S STRATEGY**



OUR APPROACH **OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRATEGY**

**Our Corporate Responsibility and Sustainability strategy**

**Creating sustainable value**

We recognise that we have a significant role to play in developing the sustainable communities of the future; embodying leading design principles and efficient urban form, building resilience and limiting the impact on natural resources, while continuing to contribute to the economic growth of the nation.

In FY11 we refreshed our company purpose. *We believe there is a better way to live* – was developed through a highly collaborative process of discovery, not invention, reflecting the thoughts and aspirations of our employees. Our purpose is a galvanising force, shaping how we contribute to the success of communities – both today and in the future. It reflects the importance we place on embedding sustainable practices into our day-to-day activities, ensuring we deliver long-term value not only for our investors but for all stakeholders.

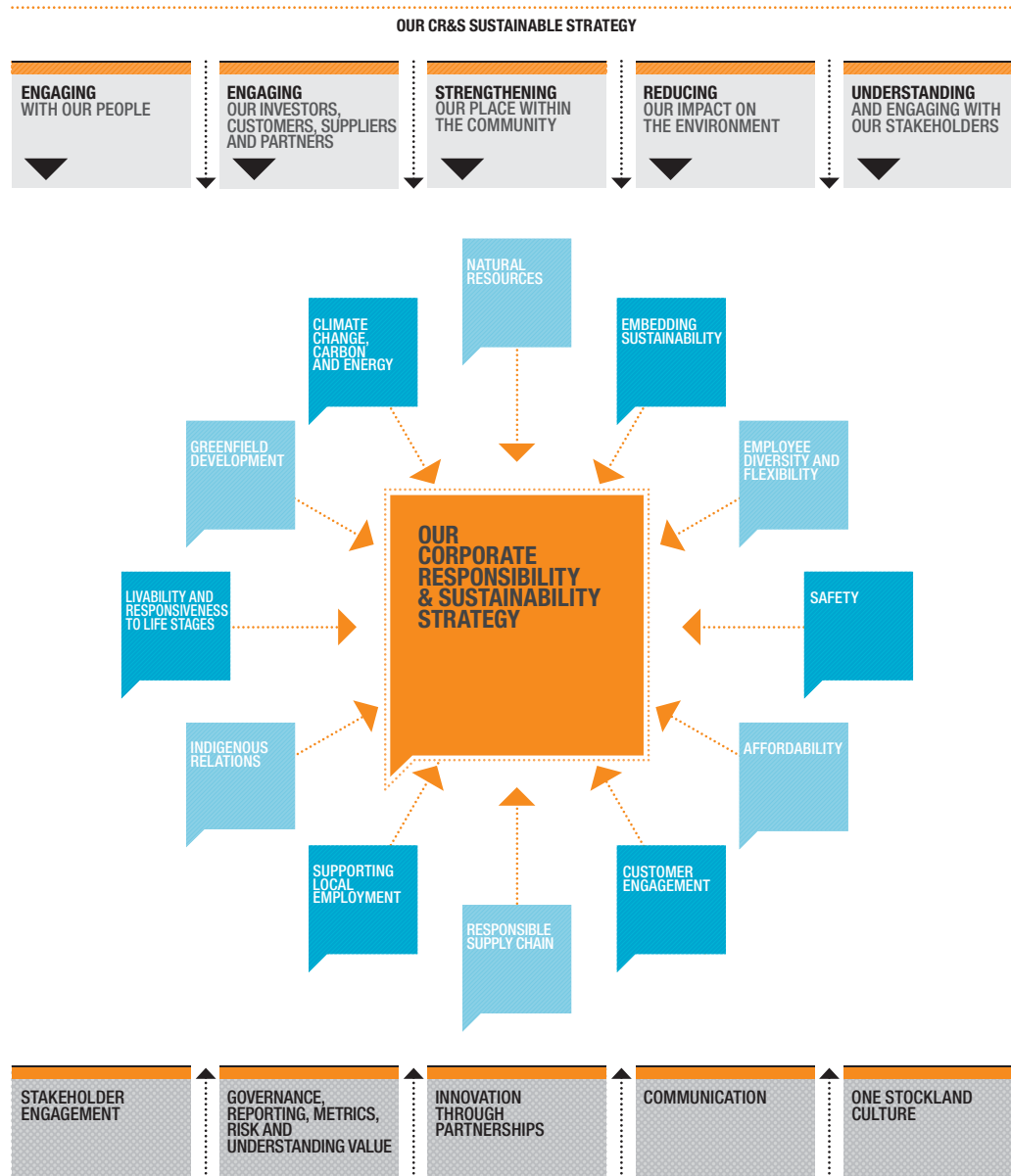
Our approach to corporate responsibility and sustainability focuses on embedding the AA1000APS (2008) principles to be inclusive, identify our material issues and respond to stakeholder issues.

To ensure our approach is informed by our stakeholders and that our focus areas are aligned with our current material issues, our CR&S strategy is reviewed annually. Our annual Stakeholder Engagement Forum, which brings together all areas of the business with key stakeholders from various backgrounds, helps inform the setting of our CR&S strategy.

**THEMES**  
ENDURING EACH YEAR  
CONSISTENT FOCUS AREAS TO ENSURE WE ARE RESPONSIVE AND INCLUSIVE

**MATERIAL ISSUES**  
REVIEWED YEAR TO YEAR  
THESE ISSUES ARE IMPORTANT TO US AND OUR STAKEHOLDERS

**ENABLERS**  
CONSTANT  
COMMON PRACTICES AND VALUES THAT INFLUENCE OUR PERFORMANCE



OUR APPROACH **OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRATEGY**

In FY11 we continued to ensure that our CR&S strategy was informed by both our Group Risk and Business Strategy functions. The identified material issues did not shift substantially and our focus was to ensure we were making progress on our action plans and ensuring our actions were delivering real value for the organisation.

