



Stockland

Corporate Responsibility and Sustainability Report 2008

1 July 2007 – 30 June 2008

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welcome to our corporate responsibility and sustainability report



About us

Stockland is one of Australia's leading diversified property groups with total assets of over \$14.7 billion and operations in Australia and the United Kingdom.

We're active in retail, office and industrial property, as well as residential communities, apartments and retirement living.

At 30 June 2008 we had over \$900 million assets under management in Australia and \$2.3 billion of assets under management in the UK and continental Europe. We are a top 50 Australian Securities Exchange listed Company (ASX: SGP) and have achieved 26 consecutive years of growth in operating earnings.

Diversity by asset class and geography underpins our continued performance. Our capability is strengthened by having a 'one company' approach but with the strengths of a diversified business.

Our vision is to create a world class property group. We see that our purpose is to deliver enduring value for our stakeholders through innovative, customer-focussed property solutions.

Where we are

- 1** Sydney, Australia
- 2** Melbourne, Australia
- 3** Brisbane, Australia
- 4** Perth, Australia
- 5** London, UK
- 6** Glasgow, UK
- 7** Edinburgh, UK

Our business model

One integrated platform ensures synergies, economies of scale and knowledge transfer across our diverse and global portfolio.



Our responsibilities to our stakeholders shape our mission:

- We recognise that our people are our most important asset
- We strive to exceed our customers' expectations
- We aim to provide superior returns to our investors through outstanding performance
- We respect our relationship with authorities and Government
- We create equitable, rewarding partnerships by being clear about our expectations and sharing innovation and knowledge
- We aim to understand our role in the community – where we create places for new and existing communities, and in the community beyond, where we have an impact.

Our strategic themes:

- Optimise performance from existing businesses
- Capital Partners to fund growth and leverage our skills
- Seek synergies from our scale and diversification
- New complementary business initiatives
- High performing people and culture.

During the year, a number of structural changes have taken place responding to changing market conditions.

Group Design and Delivery was launched in early 2008 leading design and product innovation across the organisation, with the aim of achieving excellence in project design and delivery, supporting the execution of successful mixed-use projects. At the close of the year, the retail and office and industrial businesses were consolidated into a single group, Commercial Property. At the same time, our Capital Partners business was decentralised into our operating businesses to more effectively leverage our property skills.

We are an owner, manager, developer and fund manager of assets:

- **Owner** – We own shopping centres, office buildings, industrial sites and retirement villages. As a building owner, we have a substantial level of control over the environmental performance of these assets.
- **Manager** – We also manage shopping centres, office buildings and industrial sites. Typically, a property manager's level of control over the environmental performance of assets is limited to influence. Nearly all assets we manage, however, are either owned by us or are placed in funds managed by us, meaning that we have greater ability to influence the performance of these assets.
- **Developer** – We are developing over 90 residential projects nationally, as well as new and substantially refurbished retail, office and industrial projects. As a developer, we have significant capacity to shape environmental and social outcomes. However, our ability to affect supply chain decisions can be limited as we rarely act as the principal contractor (builder).
- **Fund manager** – We have \$900 million in assets under management. Typically, the fund manager has some scope to influence social and environmental performance through directing the property manager. We are able to exercise a reasonable level of control as we typically manage the assets in our property funds.

Doing the right thing as a property owner, manager, developer and fund manager through the eyes of our stakeholders, is about dealing with risk, seeking opportunities and creating long-term value for our investors.

about this report

This report reflects our performance during our financial year, 1 July 2007 – 30 June 2008 (FY08).

It explores how we see our responsibilities to our stakeholders and the environment, it sets out our Corporate Responsibility and Sustainability (CR&S) Strategy, it looks at how we work with people within and beyond our business, and finally we discuss how we have responded to interests, risks and opportunities over this time. We highlight our achievements, as well as share our ongoing and emerging challenges for our business.

The report this year is being produced in three forms:

- **CR&S Summary Review** – distributed to investors
- **CR&S Report** – this detailed report is available for download from www.stockland.com as a PDF document
- **CR&S HTML** – an interactive online version of our report to be available at www.stockland.com

To best reflect our responsibilities in this report, we have engaged our employees and a range of external stakeholders with specific interests and expertise in each of the dimensions addressed by our CR&S strategy.

To identify our most material issues, shape the content of this report and support the assurance process, we appointed an employee editorial panel. We've also reviewed this report with our CR&S Board Committee and the CR&S Employee Committee. Together with our 2008 Financial Report and our 2008 Shareholder Review, this report gives a full account of our environmental, social, governance and financial performance for the year.

We have chosen to submit our report to assurance again this year, applying the AA1000 Assurance Standard's principles of materiality, responsiveness and completeness.

We have also reported against Global Reporting Initiative (GRI) criteria, complying with the GRI application level B+ (third party checked). We have applied GRI criteria to our Australian operations only. Our response to GRI criteria varies in response to our level of control as owner, manager, developer and/or fund manager of assets.

This year, our report also includes our Retirement Living business – acquired in early 2007. Stockland UK, also acquired in early 2007 has reported separately at the close of this document. We propose to more fully integrate Stockland UK into our report next year and apply GRI criteria across our global operations.



our approach to corporate responsibility and sustainability



We take the view that doing the right thing as a property manager, owner and developer, is about dealing with risk, seeking opportunities and creating long-term value for our investors. And it's about balancing the needs and interests of our stakeholders.

We define sustainable development in the widest sense, supporting the UN's Brundtland definition as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'¹

To bring our commitment to life, we have a comprehensive CR&S Strategy, which we refresh each year in light of changing internal and external conditions.

Our approach is framed around our responsibilities to our stakeholders and our impact on the environment:

- Understanding and engaging with our stakeholders, which includes:
 - Engaging with and respecting our people
 - Working towards common goals with our suppliers, partners, investors and customers in the marketplace
 - Strengthening our place in the wider community.
- Taking care of the environment in which we operate – including identifying and responding to risks and opportunities associated with climate change.

CR&S Board Committee

We recognise that a sustainable future for our business depends upon the sustainability of the communities, economy, society and environment in which we operate. The purpose of the CR&S Board Committee is to assist the Board in overseeing Stockland's commitment to operating its businesses ethically, responsibly and in a sustainable way. The Committee meets at least four times annually.

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

- Mr N Greiner (Chair) – Non-Executive Director
- Mr G Bradley – Non-Executive Director
- Mr M Quinn – Managing Director.

A monthly report on CR&S, including progress made on environmental sustainability issues, is submitted to the Executive Committee and to the Board. The report includes annual greenhouse gas emissions data for the retail and office portfolios, tracked against industry benchmarks.

Management

In order to integrate sustainability practices into our business and provide leadership on CR&S matters, we have specialist sustainability managers across the organisation.

These roles over the past year included:

- General Manager (GM), CR&S
- General Manager, Health, Safety and Environment (HSE)
- National Sustainability Managers for the Retail, Residential and Office and Industrial businesses.

CR&S Employee Committee

Our CR&S Employee Committee has responsibility for shaping and annually refreshing our CR&S Strategy and action plan. A two-day workshop, held each year, helps us to prioritise our most important issues. This strategy is reviewed by our CR&S Board Committee and is then integrated into business activities.

Reflecting our people-led focus on sustainability, our CR&S Employee Committee was formed in 2004. Since then it has had a diverse membership reflecting the business and functions of our organisation. This Committee meets monthly to track progress against the CR&S Strategy.

The Committee is chaired by the GM CR&S and current members include our National Sustainability Managers as well as representatives working in Government Relations, Procurement, Health, Safety and Environment, Compliance, Audit and Risk, Strategic Urban Planning and Stakeholder Engagement.

Areas of focus

Our CR&S Strategy is driven by our relationships with our various stakeholders and our interaction with our environment.

Stockland UK

Stockland UK became part of the Group in May 2007. Our UK business developed a CR&S Strategy in December 2007 and established its CR&S Employee Committee in January 2008. Members of the UK Committee remain in frequent contact with Sustainability Managers in Australia, ensuring alignment across the organisation, while responding to local needs and opportunities. The process has had its challenges, but the first contribution of the UK business to our CR&S Report demonstrates the considerable progress we have made in a short period of time.

¹ Our Common Future, Brundtland Commission, UN World Commission on Environment and Development, Section 211

message from our cr&s committee



Nick Greiner Deputy Chairman
Matthew Quinn Managing Director
Graham Bradley Chairman

CR&S Board Committee Report

It gives us great pleasure to present Stockland's 2008 CR&S Report.

This is our third CR&S Report, which, together with our 2008 Financial Report, gives an account of our environmental, social, governance and financial performance for the year.

We are strongly committed to being an ethical, responsible organisation. When it comes to sustainability we are very proud of what we have achieved.

For Stockland, corporate responsibility and sustainability is about doing the right thing – achieving the right balance and integration of environmental, social and financial dimensions.

This year our achievements were recognised with our listing on the Dow Jones Sustainability Index World (DJSI World). We have also been listed on the FTSE4Good Index and as property funds managers, we became signatories of the Investor Group on Climate Change and the United Nations Principles for Responsible Investment.

We measure and monitor our performance and progress in CR&S in many ways, guided by our CR&S Strategy. In particular, we have improved our GHG emissions reporting. Our National Australian Built Environment Rating System (NABERS) Energy average portfolio rating for our office portfolio is 2.9 stars. This has remained constant as we now include our whole portfolio for assessment.

Our long-term approach

Despite challenging economic conditions, we have not changed our view that sound corporate responsibility and sustainability policies are fundamental to our business. They are not fair-weather policies to be put aside when times are tough. Rather, we confidently believe that our approach will ensure the long-term success of our business.

Addressing climate change

Climate change is now well recognised as being a new challenge with far reaching implications. While global warming and carbon abatement create potential challenges for our business, they also present opportunities for innovation.

To tackle these issues we are committing ourselves to implementing a Climate Change Action Plan. This comprehensive plan guides our approach to minimising our carbon emissions.

Fundamental to our plan is accurate measurement of carbon emissions, and energy and water use across our business. In the past year we stepped up our use of energy efficiency measurements and achieved significant energy intensity reductions, which will deliver long-term cost benefits across our portfolios.

With our new data capture system, we are preparing to report on emissions as required under the new National Greenhouse and Energy Reporting Act 2007 (NGERA). We will continue to improve our carbon data management and reduce the intensity of emissions across our portfolios in future years.

We also address climate change by creating and managing more environmentally-sensitive developments that will be of enduring value to our customers, tenants and business partners – as well as our investors.



CR&S Board Committee and Leadership Team

Graham Bradley (Chairman);
Matthew Quinn (Managing Director);
Nick Greiner (Deputy Chairman),
Rilla Moore (Executive General Manager,
Human Resources);
Cliff Bromiley (General Manager,
Health, Safety and Environment);
Siobhan Toohill (General Manager,
Corporate Responsibility and Sustainability)

*We are strongly committed to being
an ethical, responsible organisation.
When it comes to sustainability we are
very proud of what we have achieved.*

While our individual efforts will benefit our business and positively address environmental risks, industry-wide changes are needed to meet the challenges of climate change. We encourage our Governments to introduce complementary policies and programs that promote energy efficiency in the built environment. In particular, we have put the case forward for tax-based incentives to encourage environmentally efficient retrofitting of commercial buildings. We also support adoption by our industry of well developed rating tools and streamlined reporting requirements.

