

Board composition, appointment and ongoing education

Board Composition

The Constitution of Stockland Corporation Limited (the “Constitution”) provides that:

- the Board may determine the number of Directors from time to time up to the maximum number of ten Directors;
- no Director may retain office for more than three years or until the third annual general meeting following the Director’s appointment (whichever is the longer), but retiring Directors are eligible for reappointment;
- Directors appointed to fill casual vacancies must submit to election at the next general meeting; and
- the number of Directors necessary to constitute a quorum is not less than two.

The Constitution also empowers the Directors to appoint a Managing Director, who is not required to retire and be re-elected by members every three years. Article 15.7 of the Constitution provides that if the Managing Director ceases to hold the office of Director for any reason, he or she immediately ceases to be Managing Director, and if he or she ceases to be the Managing Director he or she immediately ceases to be a Director.

The Board reviews the size of the Board periodically. The Board believes that the Board should not be larger than necessary to carry out its corporate governance responsibilities properly and efficiently, bearing in mind that additional Directors add substantial cost. The Board believes, however, that it is in the interests of securityholders for the Board to have flexibility to increase the number of Directors for succession planning purposes (e.g. to recruit new Directors ahead of planned retirements), in special circumstances (such as mergers) when the Board may wish to appoint additional Directors with special expertise or to allow appointment of an additional Executive Director for succession planning and recruitment purposes.

When determining the optimal number of Directors, the Board has regard to the importance of maintaining the right mix of skills, professional experience and Director tenure on the Board, the expected future workload of Directors, Board succession planning, cost, efficiency and the advantage of having flexibilities to add a new Director should an outstanding candidate become available in the absence of an immediate retirement. The Board also recognises the advantage of having a mix of relevant business, executive and professional experience on the Board, the importance of ethical values, and the benefits of diversity in all its forms. These forms include, but are not limited to gender, age, ethnicity, race, cultural background, sexual orientation, country of origin, and disability. When a casual vacancy occurs, the Board undertakes a structured process for considering both the general qualifications and the specific skills and experience sought for a new Director and to identify well-qualified candidates.

Director induction and ongoing education

Stockland has a formal process to familiarise new Directors with the nature of its business, current issues and corporate strategies. Shortly after their appointment, Directors are given a full briefing on the Stockland Group and meetings are also arranged with key Executives. Directors also have regular opportunities to visit the Stockland facilities and to meet with management to gain a better understanding of business operations. Directors retain the right of access to all Stockland information and Executives.

Board and Committee agendas regularly involve updates and briefings to Directors on new and emerging issues.

Terms of appointment and retirement of Non-Executive Directors

The terms of appointment of a Non-Executive Director are set out in a letter to the Director from the Chairman which, among other things, sets out the expectations of the Board in relation to the performance of the Director, procedures for dealing with a Director's potential conflicts of interest, Board composition, appointment and ongoing education and the disclosure obligations of the Director, together with the details of Director's remuneration and relevant company policies.

Each senior executive has also entered into a written agreement setting out the terms of their appointment including but not limited to a description of their position, duties and responsibilities, the person or body to whom they report, the circumstances in which their appointment may be terminated and any entitlements on such termination.

The Constitution provides that a Director may enter into an arrangement with Stockland. However, these arrangements are subject to the restrictions and disclosure requirements of the Corporations Act 2001, common law Directors' duties and Stockland's policy on the independence of Directors. The indemnity and insurance arrangements for Directors are described under "Indemnities and insurance of officers and auditor" in Stockland's Financial Report.

Directors are required to keep the Board advised of any interest that may be in conflict with those of Stockland, and restrictions are applied to Directors' rights to participate in discussion and to vote, as circumstances dictate. In particular, where a potential conflict of interest may exist, Directors concerned may be required to leave the Board meeting while the matter is considered in their absence. Stockland has also entered into a deed of disclosure with each Director, which is designed to facilitate Stockland's compliance with its obligations under the ASX Listing Rules relating to disclosure of changes in Directors' stapled securityholdings. Stockland also monitors Directors and their nominated related party securityholdings to identify changes that may require urgent disclosure.

The Board has a policy of enabling Directors to seek independent professional advice for Stockland related matters at Stockland's expense, subject to the prior agreement of the Chairman that the estimated costs are reasonable. Directors may also communicate directly with Stockland's own advisors and share advice obtained with other Directors. Further, the Company Secretary reports directly to the Managing Director and Chief Financial Officer and also has accountability directly to the Board of Directors, through the Chairman, on all matters regarding the proper functioning of the Board. The Board is able to directly communicate with the Company Secretary and vice versa.