**CR&S Governance**

Our CR&S Board Committee assists the Board to oversee our commitment to operate our business ethically, responsibly and in a sustainable way. The Committee met four times during FY11.

The following Directors were members of the Committee at the close of the financial year:

- Mr D Boyle (Chair) – Non-Executive Director,
- Ms C Schwartz – Non-Executive Director,
- Mr B Neil – Non-Executive Director,
- Mr M Quinn – Managing Director.

A monthly CR&S report is submitted to the Executive Committee and to the Board. Additionally, all major stakeholder issues are reported at Board and Executive Committee level.

**In 2011**

**Our refreshed company purpose we believe there is a better way to live was developed through a highly collaborative process of discovery, not invention, reflecting the thoughts and attitudes of our employees**

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**Our approach to corporate responsibility and sustainability focuses on embedding the AA1000APS(2008) principles to be inclusive, identify our material issues and respond to stakeholder issues**

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Our CR&S Employee Committee was formed in 2004 and meets every two months to track progress against the CR&S strategy. The Committee is chaired by the General Manager of CR&S and its members include our National Sustainability Managers, as well as representatives working in Group Risk, Group Strategy, Procurement, Government Relations, Stakeholder Engagement, Health, Safety and Environment, and Human Resources, as well as operational roles including Development Management.

**Our strategic approach**

Our strategy identifies five enduring CR&S themes within which our material issues are identified and business unit policies aligned. These strategic themes are reflected in the structure of our report: understanding and engaging with our stakeholders (our approach); engaging our people; engaging our investors, customers, suppliers and partners (our marketplace); strengthening our community (our community); and reducing our impact on the environment (our climate and environment).

The material issues identified for the coming year are:

- Continue to **embed sustainability** practices,
- Promote **diversity and flexibility** through employee engagement,
- Effectively manage the **health and safety** of our employees and suppliers,
- Develop and deliver **affordable products and services**,
- Improve understanding and responsiveness to **customer satisfaction**,
- Engage with our suppliers on the risks and opportunities of a **responsible supply chain**,
- Promote and partner to grow **local employment** opportunities,
- Work towards more proactive relationships with **Indigenous communities**,
- Contribute to improved **livability** and wellbeing of Australians, **addressing all life stages**,
- Understand and communicate the attributes of responsible **greenfield development**,
- Mitigate and adapt to **climate change** risk, minimise **emissions** and improve **energy efficiency**, and
- Effectively manage the use of and our impact on **natural resources** (including water, waste, materials and biodiversity).

Our analysis and feedback from stakeholders have also informed us that consistent practices are critical to enable us to best respond to our material issues.

The five common practices identified were:

- **Stakeholder engagement** – This is essential to the way we operate and requires consistent and ongoing application across all areas of our organisation. Our goal is to identify, understand, balance and respond to the interests of our stakeholders.
- **Governance, reporting, tools, metrics and value** – A priority when addressing our material issues is how we integrate and streamline reporting to better understand the value of our actions and inform decision-making. Once realised, this will further integrate sustainability into our business operations and improve understanding of our sustainability performance.
- **Innovation through partnerships** – Partnering with thought leaders and community groups to embed innovative practices in creating a better way to live. This includes embedding innovative solutions in our projects and operations and being innovative in the way we work.
- **Communication** – We aim to lift our communications and the internal and external awareness of our sustainability position and achievements. This will improve and promote sustainable property management both internally and externally.
- **One Stockland culture** – The diversity and geographic spread of our organisation, as well as the dynamic nature of our growth, means that a consistent and coordinated approach to sustainability is often difficult to achieve. By strengthening our One Stockland culture, we will be able to address material issues in a cohesive and integrated way.

OUR APPROACH **RESIDENTIAL SUSTAINABILITY POLICY**

**Residential approach**

The Residential development sustainability strategy sets a framework to help us implement sustainability across our Residential projects. The strategy was derived from Stockland's overall sustainability strategy and, through consultation with internal stakeholders, has been continually refined over the three years since it was first prepared. Through this process we have identified four key priorities for our residential projects:

- **Society priorities:** – our broader role in contributing to a strong, vibrant, healthy and economically viable society. For us, this means addressing housing affordability and our contribution to the economy and job creation,
- **Community development:** – the soft and hard social infrastructure that creates a sustainable community,
- **Energy and climate change:** – our energy management approach and our current and future climate change impact and adaptation,
- **Natural resources – water and biodiversity:** – our water management approach and our impact on biological diversity.

To ensure we deliver against this strategy, we have also developed a policy that sets minimum sustainability standards that all projects must meet and measurable targets. A comprehensive check list for development teams to use in the project management of sustainability initiatives further supports the implementation of this policy. The policy clearly identifies the roles and responsibilities of everyone involved in a project, including the business development and acquisition teams, development managers, designers and sales people, to assign accountability for the delivery of each sustainability component throughout the life of the project.

As an initial focus for the sustainability strategy and the policy beneath it, we have clearly focussed on areas under our direct control such as project design and infrastructure provision. To go beyond this, in 2011 we amended our policy to reflect the role we have in influencing the development of sustainable communities through purchase decisions and behaviour. For example all projects are now required to promote the delivery of 7 Star rated homes in our display villages. At a time when there is a good deal of public debate around government objectives to change mandatory requirements from 5 to 6 Stars, we believe there is a portion of the market that wants to build and buy more energy-efficient housing. Having a more thermally-efficient home generally means the home will be more comfortable and less expensive to run. We believe our customers should have the opportunity to see and touch more efficient housing to better understand the opportunities that it can provide, and to choose the elements that make housing more efficient and see the costs and benefits of providing those elements.