Innovative solutions

Over the past year we have adopted a range of innovative policies, programs and initiatives to embed corporate responsibility and sustainability across our business.

For example, our new Residential Sustainability Policy sets stretch targets for all our housing developments. We have also rolled out a green Retail Design and Fitout Guide for our shopping centre tenants.

We have invested resources to better understand ways to deliver more affordable housing in Australia. These initiatives are supported by our new Design and Delivery Group, that provides innovative design leadership and streamlined delivery of projects across our business.

Stakeholder engagement

This year we have focussed on understanding our stakeholders better – learning from projects where relationships with local communities have been strained. Our new stakeholder engagement approach is now integrated with our project management processes so that we can respond earlier and better to the concerns of local communities.

We are proud of the high degree of engagement of our employees and particularly the way the organisation has embraced corporate responsibility and sustainability. For the fourth year running our employee engagement score was more than 80 per cent, with our commitment to social and environmental responsibility being a major contributing factor.

In the UK, the integration of the business we acquired is now complete. Over the past year, employees from both countries have travelled to build relationships, and share knowledge and business practices. In particular, high levels of commitment to sustainability in the UK were reflected in our employee survey results. This year, our UK business is included in our report for the first time, covered in a separate section.

Raising the bar

The bar is continually being raised when it comes to corporate responsibility and sustainability and we are proud to be taking a leading role in this.

While some parts of our business have more readily embedded concepts of sustainability, others are only beginning to grapple with the risks presented by climate change. We recognise that we have more work to do as we continue to review our strategy and set goals for our organisation.

We thank all our people for the contribution they have made to strengthen our strategies and practices.

With our commitment to environmentally and socially responsible practices, our people and stakeholders can be confident we will continue to focus on doing the right thing.

Graham Bradley

Graham Bradley
Chairman

Nick Greiner

Nick Greiner
Deputy Chairman,
Chair of CR&S Board Committee

Matthew Quinn

Matthew Quinn
Managing Director

our highlights and priorities

Our highlights in Australia include:

- Listing, on our first application, on the Dow Jones Sustainability Index World Real Estate sector. The Index represents the top 10 per cent of the leading sustainability companies globally. We are also included in the FTSE4Good Index which recognises organisations that apply and demonstrate outcomes against environmental, social and governance principles
- Reducing the intensity of our carbon emissions (CO₂-e per m²):
 - By 11 per cent for our Australian office portfolio
 - By 6 per cent for our Australian retail portfolio.
- Engaging our suppliers, particularly our larger building partners representing 17 per cent of our supply chain spend, on shared sustainability risks and opportunities
- Enhancing our approach to stakeholder engagement, underpinned by a common stakeholder engagement framework
- Sustaining our high employee engagement scores, despite challenging market conditions
- Launching workplace giving and expanding volunteering opportunities for our people nationally.

Our priorities for the coming year include:

- Streamlining our sustainability process documents – our Residential Sustainability Policy, our Office and Industrial Manual, and our Retail Charter – and implementing these documents across our business activities
- Aligning our eco-efficiency² approaches to both the Retail and Office (now Commercial Property) portfolios
- Better understanding the physical risks associated with climate change – and the implications for our business
- Further enhancing our stakeholder engagement practices, including improving our dialogue with communities on current and future projects.

Employee
engagement
score

83%

2008	83%
2007	85%
2006	84%
2005	82%

Office GHG
emissions
intensity down

11%



FY08	113.3*
FY07	127.8*
FY06	136.6*

* kg CO₂/m²

Retail GHG
emissions
intensity down

6%



FY08	77.2*
FY07	82.2*
FY06	88.6*

* kg CO₂/m²

The past year has been a period of consolidating some practices, as we have sought to improve our CR&S performance through further embedding CR&S actions into the business.

² Eco-efficiency is a term defined by the World Business Council for Sustainable Development as "creating more goods and services with ever less use of resources, waste and pollution."

CR&S at Stockland

Our approach is framed around our responsibilities to our stakeholders and our impact on the environment.



update: stockhome



The design of Stockhome
Our new Sydney office reflects our commitment to environmental sustainability and encourages interaction and collaboration among our people.

Our Sydney office has been designed to be environmentally preferable with a focus on energy, water, waste, materials, transport and indoor environmental quality.

Commitment to maintaining a minimum NABERS Energy Rating of
4 stars

In April 2007 our Sydney employees moved into new offices, Stockhome.

The design of Stockhome reflects our open culture and encourages interaction and collaboration. At the heart of Stockhome, a void has been cut with a staircase winding through, linking the office floors together. The central, sunlit area with its vistas across the city is surrounded by break-out areas, tea points and meeting rooms. Our people interact and work in the communal spaces, including open plan meeting areas in the café.

Our Sydney office has been designed to be environmentally preferable³ with a focus on energy, water, waste, materials, transport and indoor environmental quality. Many of these initiatives were implemented in the design phase, however some, such as energy efficiency, are ongoing initiatives. For example, we have committed to CitySwitch Green Office (previously 3CBDs), a tenant energy program. Participation in this program involves commitment to achieving and maintaining a minimum 4 Star National Australian Built Environment Rating System (NABERS) Energy rating⁴.

³ Environmentally preferable refers to products or services that have a lesser or reduced effect on human health and the environment when compared to other products or services that serve the same purpose.

⁴ NABERS Energy for offices was formerly known as ABGR – Australian Building Greenhouse Rating.

As a goal for Stockhome, we committed to surpassing our CitySwitch commitment. We intended to achieve this rating by using tri-generation (onsite gas-fired electricity generation) as an energy source for the tenancy. This technology will be in place by the end of December 2008, and in the interim we are exploring purchasing green power to achieve this rating. We track the energy consumption of the tenancy through an energy report each month. The tenancy is currently using over 30 per cent less energy than a 2.5 star NABERS Energy tenancy.

Achieving these energy ratings has been a challenge. Energy efficiency in a workspace is closely related to employee behaviours, such as lighting, computers and after hours load. To address this, our representative Stockhome Sustainability Committee develops and promotes sustainability principles and practices among people in our Sydney office.

The committee educates and engages our employees around:

- More efficient use of resources
- Ways we can achieve our target environmental ratings
- Actions in the workplace that can help reduce environmental impacts.

When we moved to our new Sydney office in April 2007, scans performed by our Information Technology (IT) team showed that just 52 per cent of employees turned off their computers at night. Through some simple measures we have increased the nightly switch-off rate of computers to 84 per cent. This change was supported by our Green Leaders Prize – a competition between floors encouraging employees to switch off computers and monitors when not in use.

We've also configured our multi-function devices to power down into sleep mode after 45 minutes of non-activity, instead of four hours. We currently have a trial underway to reduce this to 25 minutes.

Our actions were a factor in the manufacturer's decision to take the steps in reducing the default standby mode to five minutes and sleep mode to 15 minutes for office devices prior to delivery. This is an example of how we can work with our stakeholders to achieve improved environmental performance.

Other steps we've introduced at Stockhome include:

- Using 60 per cent recycled Australian-made paper in our printer/copiers – we're now investigating using up to 100 per cent recycled paper
- Working with our in-house café providers to recycle plastic and glass bottles
- Recycling mobile phones and printer and toner cartridges through Mobile Muster and Planet Ark
- Changing to eco-friendly kitchen products to meet our Green Lease objectives
- Encouraging sorting and recycling of waste at desks and in the kitchen, and incorporating this into Stockhome induction training
- Fortnightly educational communications to employees.

In November 2006, prior to our office relocation, an evaluation of the 'occupant experience' in the existing office space was undertaken as the first stage of a pre and post-occupancy review. The purpose of the pre-occupancy review was to provide an internal benchmark against which to compare our new office.

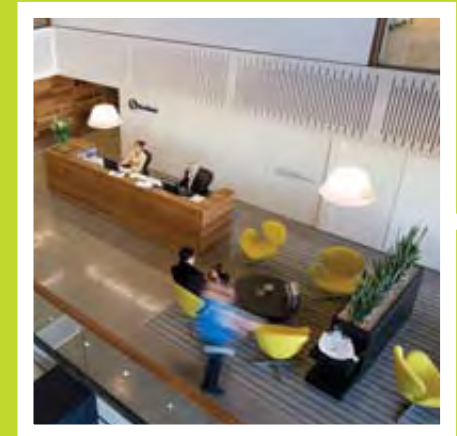
We have since completed our post-occupancy survey. Over 200 employees provided feedback on overall satisfaction with comfort, temperature, lighting and air quality, design, image, how well the facilities meet workplace needs, and perceived health and productivity benefits.

While detailed analysis will not be delivered until later this year, early results indicate the user experience of Stockhome is significantly better than our former Sydney office. On average, our people assessed that their productivity has increased as a consequence of improved indoor environmental conditions and a high proportion of employees rated the sustainable design features incorporated into the workspace as being important to them.

We look forward to using the results from this review in guiding our ongoing management of Stockhome. We also expect that the results will contribute to our understanding of the benefits of sustainable workplaces, informing our future commercial office development projects.

Our Green Star rating for our Stockhome tenancy is being finalised for the Green Building Council of Australia (GBCA). With our commitment to piloting innovative technology, our building will be the first in the City of Sydney to install tri-generation. This has added complexity to our rating, and we are working with our consultants and the GBCA towards a finalised rating in FY09.

We are also seeking a Green Star rating for our Melbourne offices which we moved into in May 2007. As with Stockhome, working through the as-built Green Star Interiors tool with our builders has taken longer than we expected. We anticipate also finalising our rating for our Melbourne Offices in FY09.



Our representative Stockhome Sustainability Committee develops and promotes sustainability principles and practices among people in our Sydney office.

what makes good governance



Engagement with Government
Matters we have engaged with Government over the past year have included climate change, housing affordability and infrastructure provision.



We expect our projects to be judged on their merits alone. It's important to us that our community stakeholders share this view.

We are committed to ethical behaviour in all our actions.

Our corporate governance approach and policies are outlined in our 2008 Annual Financial Report and are available on our website.

Over the past year, we have refreshed a number of policies:

- Code of Conduct and Ethical Behaviour
- Privacy, Operational Risk, Compliance
- Government Relations.

Risk management

Our risk management team seeks to identify risks at early stages via:

- Strategic risk profiling exercises
- Audits of corporate processes and analysing financial and operational risk.

The risk profiling process involves our risk team engaging with the senior leadership team and other key managers within the organisation, to identify and assess organisational risk. An assessment of key risks is presented to the Board annually, with active management and monitoring of risks throughout the year by our Compliance, Audit and Risk team. The non-financial risks identified during the past year through our risk profiling exercises have been discussed in this report.

Political donations and Government relations

At Stockland we seek to be highly ethical in all our dealings with Government. Like many companies, however, we have, in the past, made donations to political parties under a Board approved policy framework, on a broadly bipartisan basis to support the democratic process.