**RESIDENTIAL SUSTAINABILITY POLICY**



**In 2011**

We amended our policy to reflect the role we have in influencing the development of sustainable communities through purchase decisions and behaviour

We believe our customers should have the opportunity to see and touch more efficient housing to better understand the opportunities that it can provide

OUR APPROACH **RETIREMENT LIVING SUSTAINABILITY POLICY**

**Retirement Living approach**

In 2009, the Retirement Living business developed its first tailored sustainability strategy and policy aligned with the group approach. In FY11 we undertook a review of the priority areas and actions identified in the strategy with a cross-functional group of internal Retirement Living stakeholders, including representatives from sustainability, strategy, finance, marketing, sales, operations, development and design. As a result of this workshop we reconfirmed the four priority areas identified in our original strategy:

- **Ageing population** – provide positive solutions to the challenges presented by an ageing population and leverage this for our business,
- **Community development** – create and enable healthy, safe, and vibrant communities that over 65s want to be a part of,
- **Energy and climate change** – improve energy efficiency, reduce costs for our business and residents, and manage climate change impacts,
- **Natural resources – water and biodiversity** – manage our impact on natural resources and reduce costs for our business and residents.

These priority areas and appropriate sustainability actions were approved by the Retirement Living Leadership Team and the CR&S Board Committee in June 2011.

These areas also form the focus of the Retirement Living sustainability policy, which requires every project to deliver a minimum consistent performance for sustainability. The policy contains Retirement Living Sustainability Essentials which apply to new projects from acquisition through to project completion. They also apply to existing projects for any new stages and for ongoing management.

**Retirement Living Green Star**

An important focus for our Retirement Living business in FY12 is working with the Green Building Council of Australia (GBCA) to achieve two industry firsts that will enhance our sustainability strategy and policy in future years:

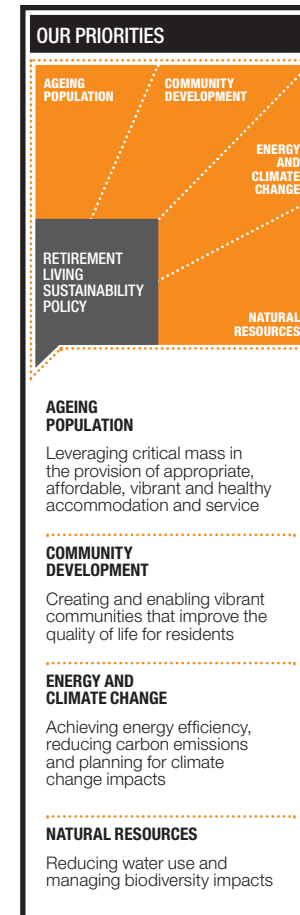
- Developing the first Custom PILOT tool for Green Star rating of an entire retirement village, and
- Piloting the GBCA's Green Star Public Building tool on a Retirement Living community centre.

We expect the custom tool, which can be used to rate an entire Stockland village, to be endorsed by the GBCA in early FY12 and we will make an application for our first design rating – for our Mernda Retirement Village – over the coming year.

To pilot the public building tool we have chosen our community centre at Settlers East in Western Australia where planning and design are well progressed. We are aiming to achieve a 4 Star rating under the public building tool and hope that it will not only be the first Green Star rated community centre in a retirement village, but also one of the first ratings under the public building tool.

We believe using these tools to rate our community centres and villages will improve our focus on energy and water efficiency, resulting in cost savings for our residents. The tools also address indoor environment quality and access to local transport which are important factors affecting the comfort and quality of life of residents.

**RETIREMENT LIVING SUSTAINABILITY POLICY**



**In 2011**

An important focus for our Retirement Living business is working with the Green Building Council of Australia to achieve two industry firsts that will enhance our sustainability strategy and policy in future years:

developing the first Custom PILOT tool for Green Star rating of an entire retirement village; and

piloting the public building tool on a Retirement Living community centre

OUR APPROACH **COMMERCIAL PROPERTY SUSTAINABILITY POLICY**

**Commercial Property approach**

The Commercial Property Sustainability Strategy was refreshed in 2011 following the corporate strategy review and identification of material issues for our stakeholders. Importantly, for the first time the Sustainability strategy was integrated into the broader Commercial Property strategy, a significant step forward in embedding sustainability. The Commercial Property Strategy for 2011 focuses on creating community hubs in our assets, surpassing our current minimum standards in environmental sustainability and proving to our customers and suppliers that we are the partner of choice. Continuing to work with asset teams to demonstrate the value of integrating sustainability and community development will assist us in converting this strategy into positive environmental and social outcomes.

The Commercial Property Sustainability Policy, introduced in early 2010, outlines minimum requirements and measures for each asset – both operational and development. The policy provides clear guidance for asset managers and developers and improves consistency of performance for the commercial portfolio.

The Commercial Property priorities remain:

- **Customer relationships** – improved customer understanding, satisfaction, retention and performance,
- **Community relationships** – strengthening and sustaining our reputation within the communities in which we operate,
- **Energy and climate change** – maximising business and asset performance within emerging climate and energy risk parameters,

- **Natural resources** – minimising our impact on natural resources.

In FY11 all projects that have submitted development applications (DA) have been designed to meet 4 Star Green Star Retail Design and Green Star Retail As Built, beyond our minimum standard for retail developments. Stockland North Shore and Stockland Townsville have both received 4 Star Green Star Design recognition in the past year. Following on from this, the minimum standards set out in our policy will be increased to support continuous improvement.

While our development standards have been a great success, unfortunately we have not been as successful implementing our minimum standards for operational assets. This is due to the diversity of our assets and various requirements that each project has for improved sustainability outcomes. To address this, the Operations Team has allocated a dedicated sustainability operations resource to assist in embedding improved sustainability performance across our operating assets. In addition, in FY12 we will roll out asset training on sustainability measures to assist in the consistency of performance.