We have now adopted a new policy of not making donations to politicians or political parties at any level of Government with effect from 1 July 2008. This new policy extends to payments for political fund-raising functions.

In adopting our new policy we are mindful that misconceptions about political donations could undermine our stakeholders' view of the Company's integrity. We expect that all of our projects are to be judged on their merits. It is important to us that both Government and all our stakeholders are clear about our approach.

Over the past year we gave \$164,124 to State political parties in New South Wales, Queensland, Western Australia and Victoria and \$1,000 each to Federal Labor and Liberal parties. We will make Australian Electoral Commission and state-based declarations.

We contribute to the public policy work of the Business Council of Australia, the Property Council of Australia, the Shopping Centre Council of Australia, the Urban Development Institute of Australia, the Residential Development Council and the Green Building Council of Australia and where appropriate, make direct submissions to Government beyond those of our industry bodies. Matters we have engaged with Government over the past year have included climate change, housing affordability and infrastructure provision.

discussion: climate change



Our approach to climate change

Understanding the potential impacts of climate change on our assets and developments will help us mitigate the risks to our business and reduce our contribution to climate change.

Climate change is a profound challenge facing society

We know it's time to act. We have seen commitment to take action against climate change gain momentum in Australia in the past year. In late 2007, the Australian Government ratified the Kyoto Protocol. Australia has committed to meeting its Kyoto Protocol target, and has set a longer term target to reduce greenhouse gas emissions by 60 per cent of 2000 levels by 2050.

The Australian Government is also working towards the development of an Emissions Trading Scheme (ETS, now known as the Carbon Pollution Reduction Scheme – CPRS). Governments have also introduced legislation to encourage the uptake of energy efficiency programs in existing property assets and have set minimum standards for new assets, particularly housing. In addition, State and Local Government is increasingly concerned with developing guidelines in relation to physical impacts associated with climate change.

The physical risks associated with climate change, and their impact on settlement and society, are set out in the Intergovernmental Panel on Climate Change's (IPCC) 2007 Synthesis Report (Fourth Assessment Report)⁵. Some of the likely impacts on property, stated in the report, include: increased number of warmer/hotter days and fewer cold days, increased heavy precipitation events, and an increased incidence of extreme high sea level.

Our response to these challenges helps to shape our broader CR&S Strategy. Understanding the potential impacts of climate change on our assets and developments will help us mitigate the risks to our business and reduce our own contribution to climate change.

Climate Change Action Plan

Last year we shared our aims for our Climate Change Action Plan (CCAP). We have achieved a number of our aims. Our CCAP crosses all areas of our CR&S Strategy, from how we manage our buildings, to how we engage with our suppliers and partners, to how we measure our performance.

Some of the potential risks we face include the continued amenity and functionality of our existing assets, for which the built infrastructure has typically been specified to accommodate historical temperature and humidity trends. Climate models predict a greater number of days falling beyond these design parameters.

We also need to improve our understanding of the increased risks of flooding when planning developments near the coast or in flood-prone areas. New developments may need to account for a possible increase in the frequency of floods.

With increasing regulation and growing Government and community engagement on climate change, planning approval risk may also increase.

In our 2008 CR&S Strategy we committed to commencing a program of climate change risk analysis, focussing on physical, planning and regulatory risks. This program will initially focus on a number of sites considered to be in potentially higher risk areas. This work will commence in late 2008.

In the meantime, we are actively working to reduce our environmental impact and we will investigate ways to mitigate the effects of climate change on our assets.

⁵ http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf, p53.

Our first step has involved measuring and understanding our current emissions. We are nearing completion of our CCAP Online Tool, which has been developed to collate data and support reporting, as well as help us model energy efficiency scenarios. The tool tallies data at corporate, business unit and asset levels. It accommodates changes such as asset acquisition and disposal. Data now extends back to the 2005 calendar year. As well as calculating total emissions, the tool generates 'intensity' metrics – a meaningful metric communicating emissions per square meter of office/retail space, enabling us to better understand the energy efficiency of assets.

We are widening the CCAP database to encompass water and waste data. This data is currently coordinated at an asset and business unit level and will be rolled into a corporate database on a monthly basis.

In our office portfolio, we continue to roll-out annual NABERS Energy assessments, checking year-on-year performance. The individual ratings of our office buildings can be found on page 75. Discussion of our portfolio average can be found on page 54.

Our next step is eco-efficiency. Through investing in capital works in our office, industrial and retail portfolios, we can cut energy consumption, lessen our impact on the environment and make financial savings into the medium and longer term. We can also improve the 'green ratings' of our buildings and thereby enhance their attractiveness to prospective customers and retailers. 'Future-proofing' our existing assets is a key part of our strategy, and an explanation of our approach and performance over the past year can be found on pages 53 to 56.

Along with direct physical risks from climate change, we also face indirect impacts, particularly through the introduction of an ETS. We are likely to see increased costs of energy and fuel. We also expect that the cost of carbon intensive building materials will increase. We are commissioning consultants to assess supply and price risks in the electricity market.

Partially in response to this challenge, over the past year we have increasingly engaged with our supply chain on CR&S, including climate change risk and carbon management. One of our goals is to better understand our carbon footprint through our supply chain. We have held extensive dialogues on CR&S with 10 of our largest suppliers, representing around 17 per cent of our overall spend. To learn about the pilot of our Sustainable Supply Chain Management program go to page 34.

In some areas of our business we see that customers are increasingly engaged on sustainability, with growing expectations around the performance of property assets. Some tenant groups, including Government, have stated the aim to only occupy buildings that meet minimum sustainability (energy efficiency) requirements. Earlier in 2008 we interviewed a range of our office tenants – with responses widely confirming interest in sustainable workspaces. Further discussion of the outcomes of this study, as well as details of how we are seeking to engage with our customers and communities on climate change and broader CR&S issues can be found on page 37 of this report.

past

Last year we shared our aims for our Climate Change Action Plan. Over the past year we have refined these aims:

present

This year we have achieved a number of outcomes towards our aims:

Structure and set emissions targets.

We are near completion of a robust database – our CCAP Online Tool. We intend to expand the tool into scenario modelling to assist with setting 'informed' emissions reduction targets.

Capture the short and long-term value of our actions.

We have invested in a range of energy efficiency solutions across our retail and office portfolios. We know that some solutions will deliver a short-term efficiency improvement, while investing in new technology might come at significant initial cost but will underpin longer-term efficiency solutions. We're committed to return-on-investment modelling, to better understand achieved and future costs and efficiencies. We provide more details on pages 49 and 59.

Commit to effective carbon markets.

We have engaged in dialogue with Government and industry in the development of an ETS and scope for complementary mechanisms and incentives for carbon abatement in the property sector.

We are not currently looking to procure offsets. Our principal focus is to invest in energy efficiency, achieving longer term savings and reducing emissions. We have begun exploring the procurement of green power for offices, responding to tenants' demand for higher rated tenancies.

Provide leadership beyond our direct influence.

We have embarked on a Sustainable Supply Chain Management program, engaging some of our largest suppliers on environmental performance, including emissions measurement. See page 34.

Commit to innovation – investigating new ways to manage and develop property assets.

We have undertaken a number of investigations of low-carbon technologies. Redevelopment of our Sydney office (Stockhome) demonstrates what can be done with an existing building. See pages 8 and 49.

Use meaningful metrics to measure and communicate our performance relative to our peers.

Our CCAP Online Tool will include intensity metrics. We also remain committed to the annual NABERS review of our office portfolio. See pages 60 to 63 for our performance metrics.

understanding our stakeholders

Our stakeholders

Core to corporate responsibility at Stockland is balancing the needs of our different stakeholder groups. Our key stakeholders include customers, suppliers and partners, Government, communities, shareholders and the investment community, industry and the media.



future

In the coming year, our priorities are to:

- Put stakeholder plans in place for our largest and most complex projects
- Continue to roll-out plans for existing assets.

We seek to understand the interests and concerns of our stakeholders.

We identify our major stakeholders as:

Governments and regulators

Federal and State Governments set the regulatory and legislative environment within which Stockland operates. We engage with Governments and regulators at Local, State and Federal levels directly and through industry associations.

Customers

Our customer groups are diverse. They include commercial, industrial and retail tenants, as well as shoppers in our retail centres. Customers also include residential purchasers. Customers are generally concerned with product quality, cost and the delivery experience. Increasingly, customers are also interested in the environmental impacts of products. Over the past year, we have engaged with our customers through surveys and direct interaction.

Suppliers

Over the past year, we procured services and products from over 4,000 suppliers. We recognise that our suppliers form an extension of our business. Through engaging with our partners we are exposed to shared risks and responsibilities – including in relation to CR&S. We've commenced engagement of suppliers on CR&S, whereby 10 of our top 100 suppliers have been engaged in a process designed to align CR&S values.

Communities

Our communities include those we create in our residential and retirement living developments, neighbouring residents, tenants and landowners, and the wider communities in which we operate.

Our properties create and change communities through their presence, operation and development. We embrace the community-building facet of our business and actively explore ways in which communities can be enhanced through our involvement.

Employees

We have 1,375 employees in Australia. Just over half are located in our Sydney office, with the rest spread across Australia.

Each year we undertake the 'Our Voice'⁶ survey to understand our level of employee engagement. In our 2008 survey for example, our employees told us that they felt we were providing opportunities for personal development and growth but that we could do more to improve our work processes.

Shareholders and the investment community

We have a diverse shareholder base, including institutional and retail investors. We also engage with investment analysts, including analysts with a focus on Environmental, Social, Governance (ESG) performance.

There is growing interest among the investment community in our actions towards climate change and addressing our carbon footprint.

We engage our shareholders and analysts through our Annual General Meeting, reports and direct contact.

Media

The media includes print, radio and television. We have a media strategy that ensures that all corporate communication is thorough, consistent and appropriate.

Understanding our responsibilities to stakeholders

Over the past year, we have taken steps to improve our understanding of our stakeholders through surveys. Over the coming year, we aim to improve our response to the concerns, interests and rights of our stakeholders.

Development of our Stakeholder Engagement Framework

Over the past year, we have begun to formalise our approach to stakeholder engagement, recognising that consistent and improved practices will not only help minimise risks to projects but result in better project outcomes.

Our Stakeholder Engagement Framework now provides a clear and consistent approach to how we talk, listen and work with our stakeholders. The framework now provides a common approach to stakeholder engagement for our development and asset teams.

The framework defines a range of techniques and methods for engaging our stakeholders. It sets out the elements of a good stakeholder engagement plan including:

- Designing an engagement plan that is likely to be acceptable to stakeholders
- Keeping the engagement plan current and responsive to circumstances.

The Stakeholder Engagement Framework links into our design and construction project life cycle – the Stockland WAVE. WAVE includes site identification and acquisition, strategic planning, statutory approval, project delivery, completion, marketing and many other aspects of project management at Stockland.

In March 2008 we commenced reporting on stakeholder engagement plans on our projects to the Board and Executive Committee. We report on the number of our large projects with an active stakeholder engagement plan. We also rate the quality of the stakeholder plans. At the end of FY08, 50% of large projects had a stakeholder engagement plan in place with an average score of 2.4 out of 5.