Our Commercial Property strategy also includes community development initiatives which are progressing well. In 2011, all asset managers received training on the Commercial Property Community development toolkit and how to apply it to each property. The toolkit focuses on health and wellbeing; learning and economic development; and community vitality. Our approach to Community development is provided in detail in the Our community chapter.

**COMMERCIAL PROPERTY SUSTAINABILITY POLICY**



**In 2011**

The Commercial Property Strategy focuses on creating community hubs in our assets, surpassing our current minimum standards in environmental sustainability and proving to our customers and suppliers that we are the partner of choice

Our Stockland North Shore and Stockland Townsville shopping centres have both received 4 Star Green Star Design recognition

**Responsible investment**

We remain committed to responsible investment practices through our work with the Investor Group on Climate Change and as a signatory to the UN Principles for Responsible Investment. Initially, the principles were sponsored by our Unlisted Property Fund. However, we now apply these principles to the whole organisation's development and management of properties and projects.

**UN Principles for responsible investment**

LAST YEAR <b>WE SAID WE WOULD</b>	THIS PAST YEAR <b>WE HAVE</b>
<h2>Past</h2>	<h2>Present</h2>
<p>We will incorporate environmental, social and governance (ESG) issues into the investment analysis and decision-making process.</p>	<p>Continued to develop and implement a number of analysis and decision-making tools as well as research project findings, minimum ESG standards and guidance documents. Our work on climate change adaptation, integrated community development initiatives across the organisation and asset specific marginal abatement cost curves are key initiatives that highlight our commitment.</p>
<p>We will be active owners and incorporate ESG issues into our ownership policies and practices.</p>	<p>Prepared stakeholder engagement plans for 100 per cent of our Residential, Retirement Living and Commercial Property assets and objectives and minimum sustainability standards set for both the operational and development parts of our projects. This ensures sustainability initiatives are carried through the life of a project.</p>
<p>We will seek appropriate disclosure on ESG issues by the entities in which we invest.</p>	<p>Disclosed the environmental and social performance of our projects through our annual CR&amp;S report. We have expanded our acquisition requirements to include NABERS ratings and the environmental data of existing assets.</p>
<p>We will promote acceptance and implementation of the Principles within the investment industry.</p>	<p>Initiated engagement with our property peers and service providers on the purpose of the principles and to promote ESG performance indicators. We communicate our CR&amp;S performance to our investors as part of our bi-annual investor presentations.</p>
<p>We will work together to enhance our effectiveness in implementing the Principles.</p>	<p>Supported the uptake of ESG principles and industry activities within and beyond the property sector, through actively promoting and participating in numerous business and industry groups. Stockland became a member of the Business Reporting Leaders Forum (BRLF) in FY11. This forum allows us to collaborate with Australian stakeholders and work with global initiatives to promote and drive the development and implementation of a strategy aligned integrated business reporting framework, encompassing ESG as well as financial reporting, with the goal of reducing complexity and enabling efficient allocation of capital.</p>
<p>We will report on our activities and progress towards implementing the Principles.</p>	<p>We are committed to reporting on our progress in future CR&amp;S reports.</p>

# Our stakeholders – progress and priorities

LAST YEAR **WE SAID WE WOULD**

## Past

Establish either regional or state stakeholder engagement plans covering operations in Queensland, New South Wales, Victoria and Western Australia.

Consolidate regular updating and reporting processes for stakeholder engagement plans.

Increase the provision of tools and training workshops to support the achievement of performance management metrics.

THIS PAST YEAR **WE HAVE**

## Present

Established State Stakeholder Engagement plans for all our state operations, ensuring coordinated and strategic contact with key stakeholders across our business units.

Ensured all projects continued to have stakeholder engagement plans in place, plans are reviewed by project teams and reviewed annually as part of the rigour testing process.

Designed a government and stakeholder engagement training workshop program for our development and project teams to be held in each of our state offices by the end of FY12.

**RESULTS**

ACHIEVED OUTCOME ★

ACHIEVED OUTCOME ★

FY12 PRIORITY 🚩

IN THE COMING YEAR **OUR PRIORITIES ARE**

## Future

Further embed state stakeholder engagement plans and apply a similar template for our key regions.

Review and update our stakeholder plan templates and further refine the review process in the year ahead.

Continue to focus on implementing training and tools to further embed a focus on proactive and coordinated stakeholder engagement within all our project teams.

Develop an Indigenous relations strategy to better organise our activities, improve our understanding and build positive relationships with Indigenous communities.

OUR APPROACH **STAKEHOLDER ENGAGEMENT**

**Our stakeholders**

Stakeholder Group	About	Engagement During FY11
<b>Employees</b>	We have 1,367 employees in Australia.	<p>Our annual Our Voice employee survey measures employee engagement across the organisation. Employees are also able to provide feedback on specific issues.</p> <p>Our intranet, stockXchange, is a key source of business news, activities and policies, and is updated each business day. Our ask me feature enables employees to ask questions anonymously to executive management.</p> <p>Our annual roadshows provide an opportunity for our Executive Committee to interact with employees in each capital city and give an update on our strategy and performance.</p>
<b>Government and regulators</b>	Federal, state and local governments set the regulatory environment in which we operate.	We engage regularly with all levels of government in Western Australia, New South Wales, Victoria and the Australian Capital Territory directly, and through industry associations.
<b>Shareholders and the investment community</b>	We have close to 50,000 shareholders in Australia and overseas.	Our management regularly meet with institutional investors and we provide investor briefings on our strategy and financial results. At our Annual General Meeting, retail shareholders can engage with our Board of Directors and are updated on our strategy and performance.
<b>Customers</b>	We have daily contact with a diverse range of customers, ranging from our commercial, retail and industrial tenants and shoppers in our retail centres, to purchasers of our residential properties.	We regularly seek feedback from customers through surveys and research, and we incorporate feedback into our product design and service offerings.
<b>Suppliers</b>	We procure services and products from over 8,000 active suppliers.	Our major suppliers complete a CR&S questionnaire and a comprehensive health, safety and environment questionnaire as part of their response to our tender requests.
<b>Communities</b>	Our communities include those within our residential, apartment and retirement living developments, as well as the communities that visit our retail centres.	Our engagement with communities includes community and consultation forums, one-to-one meetings with community groups and local leaders, as well as surveys and research.
<b>Media</b>	We interact with journalists across a wide spectrum of local, regional, metropolitan and national print and electronic media outlets.	Our corporate media strategy outlines our approach to dealing consistently with the media and we aim to be responsive to requests for information about our business activities.