Addressing the new framework, refreshed stakeholder engagement plans are due to be rolled-out to all retail, office and industrial developments and retail operating assets in FY09. The plans provide each project or asset team with a consistent approach for identifying and prioritising key stakeholder relationships. The plans detail the steps required for engagement with these stakeholders throughout the project. This may include a community partnership program that can be incorporated into the development.

We recognise the value of stakeholder engagement. On many projects, stakeholders will hold a range of divergent views. We aim to better understand, respond to and balance these differing views. Navigating this process is not always easy, and is more difficult on those projects where we have had a history of difficult relationships with stakeholders.

Proportion of large projects with a stakeholder engagement plan

50%

⁶ Administered by Towers Perrin International Survey Research (TP-ISR).

Stakeholder engagement

On many projects, stakeholders will hold a range of divergent views. We aim to understand these differing views and then proceed in the best interests of the community, the environment, as well as ours. Navigating this process is not always easy and is more difficult on those projects where we have had a history of difficult relationships with stakeholders.



We recognise that we have had strained relationships on some of our projects, notably our residential community project, The Point, at Sandon Point, near Thirroul, south of Sydney.

Our project at Sandon Point has been a challenging one and has attracted negative as well as positive comment from the broader community.

Over the past year, we have engaged the local community through:

- Meetings with the Illawarra Aboriginal Community on the design of a Keeping Place for Aboriginal artefacts
- The public exhibition of a climate change flood risk assessment for the site, and other supplementary information (to be followed by the preparation of responses to issues raised via this statutory process in FY09).

While we have engaged with the community in these ways, we recognise that projects like Sandon Point present greater opportunities to canvass and address the views of the broader community, beyond statutory compliance, particularly during the early stages of a new project. As such, in the future, we aim to engage further with the broader community at each of our developments to ensure better outcomes for the existing and future residents.

Aboriginal Keeping Place

As part of the existing Sandon Point development, we will provide an Aboriginal Keeping Place to protect the cultural heritage values of the area. The Keeping Place will provide a place for the protection of Aboriginal artefacts and a place for contemplation and reflection.

Over the past year we have continued to work with the Illawarra Aboriginal Community, the Department of Environment and Climate Change (DECC), landscape designers and heritage consultants and Wollongong City Council to ensure the Keeping Place becomes an important local cultural feature.

In June 2007, we held a meeting with the Illawarra Aboriginal Community to develop the concept design for the Keeping Place. To canvass a range of views from the Aboriginal community, the concept design was circulated to multiple key stakeholders for comment, including the Wodi Wodi Elders Council, the Illawarra Local Aboriginal Land Council, the Wadi Wadi Coomaditchie Aboriginal Corporation, Mr Alan Carriage, Mr Roy Kennedy and the Korewal Eleoura Jerrungarah Aboriginal Corporation. The design concept was also circulated to DECC and Wollongong City Council in April 2008 for comment.

The form of the Keeping Place was the subject of some debate. Conflicts of opinion did arise and we were not able to incorporate all the requests made by the group. The final design aims to achieve a balance by incorporating the existing cycle path, native landscaping and a series of interpretive works to be designed by members of the Aboriginal Community.

We lodged a development application for the Keeping Place with Wollongong City Council in July 2008. Further involvement of the Aboriginal Community will be sought to prepare the detailed design, and further comment will be sought from the wider community through the statutory public exhibition process.

Climate change

Concept plan approval (awarded in December 2006) for the development of Sandon Point North was revoked in November 2007 by a Land and Environment Court ruling that the Minister for Planning's consideration of the impacts of climate change were inadequate. The Minister appealed this ruling, with the appeal being upheld in September 2008.

Separately, in response to community concerns and as part of the Concept Plan re-exhibition, we engaged specialists to prepare a Climate Change Assessment to review flood risk at the site in the context of climate change.

This additional study involved further detailed modelling and analysis of potential rainfall increases, flood impacts, rising sea levels and storm erosion due to climate change. The conclusions confirmed the findings of studies undertaken previously (presented in the Concept Plan) and that climate change flood risk is not a significant risk for the Sandon Point North development.

The study was lodged with the Minister and exhibited for public comment during June-July 2008. All comments received will now be considered as part of the application for this development.

Understanding the impact of climate change on our business is important to us. We are proposing to undertake wide risk analysis research in relation to our projects and assets – particularly those sites close to the coast or in close proximity to flood-zones over the coming year.

Better, safer access

We have entered into an agreement to replace the structurally deficient Wrexham Road Bridge at Thirroul. This will provide improved access and safety for the existing and future residents of Thirroul from the western side of the railway line to the McCauley's Beach and nearby open spaces. Demolition of the old bridge is now complete, and its replacement is awaiting approval of the Major Project Application for the development of Sandon Point North.

Riparian corridors

We have negotiated with Wollongong City Council to secure 8.5 hectares of land for community use as public open spaces and to support the rehabilitation and protection of ecological values within the planned riparian corridors along Hewitt's, Woodland's and Tramway Creek. Pending approval of the Sandon Point North development, we will dedicate and transfer land to Council.

Progress has also been made this year on the rehabilitation and long-term conservation of Tramway Creek, as per the Vegetation Management Plan developed in previous years. In addition, we will shortly finalise designs for the water quality ponds adjoining the existing development to ensure the standard of water quality flows will meet strict Water Sensitive Urban Design objectives. This work will continue in FY09.

Land remediation

In previous years, we have undertaken remediation of contaminated lands at Sandon Point as part of the existing development. During 2008, we undertook a review of land contamination from previous industrial activity at the Sandon Point North site, and we will address this as part of our development of the site once approved. The aim of this work is to provide a cleaner and healthier environment for Sandon Point residents and visitors.

our commitment to our people

Our people

Our employees create our products and deliver our services, connect with our stakeholders and bring our corporate responsibility commitment to life.

past

Last year, we said that we would:

Continue to strengthen and embed our remuneration framework, including enhancing employee education and communication on total pay for performance.

Sustain the development of leadership and capabilities to match our business growth and needs.

Continue to sustain employee engagement through a range of programs including workforce planning to address business resourcing needs.

Our turnover targets are:

- 10 per cent regretted rolling turnover
- 15 per cent total rolling turnover.

Continue to enhance health and safety at Stockland, including:

- Reducing injuries and serious incidents at our projects and properties
- Integrating health and safety processes into daily operations
- Engaging with external stakeholders to establish high standards of health and safety management and performance expectations throughout our supply chain
- Improving our health and safety management system, including improving the level and quality of incident reporting and health and safety training.

present

This past year, we have:

Continued to educate and train our people on performance management processes. We have improved our salary benchmarking processes, participated in a wider range of benchmarking surveys and developed tools to share that information.

Continued to provide a large range of programs to support building of capability and skills in all our employees.

Continued to sustain very high employee engagement despite our people operating in a substantially more challenging market during the past year. We didn't meet our turnover targets however- in particular, our non-regretted turnover increased.

We have continued to progress integrating health and safety into the way we work. We have integrated HSE into our design, procurement and project management processes.

We have built 'HSE Best Practice' requirements into our supply contracts and engaged with our suppliers including through tender assessments, pre-start briefings and monthly reporting.

We have continued to develop our health and safety management system including improved processes around risk assessments, contractor management, incident reporting and auditing. We have embedded health and safety training and developed an e-learning system that is now extensively implemented.

future

In the coming year, our priorities are to:

- Continue to sustain high employee engagement during challenging market conditions through a range of programs including management training and leadership development
- Reduce our turnover, however we have revised our turnover targets:
 - 12 per cent regretted rolling turnover
 - 7 per cent non-regretted rolling turnover
 - 19 per cent total rolling turnover.
- Build on our performance management program, with all employees to have development plans in place
- Continue to engage with our employees to enrich our culture in a way that supports our 'HSE Best Practice' aspirations. We aim to maximise employee engagement and participation in our HSE program
- Work closely with our contractors and other business partners to ensure that they deliver on HSE, consistent with our expectations
- Launch our new online incident reporting system to enhance our focus on improving reporting, analysis and determination of corrective actions arising from injuries and incidents.



Employee engagement

Engagement is about how employees think, feel and act about the organisation for which they work. Each year we undertake the 'Our Voice' survey to ascertain our level of employee engagement.

Employee engagement

FY08	83%
FY07	85%
FY06	84%
FY05	82%

People leader index

FY08	78%
FY07	79%
FY06	77%
FY05	74%

Our People Strategy guides how we attract, support, reward and develop our people.

We refresh our People Strategy each year, and report on progress and key metrics to our Board each month.

The People Strategy articulates the objectives and key principles we will undertake through the year to ensure we are responding to internal and external workforce needs and trends to foster a productive, safe and engaged workplace.

Over the past year our People Strategy focussed on the following key objectives:

- Creative and proactive people resourcing
- A distinctive and compelling employment proposition
- Simplifying and integrating processes and systems
- Accelerating the development of leadership and capabilities
- Going beyond compliance – engaging our people around health and safety and sustainability.

Employee engagement

83%

One of the measures we use to track our progress in creating our desired workplace is employee engagement. Engagement is about how employees think, feel and act about the organisation for which they work. Each year we undertake the 'Our Voice' survey to ascertain our level of employee engagement.

The latest 'Our Voice' survey conducted in April 2008 showed that we have an employee engagement score of 83 per cent, which puts us above the Global High Performing Companies Norm⁷. It is slightly lower than our 2007 score of 85 and our 2006 score of 84 per cent but remains relatively very high, despite our people operating in a substantially more challenging market during the past year.

While our employee survey highlights areas in which we are performing well, it also helps us to identify areas in which we can improve.

The areas in which we scored most favourably in comparison with the benchmarked Global High Performing Companies Norm⁸ included:

- Executive leaders' ability to make decisions promptly and establish priorities
- Developing people to their full potential
- Providing opportunities for personal development and growth.

⁷ & ⁸ As measured by TP-ISR Global High Performing Norm.



As part of our sustainability aims at our Sydney office, Stockhome, we have been working towards an environmentally-preferable childcare facility.

The Treehouse resonates with children but also with the ideas and natural themes associated with Stockhome. The Treehouse receives generous amounts of daylight via the skylight and has been designed using concepts to create as natural an environment as possible. Features include play spaces with natural timber floors, plants, dry and wet sandpits and a 'Forest Area'. Environmental sustainability principles have been followed in the selection of equipment and supplies such as nappies and toys.

Currently there are no design or operation rating tools for childcare facilities. We have been working collaboratively with the childcare project team – from the childcare provider to the builder – to provide a framework for environmentally-preferable childcare. This includes elements in the fit-out works, toys provided and ongoing environmental initiatives.

We have modelled our approach to reflect current sustainability tools developed for other types of buildings and spaces and are working with industry, including the Green Building Council of Australia as well as Government agencies to share what we've learnt.

Fit-out elements have been referenced against existing industry rating tools as there is no tool for childcare. The centre has improved performance in terms of minimising volatile organic compounds, an energy optimisation checklist, water efficient fittings and access to improved transport with public transport and cycling.