**OUR STAKEHOLDERS**



OUR APPROACH **STAKEHOLDER ENGAGEMENT**

**Stakeholder engagement**  
**Our commitment to stakeholder engagement**

Stockland's stakeholder engagement (SE) framework is now well established and remains a critical focus for each of our business units. It continues to inform our group strategy and the strategies of our operating businesses.

Our stakeholder engagement framework is underpinned by five fundamental principles which were endorsed by our Board and Executive Committee in 2010:

- A proactive, harmonised approach across the business,
- Early, prioritised engagement with stakeholders to help build a clear project vision and identify key milestones,
- Clear understanding of our stakeholders and their key drivers to build trust beyond the project,
- Regular communications, recording and reporting with corporate circuit breaking if required, and
- Capturing stakeholder trends across the business to inform our future strategy.

We use internal and external stakeholder workshops, as well as feedback and research, to determine the key stakeholder issues to be addressed in our strategy and in our annual CR&S report. This process involves evaluating the core public policy issues raised and making consequent improvements to business practices.

We make public commitments annually that balance the interests of our wide range of stakeholders with our commercial interests as a publicly-listed organisation.

**Our stakeholders**

We engage directly with a range of stakeholder groups to understand their expectations. For example, we engage with shareholders and the market through our Investor Relations unit, with our community partners across the country through our Residential, Commercial and Retirement Living businesses, and with governments and agencies at all levels through our Government Relations team.

Our Corporate Affairs team also conducts regular local, regional and metropolitan media monitoring to capture stakeholder expectations and concerns about Stockland and our projects, and report these issues and our response to the Executive Committee on a monthly basis.

**Our stakeholder engagement approach**

Our CR&S Board committee is responsible for overseeing policies ensuring that we conduct our business ethically and sustainably.

The committee receives quarterly updates about our approach, including a review of key project issues which highlights key projects with reputational and stakeholder issues enabling us to provide focus and resourcing to help address these. Key projects are reviewed by senior leadership from each of our businesses on a monthly basis, as well as being presented for review by the executive committee quarterly and the CR&S Board committee twice per year.

Over the past year, we have continued to focus on embedding a proactive approach to stakeholder engagement by ensuring it is a part of everyday operations. This focus starts at the beginning of a project with the stakeholder and planning risk assessment process. This process involves our acquisition teams completing a form with our SE team to identify key government and community stakeholders as well as potential planning, environmental and community concerns that may have the ability to impact on the project in the future. This early identification of key stakeholder and planning issues and concerns ensures we can make strategic and well-informed decisions about acquiring new properties. It also means we can focus on building credibility with local stakeholders from the outset of a project.

**In 2011**

**We have continued to focus on embedding a proactive approach to stakeholder engagement by ensuring it is a part of everyday operations**



**This early identification of key stakeholder and planning issues and concerns ensures we can make strategic and well-informed decisions about acquiring new properties**



We continue to focus on managing stakeholder expectations through regular and proactive engagement with our stakeholders, informing them of key milestones in advance and providing an opportunity to provide their input on planned activities. We continue to use a number of communications channels to assist in this process, with a focus on face-to-face engagement coupled with a range of tools tailored to suit different situations. These include project websites tailored to local issues, community update newsletters, email addresses for inquiries, engagement with local media, community information centres located near our sites and site information tours.

All our stakeholder communications are planned carefully to ensure we manage expectations about our projects and provide an honest assessment of our future plans.

**Stakeholder engagement plans**

All of our Residential, Commercial and Retirement Living assets have a SE plan in place. The plans identify key stakeholders, key issues and a clear contact plan. We have also developed communication plan templates for project milestones to ensure we link project milestones with briefings and updates to stakeholders.

Project-level stakeholder engagement plans clearly outline stakeholder expectations including outlining what is expected of Stockland in terms of a response, reference items (i.e. relevant environmental reports, studies etc.) or the likelihood of a negotiation on a particular issue. We have encouraged our teams to continue to adopt a proactive approach to communicating with stakeholders about our project and coming milestones such as lodgement of development applications.

OUR APPROACH **STAKEHOLDER ENGAGEMENT**

PROJECTS WITH A STAKEHOLDER ENGAGEMENT PLAN  
**100%**

Priority SE plans are developed for more complex and high profile projects that are included on our priority projects radar. Whether a project is deemed standard or priority is determined and reviewed on a monthly basis at General Manager level, based on the planning complexities of the project or the intensity of stakeholder interest. Priority plans include greater detail and often set out more rigorous engagement programs.

We are also focused on improving our people's capabilities in identifying and managing stakeholder expectations by providing regular advice and counsel and training via orientation programs. Also, stakeholder engagement training workshops will be held late in 2011. These workshops will include chat room sessions with representatives from different stakeholder groups talking to our teams about the importance of regular interactions, seeking feedback and recognising their experience and expertise and how it can add value to Stockland's overall approach to a project.

SE metrics form part of our development, project and centre managers' key performance indicators. The performance objectives of our Executive Committee also reflect these priorities.