Treehouse

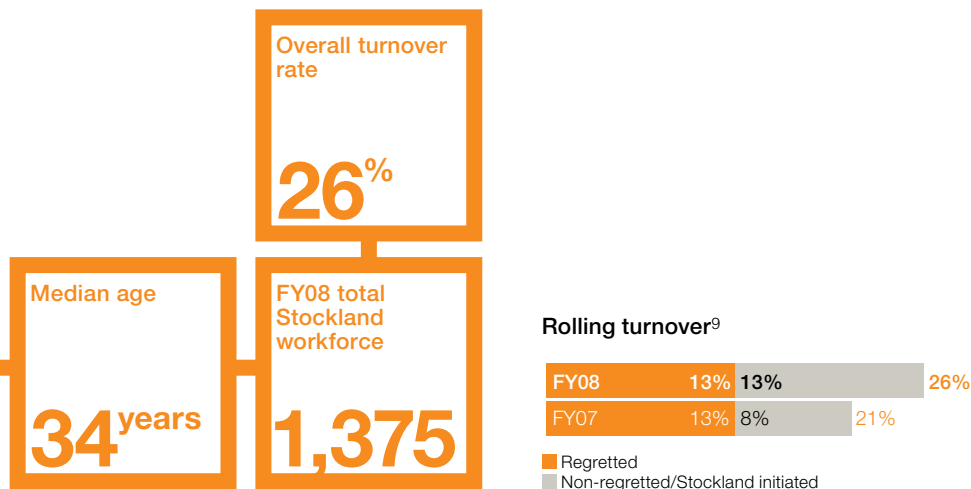
This year we delivered on our commitment to helping our people manage their work-life balance with the provision of workplace-based childcare at our Sydney office.



Toys and childcare furniture

Providing environmentally sound toys and childcare furniture has been difficult as no standards for environmentally-preferable toys or furniture currently exist in Australia. Working with KU, the childcare provider, our major reference for materials selection has been Good Environmental Choice (GEC). GEC is now looking to include childcare ranges as part of their furniture standard. They have also developed and released a draft toys standard, partly in response to the enquiries and interest from our Treehouse project. To provide further independent, specialist advice for this project we also engaged a childcare sustainability consultant.

KU already had the Environmental Management System (EMS) in place. We have worked with KU to enhance their environmental checklists to parallel current built-form rating tools, incorporating target setting and quarterly monitoring of key initiatives. These have been incorporated into a green lease with obligations on both the lessee (KU) and lessor (Stockland).



End of year turnover⁹

Age group	<30	30-39	40-49	50-60	>60
FY07					
No. exits	60	94	45	26	4
Head count ⁹	385	478	224	107	25
Turnover rate	16%	20%	20%	25%	16%
FY08					
No. exits	83	139	89	28	11
Head count ⁹	392	554	236	129	23
Turnover rate	21%	25%	38%	22%	48%

Gender	Male	Female	Overall
FY07			
No. exits	107	122	229
Head count ⁹	600	619	1,219
Turnover rate	18%	20%	19%
FY08			
No. exits	168	182	350
Head count ⁹	649	685	1,334
Turnover rate	26%	27%	26%

⁹ Rolling turnover is calculated using rolling monthly figures. End of year turnover is calculated by dividing the total number of exits over the year through to the end of FY headcount. FY08 headcount includes permanent employees only, and does not include employees whose final day of employment was 30/06/08. FY07 headcount includes all employees, including those whose final day of employment was 30/06/07.

On the other hand, the survey revealed a decline in our employees' perception of our competitive position (their perceptions of the quality of our products and services) down five points. This reflects the challenge of maintaining employee engagement in testing economic conditions. The areas of our performance with the least favourable comparisons to the Global High Performing Companies Norm included:

- Whether internal processes are geared to providing external customer service
- Employee perceptions of pay
- The organisational structure providing clear accountabilities.

Highlighted as an issue last year, pay remains a continuing subject for us to examine. Other areas for us to work on include leadership skills, particularly of our people managers, employee engagement, and the application of our values. A large proportion of employee suggestions for improvement focussed on the efficiency of work processes.

Our 2008 'Our Voice' results included Retirement Living for the first time and were based on a 91 per cent overall employee response rate in Australia. Stockland UK results are communicated in our Stockland UK report.

Strong engagement implies that our employees support the organisation and its goals, feel a sense of belonging and pride and are willing to go the extra mile for us.

Our Hewitt Best Employer Award in 2007 is further external recognition of our level of commitment to our people. In addition, in October 2007 we were a winner of the 2007 Hewitt Top Companies Leaders award. This was in recognition of our work in management and leadership development over the last few years.

Some of the projects undertaken within each of our specific objectives are summarised below:

Objective 1. Creative and proactive people resourcing

Despite our sustained engagement results, retaining people and attracting the right people for our organisation presents some challenges. In the past year, our overall departure of employees (total rolling turnover) increased from 21 per cent to 26 per cent.

In particular, our non-regretted rolling turnover has increased from 8 per cent to 13 per cent. Many of these exiting employees were relatively recent hires (within the past two years). This indicates that we haven't always managed to recruit the right person for the role. We know that in some cases this is a consequence of an urgency to fill roles within a tight labour market. To make sure that we recruit the right people, this year, we redesigned our recruitment practices.

This includes:

- A rigorous tender process to select a panel of preferred recruitment providers
- Automating the workflow and approvals
- Training our managers in selection skills.

Our regretted turnover (rolling) has remained unchanged at 13 per cent. This year we introduced external exit interviewing to better understand why our people leave. Poor direct management and lack of career advancement emerged as the main reasons. Exit interviews suggest that managers need to provide employees with feedback, coaching and mentoring, discuss career development more often, and assign challenging and interesting work. We are continuing to refine our management training programs to improve and emphasise the importance of people management skills.

Stockland workforce

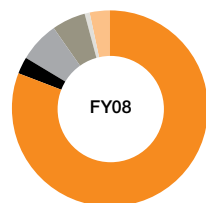


FY08

- Full-time
(Permanent full-time 1,230)
(Fixed term full-time 13)
- Part-time
(Permanent part-time 104)
(Fixed term part-time 2)
- Casual 26

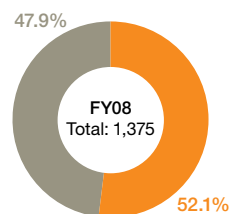
* FY08 head count does not include employees where final day of employment was 30/06/08. FY06 and FY07 head count includes employees where final day of employment was 30/06/07.

Ethnic background



- Australian 80.7%
- Maori & New Zealand 2.9%
- European 6.6% (north-west, southern and eastern)
- Asian 5.4% (south-east, north-east, southern and central)
- North American 1%
- Other 3.1%

Gender profile



- Women (717)
- Men (658)

Improve career planning and internal mobility

We recognise the importance of career development in retaining people and reducing turnover. In August 2007 we launched a program that allows employees to find out about and experience roles in the organisation they may be interested in working towards.

The '3in3' program provides structured professional learning through time spent with an experienced employee in another part of Stockland – for three days during an agreed three-month period. Almost 130 people have listed the '3in3' program in their development plans. So far 43 employees have commenced the program.

Supporting career development opportunities within our organisation, all roles are advertised internally first for a period of time before external recruitment is considered. In particular, we have commenced planning for internal moves (both within a business unit and across the businesses) to improve internal resource management, provide development/career opportunities and increase retention. At the end of FY08 we have had almost 200 internal transfers and promotions.

Fostering a diverse workforce and work environment

We strive for a diverse workforce where merit drives decision making. We promote a work environment that supports, where feasible, flexible working, job sharing and part-time roles.

Supporting our commitment to flexible work, and the response to survey feedback around work-life balance in FY07, we introduced two days of miscellaneous leave. This can be taken by employees in balancing work and personal commitments.

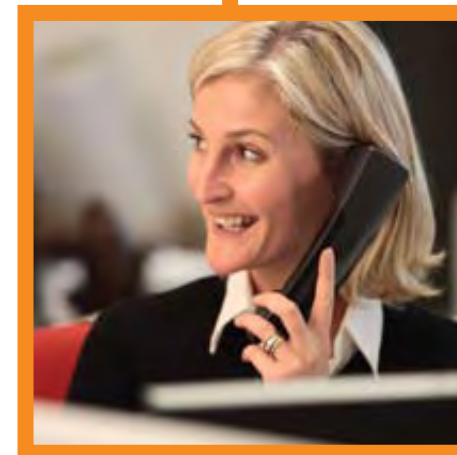
In the 'Our Voice' survey, 19 per cent of our people identified their ethnic background as other than 'Australian', 2 per cent identified themselves as having a disability and 34 per cent identified themselves as having carer responsibilities (for children, parents, or other family members with a disability or health problems).

The overwhelming majority agreed that Stockland provides a working environment that is accepting of ethnic differences (93 per cent); differences in cultural background or lifestyles (93 per cent); gender differences (91 per cent); and differences in age (91 per cent).

While women slightly outnumber men across the organisation, men still occupy the majority of senior roles. We aim to increase the percentage of women in management from 30 per cent to 35 per cent. This remains challenging in the property industry where senior line roles have been traditionally occupied by men.

Over the past two years, our salary review process has incorporated specific checks and balances to ensure that there is no gender bias. We ensure that we pay equitably for roles of equal value. Our methodology includes regression analysis confirming that gender was not statistically significant either in fixed pay increases, or in short-term incentives awarded.

Under legislation we are required to submit a report each year to ensure compliance with the Equal Opportunity for Women in the Workplace Act. A separate (voluntary) submission is made to the Equal Opportunity for Women in the Workplace Agency (EOWA) to request the 'Employer of Choice for Women' citation. In 2007 EOWA introduced a new prerequisite criteria: that the 'gap' (between the average salary of males and the average salary of females) should be less than the gap reported for the property and business services sector in ABS statistics. We are not able to meet this prerequisite largely due to our demographic structure being very different from the broader industry sector. Whilst the widely publicised 'gap' provides an easy to use metric, it does not take into account the demographics of the organisation. We will continue to ensure there is no discrimination within our pay practices.



We strive for a diverse workforce where merit drives decision making. We promote a work environment that supports, where feasible, flexible working hours, job sharing and part-time roles.

Employees who identify as having an ethnic background other than 'Australian'

19%

Employees who agree Stockland provides a working environment that is accepting of ethnic differences

93%



Employee proposition – having a clear and compelling people proposition that our manager, recruiters and employees can articulate to prospective candidates, helps us attract the right people and better align our candidates' expectations.

Absentee Rates

FY08	1.4%
FY07	1.3%
FY06	1.3%

Over the past year, we have undertaken a number of initiatives to support women in the workplace and employees with parenting responsibilities. Demonstrating our commitment, we increased our paid parental leave policy to 12 weeks. We have also continued to hold a National Stockland Event for Children demonstrating our holistic approach to our work environment.

We have continued to identify, support and promote talented women and encourage them to participate in the National Association of Women in Construction (NAWIC). Our managers collected three of the NSW NAWIC awards in 2007, including the NSW Crystal Vision Award for supporting and promoting women in industry. We also continue to hold national women's networking sessions – hearing from inspiring women within and external to our business and creating an informal environment for our women to meet and share feedback.

We recently opened the Stockland Treehouse Childcare Centre (see case study on page 21) at our Sydney office. It can accommodate 56 children from a few weeks to five years old. Enrolment is open to the public with preference for our employees. The creation of this facility has also provided an opportunity for our commercial property team to build knowledge and understanding of sustainability in the childcare arena, adding great value to future commercial offerings. We hope that these facilities will enable working parents to return to work with confidence that their children are close by, with a high quality of care and in a great environment. We have also created a parents' room nearby, creating a welcoming environment for employees, visiting parents and their children, and in particular, allowing for breastfeeding.

We have developed an Indigenous and disability employment strategy and aim to increase employment of these groups in our workforce.

To support our commitment to a more diverse workforce, we commenced what has proven to be a difficult search for an Indigenous Diversity Manager during the year. We hope to fill this role in the coming year – and will continue to support and integrate practices that encourage a more diverse workforce.

Organising our business to respond to change

This year we made structural changes to enhance our capabilities and improve operational effectiveness.

We established our Group Design and Delivery team of around 70 people. The team will provide leadership in design and construction project management across the organisation. We also consolidated our retail and office and industrial businesses into a single Commercial Property group, and decentralised our Capital Partners business into our operating businesses. We also reviewed our workforce needs in our Residential business.

Over the reporting year, this restructuring involved redeployment of several employees as well as about 50 retrenchments.

A significant amount of time and resources were spent in assisting the business with the restructure and streamlining. This restructure was a major change for both our employees and managers, most of whom have only experienced boom times. It involved considerable work in the formulation, planning and delivery of new structures and roles, as well as change management assessments and communication plans.

Significant effort was invested by human resource managers and the respective line managers to ensure people impacted by the changes were treated with dignity and respect and that we redeployed as many employees as possible.

Objective 2. Distinctive and compelling employment proposition

Having a clear and compelling people proposition that our managers, recruiters and employees can articulate to prospective candidates helps us attract the right people. It helps us to better align ourselves, and our candidates' expectations.

Over the past year we have consulted our employees and reviewed our survey data and used these inputs to articulate the key elements that describe working at Stockland:

- A successful organisation, passionate about property
- Accessible and authentic leadership
- A culture that is fresh, honest and vibrant
- We recognise and reward performance
- Invest in people and work with them to grow their careers
- Sustainable, ethical and community minded.

In the coming year, we will include these attributes in our communications and training programs – and will continue to reinforce them.

Annual performance review and training

In response to survey feedback we have continued to educate and train our people on performance management processes. All employees are required to complete a formal, annual performance review. We use an online performance management system to structure this process.

The performance review feeds into remuneration reviews and short-term incentive payments. In the past year 99 per cent of employees completed performance reviews.

Employees' objectives are structured using a 'balanced scorecard' and all employees must have objectives in each of the following areas; business/financial; stakeholder management; people; and corporate responsibility and sustainability (including health and safety).

We introduced specific managerial training to support the annual performance review and reward process. A half-day course was developed that clearly articulated the guidelines and process and provided skills in holding difficult conversations.

Our team of trainers, drawn from the business as well as human resources, trained over 340 managers – 94 per cent of all managers with direct reports. Our Executive Committee and members of the Leadership Team opened training sessions underscoring the importance the organisation places upon effective reward and performance management.

In the coming year, we will continue to build core skills for managers and employees, as well as support training for key events in the business cycle, such as objective setting and development planning.

Embedding our remuneration framework

Again, in response to survey feedback we have worked on improving our employees' understanding of our remuneration framework. Over the year, we have improved our salary benchmarking processes, revalidating market matches (which in turn is supported by the Role Accountability and Career Mapping work), participated in a wider range of benchmarking surveys and developed tools to share that information. This process provided data to support our people managers in making pay recommendations which were aligned to the market.

Improved analytical capability enabled us to demonstrate that there is now a strong linkage between performance and reward.

Communicating with our people
We regularly communicate about our CR&S activities via our internal newsletter. We showcase environmental initiatives and share our people's views on participation in volunteering programs.



Employees who completed formal performance reviews

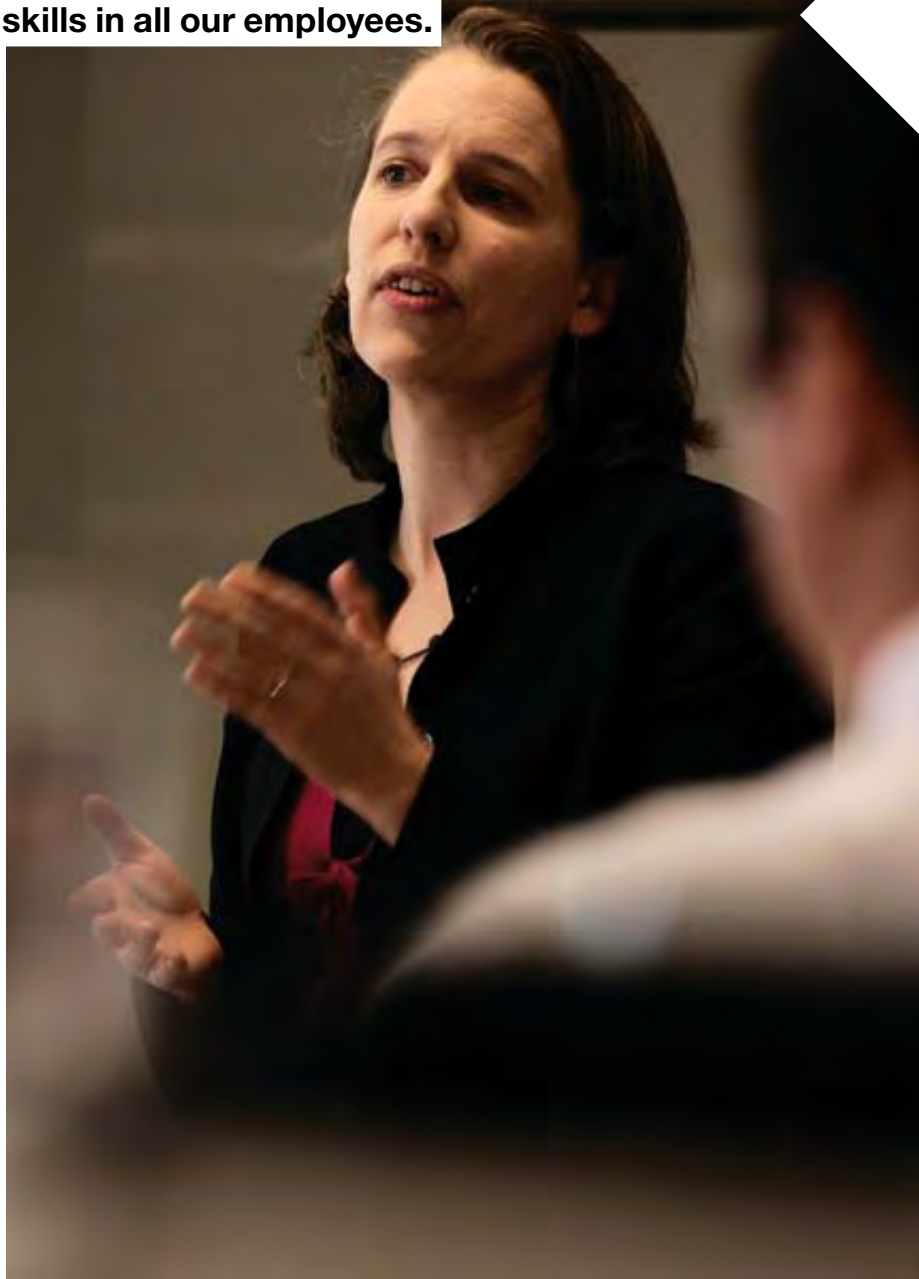
99%

Managers with direct reports who underwent training to support the performance review process

94%

Developing our employees

We continue to provide a large range of programs to support and build capabilities and skills in all our employees.



Objective 3: Simplify and Integrate Processes and Systems

Workflow recruitment forms

Throughout the year we introduced new applications and systems to simplify our human resources processes. A new remuneration system was introduced that was very successful in facilitating an efficient pay review process and delivered meaningful reporting capability. The recruitment process and approvals were automated to allow users to complete and approve recruitment forms online.

Objective 4: Accelerate development of leadership and capabilities

We continue to provide a large range of programs to support building of capability and skills in all our employees.

Our orientation program

All new employees in Australia are required to attend our two-day orientation program, with 489 attending this year. The course involves presentations and information on our different businesses and key policies and procedures. Our Managing Director briefs employees and members of the Executive Committee and senior leaders present on their business units. In addition, attendees undertake a half-day tour to a range of projects and operational sites.

Developing our development managers

Two programs underpinned this strategic initiative – further deployment of the Business Acumen program as well as the Strategic Urban Planning program.

The Business Acumen program was designed to improve the business acumen of development professionals and to clarify the interrelationships between the financial effect of project decisions, financial performance measures and ultimately, our share price. 46 employees from across the organisation completed the program this financial year.

We have continued to roll-out our Strategic Urban Planning program to all states. The program is designed to build capability in the management of potential planning risks. As well as external speakers representing a range of Government planning roles, the content for each course is adjusted for variations in state planning processes.

Up-skilling our managers

The Managing@Stockland program is a key component of our orientation program. All newly hired and newly promoted managers attend our Managing@Stockland program, as an additional one-day component of the orientation program to be inducted into key Stockland management practices. This program is designed to ensure all managers are made aware of expectations and accountabilities as people managers at Stockland and is one of our key responses to reducing the level of employee turnover. Over 230 managers have attended the program in the past year.

In the coming year, we will continue to build core skills for managers and employees, as well as support training for key events in the business cycle, such as objective setting and development planning.

Compliance training

We keep our employees up-to-date with our internal policies. Last year, 426 employees (or 31 per cent), undertook online Equal Employment Opportunity training.

This training comprised three modules; Discrimination, Grievance and Harassment. A total of 1,278 hours was spent on this training. All other employees are required to complete this training in early FY09. In addition, 2.8 per cent of employees – 39 people – also underwent Trade Practices training.

Training days per
employee (rolling
12 month)

3.7

Objective 5: Engaging our employees around health and safety and sustainability

Engaging our people around CR&S

Our approach to CR&S involves making it part of our business – and recognising CR&S achievements through our performance management system. This year we have continued to refine CR&S objectives for major employment bands and job families, providing better guidance as to how all our employees can contribute to CR&S.

CR&S is our highest rating contributor to our overall employee engagement score. Our employees continue to tell us that they believe that Stockland is a responsible organisation:

- 94 per cent believe Stockland is socially responsible in the community (1 per cent improvement on 2007, 8 per cent improvement on 2006)
- 93 per cent believe Stockland is environmentally responsible in the community (no change on 2007, 7 per cent improvement on 2006)
- 86 per cent think Stockland achieves the right balance between its social, environmental and financial responsibilities (2 per cent drop from 2007, 8 per cent improvement from 2006).