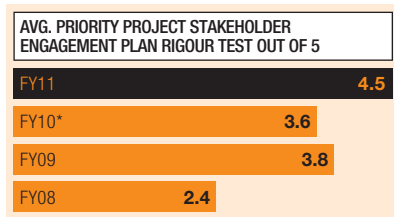
**Engaging with Indigenous communities**

We engage with Indigenous communities on development projects, for example our residential community project at Sandon Point, on the New South Wales South Coast. We also have assets in communities where Aboriginal and Torres Strait Islander people form a significant proportion of the local population including Western Sydney, North Queensland and the New South Wales South Coast. We recognise that on some occasions we have been reactive to the concerns of Indigenous groups. We are working towards strengthening relationships, including recently joining the Australian Indigenous Minority Supplier Council. Over the coming year we will start to develop an **Indigenous relations strategy** to better organise our activities, improve our understanding and build more positive relationships with Indigenous communities.

AVERAGE PRIORITY STAKEHOLDER ENGAGEMENT PLAN RIGOUR TEST SCORE  
**4.5/5**

This year we again used a detailed rigour testing framework to assess the effectiveness of the SE plans and encourage our project teams to continually review and improve their stakeholder engagement at a project level. The rigour test was updated ahead of the scoring process to ensure we continue to set higher benchmarks for our engagement plans. The framework allows us to analyse our performance in terms of inclusivity, measurement and engagement techniques. The overall average from the rigour testing for all the priority project plans was 4.5. This is an increase of 0.9 on last year's result.

We initiated State-based SE during the year. These plans provide a high level view of the top 20 stakeholders across our three business units in each state and are the best way to ensure our people strategically coordinate regular contact with our key stakeholders. The plans also capture the top policy, legislative and community issues affecting Stockland's projects and stakeholder relationships in the state. These plans inform the engagement approaches of the state leadership teams and our Government Relations team.



\* In FY10 we recalibrated our rigour testing methodology which resulted in stringent rigour testing.

**In 2011**

**Despite ongoing economic challenges in the UK, the orderly sale and work out is progressing to plan**

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**Stockland UK**

In 2009 Stockland announced its intention to exit its small UK business as a result of consistently unattractive operating conditions and outlook in the UK. This exit has been undertaken in an orderly way to help achieve the best possible financial outcome in the challenging circumstances. Despite ongoing economic challenges in the UK, the orderly sale and work out is progressing to plan.

In line with this situation our CR&S activities have been amended to reflect the business strategy, likely longevity and size of the portfolio. The UK business continues to meet all legal obligations falling due as a result of the Carbon Reduction Commitment (CRC), Energy Efficiency Scheme obligations and Energy Performance Certificates legislation.

Over the past 12 months the UK business continued its focus on health, safety and environment practices and procedures across the portfolio.

Despite the challenging circumstances, employees have continued to deliver the required asset and property management strategies with professionalism and commitment.

Employee apprehension about their employment longevity will continue to grow as the work out period advances and the business continues to adjust employee numbers to match the size of the remaining portfolio.

To help provide employees with information to support their future planning during FY11, Stockland UK published a set of Redundancy Terms that provide greater clarity and transparency of potential financial payments. Employees also have visibility of the planned asset disposal program. We expect retention to remain a key challenge in FY12.

Although the UK job market remains weak, as the work out progresses, employees will intensify their activity to secure alternative roles. Contingency arrangements have been investigated to mitigate for this risk.

OUR APPROACH **AEVUM**

**Aevum**

In August 2010 Stockland announced an offer to acquire Aevum, one of the largest ASX-listed pure Retirement Living companies. The transaction was completed in December 2010 with the delisting of Aevum and the integration of Aevum villages into the Stockland portfolio.

The Aevum business comprised a retirement village portfolio, which represented about 80 per cent of the business, a modest development pipeline and small aged care operation (four sites representing about 5 per cent of the business).

The acquisition was in line with Stockland's 3-R growth strategy – focusing on growth through development and acquisition in our Residential Communities, Retail and Retirement Living businesses.

The integration of Aevum significantly accelerated the growth of our Retirement Living business, nearly doubling its size and delivering a complementary geographic spread, enhancing our existing Victorian and Queensland portfolios and providing critical mass in New South Wales. This resulted in improved economies of scale and a national platform for growth.

The Aged Care operation was the only part of the business that was not a direct fit for Stockland as our strategy is focused on independent living, with aged care services offered by specialist providers in separate facilities.

Starting with our initial offer to acquire Aevum, and subsequently in all our communications with employees and residents, we clearly stated our intention to undertake a strategic review of the aged care operations to identify the most appropriate path forward for that part of the business. The review was completed in mid-2011, with the result that Stockland decided to continue to own and operate the former Aevum Aged Care facilities as the best outcome for residents at this time, and is committed to ensuring that we meet the highest standards in our operations.

Stockland's operation of Aged Care maintained the existing management team, and has the same focus on quality of care as before the acquisition. The Aevum brand will be retained as it has a good reputation and name recognition as a provider of aged care. We have communicated openly about this approach with employees, aged care residents and their families, and the residents at our co-located retirement villages.

Please refer to our case study on how we engaged with employees and residents on the integration of Aevum into our organisation.

**In 2011**

The acquisition was directly in line with Stockland's 3-R growth strategy – focusing on growth through development and acquisition in our Residential Communities, Retail and Retirement Living business

AEVUM  
NUMBER OF  
EMPLOYEES

**550**

AEVUM  
WOMEN IN  
MANAGEMENT

**63.6%**

**Aevum employees now working for Stockland**

**AEVUM WORKFORCE – NUMBER OF EMPLOYEES**

FY11	Aged Care	Villages
Full-time	25	74
Part-time	239	67
Casual	84	61
<b>Total</b>	<b>348</b>	<b>202</b>
FTE	219	133

\* FTE includes those on extended leave and employed on a casual basis.