We regularly communicate about our CR&S activities via our internal newsletter. We showcase environmental initiatives on projects, provide updates on emerging regulation and share our peoples' views on participation in volunteering programs. With sustainability managers in our business units, we also aim to make it easy for our people to get in touch with experts, providing project and/or business-specific advice, particularly on sustainable development and asset management.

Engaging our people around health, safety and environment (HSE)

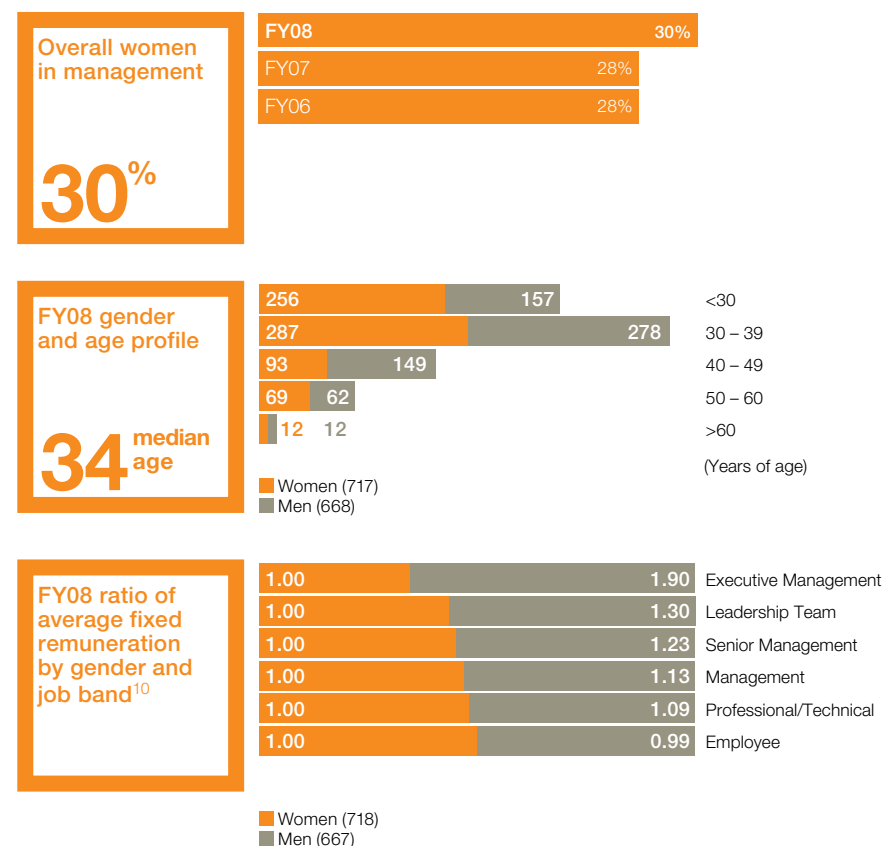
Improving our HSE Management System

We are continuing to improve our HSE Management System. Our system has been developed in line with current standards. While we have not sought accreditation for our system, we will continue to review the business need for this. During the past year we have:

- Sustained resourcing of the HSE function with team members in each state, and representation across business units
- Embedded proactive risk assessments throughout development and asset management
- Implemented HSE risk assessments for major building projects
- Improved contractor management processes
- Improved incident reporting and investigation
- Refreshed the health and safety commitment statement.

Women in management

Job Band	FY06		FY07		FY08	
	Women	Men	Women	Men	Women	Men
Executive Management/Committee	33%	67%	33%	67%	33%	67%
Leadership Team	10%	90%	14%	86%	16%	84%
Senior Management	20%	80%	20%	80%	23%	78%
Management	33%	67%	33%	67%	35%	65%
Professional/Technical	53%	47%	49%	51%	49%	51%
Employee	83%	17%	80%	20%	81%	19%
Total	52%	48%	51%	49%	52%	48%



¹⁰ Remuneration comparison data includes fixed pay only – not incentives. These figures exclude casual employees and those who receive sales commissions.



The efforts of our HSE team were reflected in this year's employee survey, when 94 per cent of employees responded that they had a good understanding of their health, safety and environment responsibilities.

Objective 5: Engaging our employees around health and safety and sustainability (continued)

Establishing effective HSE training process

Training has been an important focus during FY08 with notable achievements including:

- Embedding a systematic approach to assessing training needs and delivering skills training
- Implementing a cost effective Stockland e-learning portal for employee induction and training and most recently contractor inductions. As of June 2008 almost 700 contractors had enrolled in the Contractor Induction program launched only 5 weeks earlier
- Australia-wide roll-out of a Stockland designed health and safety training course for development managers.

HSE Stakeholder Management

Our objective for engagement was aimed at both internal and external stakeholders. The health and safety function showed notable improvement in the 'Our Voice' survey and is evidence of the success of the internal engagement program. This has been achieved by providing specialist support, a focus on simple, effective processes and a limited but engaging program of health initiatives.

It has been pleasing to see through our employee survey that 95 per cent of employees think that Stockland is a company that cares about the health and safety of its employees.

While we do not have feedback to verify our external engagement, this has been a significant element of our HSE program during FY08, particularly with project managers, designers and contractors. We involved many contractors in our Safe Work Week activities and plan to do so again in FY09.

Harmonisation of occupational health and safety (OHS) laws

We are actively participating in the Federal Government's project aimed at harmonising Australia's OHS legislation and have submitted a response to the call for public comment. We will continue to be engaged in this important initiative believing that it will ultimately improve health and safety outcomes by creating a simpler and fairer framework that encourages a collaborative, best practice approach to workplace health and safety throughout Australia.

Training

A highlight during the year has been the progress in developing our HSE e-learning portal. This has proved an effective means of delivering HSE inductions and training to both employees and contractors. Through the employee survey this year, 94 per cent of employees reported that they had a good understanding of their health, safety and environmental responsibilities.

Health and safety performance

There were no fatalities, nor long-term debilitating injuries to our employees during the reporting period. Excluding commuting injuries (in accordance with the reporting protocols of AS 1885.1), our lost time frequency rate (LTIFR)¹¹ for the period was 2.5. Including commuting injuries, our LTIFR for the period was 4.2.

We have continued to improve the management of employee injuries and in particular the support provided to cases involving rehabilitation. During the year we experienced 14 new workers' compensation cases with typically between three and 10 cases open and being managed at any one time.

While our injury rates have reduced and are comparatively low, we have experienced a number of incidents that could have resulted in serious injury. We have made notable progress towards improving our incident reporting and investigation and development of proactive plans. This continues to be an important focus.

Our injury and disease data is recorded as follows. We report injury statistics in accordance with Australian Standard AS 1885.1, the National Standard for workplace injury and disease recording.

Our Health, Safety and Environment (HSE) team is actively working in the business to improve the ways we engage and consult with our employees about health and safety.

¹¹ LTIFR, defined by Australian Standard AS 1885.1, is the number of lost time injuries per million hours worked. Commuting injuries are defined by AS 1885.1 as injuries that occur during travel while not on duty or during a recess period. Our reporting includes injuries that occur at Stockland-sponsored or supported social and sporting events. It also includes injuries that occur when travelling for work purposes but does not include commuting injuries.

Total average workforce during the reporting period	Total hours worked: 2,401,109	Number of lost time injuries during the reporting period
1,372	2+ million	6
Frequency rate of lost time injuries (LTIs) during the reporting period (defined as the number of injuries per million person-hours worked)	Number of injuries requiring medical treatment during the reporting period (not including lost time injuries)	Frequency rate of medical treatment injuries during the reporting period (defined as the number of medical treatment injuries per million person-hours worked)
2.5	10	4.2
Frequency rate of lost time and medical treatment injuries ¹²	Lost days – Total for the 6 recorded lost time injuries	Average lost time rate
6.6	14	2.3 days
Employees who believe Stockland is socially responsible in the community	Employees who believe Stockland is environmentally responsible in the community	Fatalities
94%	93%	Nil

¹² During the reporting period, defined as the number of injuries (lost time and medical treatment) per million person-hours worked. Does not include injuries requiring first aid treatment only.



Looking after our people's health and safety
95% of our employees think that Stockland is a company that cares about the health and safety of its employees.

engaging in the marketplace

Our CR&S Strategy

Our CR&S Strategy guides how we work with our investors, customers, suppliers and partners, peers and Government.

past

Last year, we said that we would:

Engage with our suppliers to 'road test' the supplier policy and Code of Conduct, with a specific focus on our environmental sustainability and occupational health and safety expectations.

Develop a CR&S plan for Stockland Halladale to support their strategic business plan.

Develop a CR&S plan for Retirement Living to support their strategic business plan.

present

This past year, we have:

Piloted our Sustainable Supply Chain Management program with 10 of our key suppliers.

Developed a CR&S Strategy for Stockland UK, now guiding our CR&S activity, aligned with our focus in Australia.

Commenced dialogue towards a CR&S plan, however a plan was not completed.

future

In the coming year, our priorities are to:

- Continue to engage with our suppliers, expanding our Sustainable Supply Chain Management program to another 10 key suppliers, focussing on construction suppliers
- Review the way in which we address access for people with disabilities to our property assets
- Refresh the CR&S Strategy for Stockland UK, building upon an enhanced understanding of CR&S related risks and opportunities
- Integrate CR&S actions into the business plan for Retirement Living
- Continue to report on our performance against the UN Principles for Responsible Investment.



To achieve our goal of becoming a world class diversified property company, it's essential that we meet the needs and expectations of our customers.



In 2007, we developed a draft Sustainable Supply Chain Management program and Supplier Code of Conduct. This year we piloted both documents with 10 of our key suppliers.

We are committed to operating our business in a responsible and sustainable manner and prefer to conduct business with like-minded suppliers.

Our CR&S Strategy guides how we work with our investors, customers, suppliers and partners, peers and Government.

Our priorities over the year were to:

- Demonstrate CR&S commitment to engaged investor groups
- Engage suppliers and partners on CR&S risks and opportunities.

Working with our peers and Government

We collaborate with our peers through the Property Council of Australia (PCA) and are represented on the PCA's National Sustainability Roundtable.

We are also an active member of the Green Building Council of Australia.

Launched in 2002, the GBCA is a national, not-for-profit organisation with a mission to develop a sustainable property industry for Australia and drive the adoption of green building practices through market-based solutions.

We have contributed to the PCA and GBCA on a range of issues, including climate change, participating in forums where the positions of these organisations are shaped. These have included the ninth National Business Leaders Forum on Sustainable Development and the GBCA's annual Green Cities conference.

The PCA and GBCA have actively engaged Government on climate change and the design of the emissions trading scheme (ETS). We have supported their activities on seeking complementary mechanisms to encourage swifter action to reduce emissions within the property sector.

We continue to work with Government agencies on the development of sustainability rating tools for property, including the NSW Department of Environment and Climate Change on the development of an energy and water efficiency tool for shopping centres (NABERS).