**AEVUM WORKFORCE – BY REGION**

FY11	Aged Care	Villages
NSW	180	143
QLD	1	13
VIC	167	20
WA		4
SA		22
<b>Total</b>	<b>348</b>	<b>202</b>

**MEDIAN AGE OF AEVUM EMPLOYEES**

FY11	
Aged Care	45
Villages	51

**AEVUM EMPLOYEE ENGAGEMENT**

Year	Aevum Villages	Global High Performing Companies Norm
FY11	74	82

\* The Aged Care business did not participate in this year's survey.

**AEVUM WOMEN IN MANAGEMENT – BUSINESS UNIT (%)**

FY11	
Aged Care	75
Villages	60
<b>Total Aevum</b>	<b>63.6</b>

\* Includes those in the Manager Job Band.

OUR APPROACH **AEVUM**
**Gender diversity**
**AEVUM WORKFORCE – GENDER**

Job Band	Aged Care Men FY11	Aged Care Women FY11	Total FY11 Aged Care	Villages Men FY11	Villages Women FY11	Total FY11 Villages	Total FY11 Aevum
Manager	2	6	8	10	15	25	33
Supervisor	2	2	4	2	12	14	18
Employee	42	294	336	65	98	163	499
<b>Total</b>	<b>46</b>	<b>302</b>	<b>348</b>	<b>77</b>	<b>125</b>	<b>202</b>	<b>550</b>

**AEVUM WORKFORCE – GENDER (%)**

Job Band	Aged Care Men FY11	Aged Care Women FY11	Villages Men FY11	Villages Women FY11
Manager	25	75	40	60
Supervisor	50	50	14.3	85.7
Employee	12.5	87.5	39.9	60.1
<b>Total</b>	<b>13.2</b>	<b>86.8</b>	<b>38.1</b>	<b>61.9</b>

**AVERAGE FIXED REMUNERATION RATIO – GENDER AND JOB BAND**

Job Band	Ratio FY11 Women	Men
Manager	1.00	1.22
Supervisor	1.00	0.98
Employee	.00	1.20

\* These figures exclude casual employees and those who received a sales commission or bonus during FY11.

**AEVUM GENDER AND AGE PROFILE**

Age	Aged Care Men FY11	Aged Care Women FY11	Total FY11 Aged Care	Villages Men FY11	Villages Women FY11	Total FY11 Villages
<30	13	65	78	7	15	22
30–39	12	54	66	10	12	22
40–49	8	77	85	19	32	51
50–60	10	67	77	24	42	66
>60	3	39	42	17	24	41
<b>Total</b>	<b>46</b>	<b>302</b>	<b>348</b>	<b>77</b>	<b>125</b>	<b>202</b>

**Turnover**
**AEVUM ROLLING TURNOVER (%)**

FY11	Aged Care	Villages
Employee initiated	11.7	15.6
Stockland initiated	3.1	10.6
<b>Total</b>	<b>14.8</b>	<b>26.2</b>

**AEVUM TURNOVER BY GENDER**

FY11	Aged Care Men	Aged Care Women	Total Aged Care	Villages Men	Villages Women	Total Villages
Exits	4	35	39	14	23	37
Headcount	33	231	264	61	80	141
Turnover	12.1%	15.2%	14.8%	23%	28.8%	26.2%

\* All turnover data (including headcount) excludes those employed on a casual or fixed-term basis. Headcount is based on FY11 end of period data at 30 June 2011. Excludes nine exits in the Aevum Corporate office that left/were made redundant as part of the acquisition.

# Cyclone Yasi and flooding in Queensland

Stockland played a major part of the community's response to the crisis with Centre Manager, Paul Kelsey, being recognised as a Queensland Disaster Hero for his contribution



**Queensland floods**  
 Summer in Queensland was marred by a string of natural disasters that devastated communities, taking lives and property. During this difficult time, we clearly demonstrated the important role Stockland plays in the community – particularly in Rockhampton and Cairns where our shopping centres were vital community hubs.

In Rockhampton the southern and western part of the city was completely cut off by flood waters, with many residents unable to leave their homes. While flooded roads made it impossible for the community to function normally, Stockland Rockhampton – the largest Stockland shopping centre in Queensland – kept trading, providing vital access to food and clothing.

For those forced to live in the local evacuation centre we provided cots, toys and high chairs.

Once the water receded, the Stockland Rockhampton team joined with volunteers from the local community, Queensland Rail and Woollams Constructions to clean out classrooms and play areas, paint furniture, repair damaged items, and beautify the grounds at the local school.

In Brisbane, flooding affected several Stockland assets including Eagle Street Pier, Waterfront Place and our Queensland state office.

Waterfront Place, one of our key office buildings, was evacuated but important communication infrastructure was maintained throughout the event to ensure authorities had sustained communications throughout the crisis.

Once again Stockland employees joined with the army of volunteers for the massive volunteering effort both in Brisbane and Ipswich which was also impacted.

**Tropical Cyclone Yasi – Cairns**  
 It was at the tail of this terrible string of events that Cyclone Yasi – a category five storm – approached the Far North Queensland coast.

Our northern most shopping centre, Stockland Cairns, had been built with the food court section strong enough to withstand the impact of a major storm, making it the obvious choice as an evacuation centre. Working closely with Cairns City Council, our centre management team converted the food court into an emergency evacuation centre for the duration of the storm. Some 2,400 people, mainly local residents, members of the Islander community and tourists, were given refuge throughout the ordeal.

The logistic challenge of managing the evacuation centre was enormous, with Stockland's centre management team taking the lead role in hosting police, SES, Red Cross and other members of the community. ABC television was also based at the centre and broadcast throughout the night to provide much needed communications to local residents.

Woolworths supermarket opened its doors and distributed food to all of the evacuees. Our centre management team worked tirelessly with local authorities and the community throughout the night to ensure the safety and wellbeing of the evacuees.

Cyclone Yasi eventually made landfall further south, however Cairns was hit with strong winds. Fortunately there were no injuries nor loss of life.



Stockland volunteer assisting the clean up after the Rockhampton floods

Stockland played a major part in the community's response to the crisis with Centre Manager, Paul Kelsey, being recognised as a Queensland Disaster Hero for his contribution.

**Financial support**

Of course, financial support is also crucial in the recovery from disasters like these and we contributed a total of \$329,991 including:

- \$250,000 donated to the Premier's Fund,
- \$30,000 donated to the Rockhampton Mayoress' Fund,
- \$44,480 donated by employees to the Premier's Appeal via our Workplace Giving Program,
- \$4,000 donated by Stockland Gladstone to the Mayor's flood relief ball,
- \$1,511 donated to Greening Australia to purchase nine cubic metres of sand (for sandbagging).

# North Shore community development

What has really set this project apart is our efforts to collaborate, both internally and with external stakeholders, to deliver a mix of community elements during the development's early years

**Launched in October 2008, North Shore is a masterplanned community in Townsville that will ultimately become home to 15,000 residents. Set on 1,000 hectares, the scale of the project provides the perfect opportunity to set a benchmark for community creation in northern Queensland – a goal we've set out to achieve.**

What has really set this project apart are our efforts to collaborate, with both internal and external stakeholders, to deliver a mix of community elements during the development's early years. Already North Shore boasts an Aquatic Centre, a school, a shopping centre, six parks and was voted north Queensland's Best Masterplanned Community.

The value of this community infrastructure to residents has been clearly demonstrated by our sales results, with North Shore now holding 30 per cent of the Townsville market share and achieving a 10 per cent price premium over competitors. The delivery of the shopping centre in particular was a clear benefit for potential residents. When Stage One of the Stockland North Shore Shopping Centre opened in March 2011, weekly residential sales leads tripled in response.

Supporting this move to open the shopping centre earlier than usual in this development, we partnered with Townsville City Council to open North Shore Boulevard, the major road artery that traverses North Shore, 10 years ahead of time in October 2010. This road brings 6,000 people a day (ultimately 35,000) past our Town Centre, enhancing its visibility.

Delivery of the Northern Beaches Leisure (Aquatic) Centre was another example of effective collaboration as it was delivered in partnership with the State Government and local Council in November 2008, just one month after the project launched to the public. The facility was constructed in response to needs of the Northern Beaches residents who had been pleading for an aquatic facility for years prior.

Having a school in the community is also very important to residents and we were pleased to sell the first lot at North Shore to Catholic Education. St Clare's Catholic College opened in January 2011 with 180 students, the first new Catholic school in the Townsville region in ten years.

A focus on the natural environment is also a key element to the success of this development. Through our partnership with Greening Australia over 60 hectares of bushland has been rehabilitated, with 15,000 native seedlings planted, 60 truck loads of car bodies removed from the adjacent Bohle River and hectares of weeds and chinee apple removed. Ultimately one-third of North Shore (330 hectares) will be rehabilitated in a similar manner, returning previously grazed areas to natural habitat for our native flora and fauna to thrive.

This is just the beginning for North Shore and more community infrastructure is already planned, including a 34 hectare Central Park, three more schools, the North Shore Town Centre, and 42km of cycling and walking trails.



Delivering a mix of

community elements.

Aquatic Centre, North Shore



# Aevum integration

With over 3,500 residents and 550 employees, the need to engage with these key stakeholders early in the integration process was a priority

In late 2010 Stockland acquired Aevum, a large retirement living business comprising 30 retirement villages in five states. With over 3,500 residents and 550 employees, the need to engage with these key stakeholders early in the integration process was a priority. The major challenges identified with the resident and employee groups were:

- Uncertainty and anxiety about the future, in particular impacts on employment, resident contracts and the quality of services
- Some villages had experienced up to five ownership changes in six years and were change fatigued, and
- A perception among some stakeholders that Stockland was a large corporate that would either close the villages down or on-sell them.

We designed a communications program to support the smooth integration of the two businesses through open, honest, regular and clear communications. We used a mix of communication channels including the implementation of two dedicated 1800 numbers (one for employees and one for residents) to enable two-way communication and ensure concerns were addressed in a timely and appropriate way. Also, recognising the communication preferences of our elderly residents, we relied on face-to-face communication where possible and provided personalised written materials.

## Village visits

In the second week of December, just three weeks after completing the acquisition, Retirement Living CEO David Pitman and key members of the Stockland Retirement Living and Aevum leadership teams visited every Aevum village over a period of nine working days.

The visits ensured all residents and employees received the same information about what was happening and, most importantly, had the opportunity to ask questions and meet Stockland representatives. These visits proved invaluable in establishing relationships with residents and employees and the feedback received was overwhelmingly positive. Some of the comments received from residents included:

“Everyone has appreciated the Stockland reps taking the time to visit.”

“A change in management company is always unsettling for the over 55s... The presentations settled negative perceptions...and emphasised that at a resident level very little will change.”

## Future plans for engaging our employees

Cultural integration is a long-term process. Initial engagement has been largely positive. However, due to the scale of the transaction and the geographical dispersion of Villages, we are continuing to engage with employees to ensure that the engagement is consistent and sustainable.

We are holding our first ever Retirement Living conference in August, which will bring together 160 employees from Head Office, Villages and Regional offices. The intent is to create a sense of belonging and galvanise support for enriching the customer experience.



Engaging to create

a shared sense of belonging.

We have also initiated monthly business updates in our Regional offices. These sessions enable our employees to share what has been happening over the past month and to outline future plans.

These initiatives are a few key events that will drive engagement and create a shared sense of belonging.