Our commitment to responsible investment

During the year we became a signatory to two investment-focussed initiatives: the Investor Group on Climate Change (IGCC) and the UN Principles for Responsible Investment. At the time, these initiatives were sponsored by our Capital Partners business and are now supported by our funds managers who have transitioned to our Commercial Property business.

The IGCC represents over 30 Australian and New Zealand institutional investors and aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors. Our membership of IGCC enables us to work with and learn from like-minded property owners, funds managers and other real estate investment trusts – as well as investors.

We manage unlisted property funds on behalf of our investors. By signing the UN Principles for Responsible Investment we formalised that our CR&S commitment targets and management practices extend to those assets held by these funds. We also committed to report on our performance against the principles.

principles

UN Principles for Responsible Investment

1. We will incorporate Environmental Social Governance (ESG) issues into the investment analysis and decision-making process
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest
4. We will promote acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles
6. We will report on our activities and progress towards implementing the Principles.

present

This past year we have:

- Referenced our Environmental Social and Governance (ESG) practices in investment policy reports
- Applied the NABERS tool to understand the performance of some of our assets held by funds
- Commenced NABERS Energy disclosures in management reports
- Committed to including assets held by funds in our Energy Efficiency Opportunity assessment program
- Referenced our implementation of the Principles in this report and in our Carbon Disclosure Project submission. We will also promote our signatory of the Principles via our website
- Promoted ESG activities particularly as relevant to property and funds management. This includes supporting and promoting sustainability tools such as NABERS and the Green Star suite of tools
- Disclosed our NABERS ratings for our office assets, including those held by funds, in this report
- Included the performance of our assets, held by funds, in our energy and water reporting – by building type/asset class
- Committed to reporting on our progress in future CR&S reports.



Clemenger sustainability

Clemenger BBDO is a major tenant at 118-120 Pacific Highway, St Leonards, leasing almost 3,000 m². As part of Clemenger Communications Limited, Clemenger BBDO is the largest advertising and communications services company in Australia and New Zealand.

Last year the building was achieving 3 star NABERS Energy and 4 star NABERS Water ratings for the operations of the base building – above average environmental performance. On top of this, Clemenger wanted to implement waste and energy-saving procedures within their tenancy.

We worked with Clemenger to help achieve these efficiencies. We arranged for them to become a participant in 3CBDs (an external energy management program now called CitySwitch), and suggested a number of goals that were relatively easily attainable.

We offered to do a complete energy audit, and suggested NABERS Energy assessors to complete a tenancy energy rating. Clemenger attended our tenancy energy forums in Sydney and were partners in Earth Hour 2008.

Clemenger created a shortlist based on our ideas and is now systematically implementing a program called Clemenger Green.



Waterfront Place

Our Waterfront Place office building in Brisbane has proven to be an unusual challenge. When we acquired this iconic building in 2004 we were aware that some of the façade glass may contain nickel sulphide inclusions that, without warning, can cause a small number of individual panes to fracture. In most cases the panel stays in place, and on occasion they may dislodge, falling in 2-3mm particles onto the control canopies beneath.

There is no known method to determine which panes are at risk, so in the early 1990s a range of inspections, control strategies and management processes were established. Over the last 12 months we experienced couple of dislodgements that resulted in glass fragments falling onto protective canopies at ground level, with some of the particles sliding from the canopies and onto the street. While the control measures worked as designed and no-one was injured, we recognise that any situation where the particles of glass deflects onto a public area is not ideal.

We have worked closely with Brisbane City Council, Workplace Health and Safety, Queensland and our specialist façade and risk consultants to further enhance inspection processes and improve the protective measures at street level. As part of this the original canopies are being modified, and a whole new canopy structure is being constructed in Felix Street, with all the works to be completed by the early new year 2009.

Amount spent collectively with 4,729 suppliers in FY08

\$530^m

Ten suppliers were engaged in our Sustainable Supply Chain Management pilot program representing

17% of total spend

Working with our suppliers and contractors

Sustainable Supply Chain Management pilot program

We are committed to operating our business in a responsible and sustainable manner and prefer to conduct business with like-minded suppliers.

In 2007 we developed a draft Sustainable Supply Chain Management program and Supplier Code of Conduct, and have piloted both documents with 10 of our key suppliers.

To give us an understanding of the commitment of our top 100 suppliers, we reviewed their published statements in the areas of corporate governance, social responsibility and environmental management, including climate change risk and carbon management. This group of suppliers represent 63 per cent of our total annual spend¹³.

From this group we selected 10 key suppliers to work towards better-aligned sustainability goals. We interviewed and surveyed each supplier about their CR&S policies, goals and practices.

These 10 suppliers were selected on the basis of their understanding of CR&S. They are positioned in their market to influence their peers and their own supply chain. They are also representative of a range of goods and service providers that are important to our business, including building construction, civil and landscaping contractors; a building cleaning contractor; an office supplier; and energy and water suppliers. In total \$530 million was spent on goods and services provided by these suppliers in FY08, representing 17 per cent of our total spend.

Responses revealed that each of these suppliers have established policies and codes of practice such as health, safety and environmental management although few have commenced reporting on their social and environmental impacts. We provided confidential feedback to the suppliers to share and identify strengths and opportunities for improvement.

We intend to continue with this program by working with more groups of key suppliers, in forums and as part of our ongoing business. Our willingness to work collaboratively with our suppliers to develop CR&S goals and actions was well received and understood.

Health and safety of our contractors, tenants and the public

Through a range of initiatives we have increased engagement on health and safety with our contractors. We have been clear about our best practice expectations and are in the process of progressively incorporating these into our contract agreements. As well as meeting all statutory requirements and Australian Standards, best practice involves the contractors making HSE a "key consideration in every decision about materials, equipment and work methods".

We have put processes in place to ensure that front line representatives of our contractors and project managers are briefed on our expectations and we have established uniform reporting requirements across our projects. We have commenced roll-out of our e-learning portal to contractors to provide easy access to important information that assists them in undertaking their work safely and with care of the environment and community.

During *Safe Work Week* we implemented a program that involved many of our contractors. Our 'Toolbox Talk' program focussed on Sun Smart information and our retirement living contractors were provided 'on-the-job' manual handling training.

¹³ Total spend is defined as the total amount spent on the purchase of goods and services for Stockland. It does not include the following: interest charges, wages and salaries, Government taxes, council rates and fees, internal fees or adjustments, donations to charities, land acquisition and related charges.

Through our 'HSE Diary' program, development managers are increasing their presence and leadership to our contractors by undertaking a range of health and safety activities that reinforce and monitor achievement of our expectations.

A major initiative has been to review and upgrade the HSE risk assessments at all of our commercial properties. The focus of these risk assessments has been to improve the health and safety of our employees, contractors, tenants and the public.

Customers

To achieve our goal of becoming a world class diversified property company, it's essential that we meet the needs and expectations of our customers. We have two main groups of customers:

Commercial Property customers

- Office tenants
- Industrial tenants
- Retail tenants
- Retail shoppers.

Residential customers

- People who have purchased in a Stockland residential community, apartment or retirement village.

Customer satisfaction and other surveys

Customer satisfaction surveys form part of our marketing and branding research. They tell us how well we are faring in meeting our customers' expectations.

Over the past year we've placed greater emphasis on improving relationships with our customers and better understanding their needs. To help achieve this we have undertaken extensive survey work across different customer groups, including seeking feedback from our tenants and retailers.

We conducted our first organisation-wide (Australia) customer satisfaction study in June 2008. The research covered more than 1,200 customers and was conducted by an independent research company, Millward Brown. The results of the study along with business action plans will be reported to the business in October 2008.

Working with Government and tenants on sustainability at Yennora

We are working with the NSW Department of Environment and Climate Change (DECC) through its 'Sustainability Advantage' program to partner with industrial tenants at our Yennora Distribution Centre. The aim is to achieve more sustainable outcomes and greater resource efficiency through partnerships and collective learning within business clusters. Yennora tenant signatories to the program to date include: Australian Wool Handlers, CRT Group, Linfox Logistics and Sussan.

Sustainability Advantage is a series of seven modules that assist participants to integrate sustainability into their business from the top down. Starting with the creation of a sustainability vision, tenants are engaged in the process through facilitated workshops identifying opportunities and developing action plans to improve resource efficiency.



We continue to work with Government agencies on the development of sustainability rating tools for properties.



Victorian Sustainability Learning Centre

In December 2007 we opened our Victorian Sustainability Learning Centre at Mernda Villages in northern Melbourne.

The centre explains water management and the benefits of Water Sensitive Urban Design in residential communities. It provides learning and awareness for a range of audiences including students, Local Government, property industry representatives and our employees, who come to learn about water conservation.

Mernda Villages was chosen as the location for the Learning Centre as it has been recognised as demonstrating industry best practice in water management and Water Sensitive Urban Design by the Storm Water Industry Association and the Victorian Chapter of the Urban Development Industry Association (UDIA).

A feature currently in design phase at Mernda Villages is an Aquifer Storage and Recovery (ASR) scheme which involves capturing large volumes of storm water through a wetland system and injecting this treated water into a natural aquifer. This water can be recovered later and used for irrigating public recreational areas including parks and sporting fields in periods of low rainfall.

Mernda Vilages

We are currently designing an Aquifer Storage and Recovery Scheme (ASR). The system will capture large volumes of storm water which will then be used to irrigate public areas.

Tenants' survey

As the tenant/landlord relationships within our office and industrial portfolio had not been independently assessed for a number of years, we commissioned Millward Brown to conduct a qualitative study to find out about our brand position in the market and what tenants thought of our products and services. We used this study to test some new initiatives. The study involved 90 minute in-depth interviews with 35 current and prospective customers.

The study found that while we were considered one of the leaders in the products we deliver, results also showed that tenants experienced a huge variation in customer service, from excellent to unprofessional. In response to these findings we will make a concerted effort to maintain open communications and where appropriate introduce a key account management approach for customers.

Environmental sustainability was seen as a very important area of performance. One major tenant referred to it as a 'no brainer' and another said it was ingrained in their culture. Those participating in the study saw great value in Stockland providing very practical, simple tailored advice around sustainability, however, they also noted that it needed to 'mean something' and not just be used as a 'blah blah' word. The tenants saw a need for environmental sustainability for both rational reasons (like financial savings and good corporate citizenship) as well as emotional reasons (like wanting to do their bit or having an 'abhorrence to waste').

As part of the study we tested ideas of programs rewarding environmental sustainability. Study participants showed interest in a potential green partnership incentive, a financial rewards program for tenants who showcase industry best practice in sustainability. They also generally supported on-site sustainability education and access to a range of related resources.

In response to this interest around environmental sustainability, we'll be launching a Green Business Fund and Awards (GBFA) program at our North Lakes Business Park during the coming year. The program has been designed to stimulate leading practice in sustainable design, by encouraging and rewarding investors to develop their sites to an advanced level of sustainability.

Green partnerships with our tenants

We are working to partner with tenants to achieve more sustainable outcomes.

Our office business has partnered with the tenant energy program CitySwitch Green Office (formerly 3CBDs) to provide tenant energy forums.

Forums were held in Sydney in April, Melbourne in May, and Brisbane in June and will be extended to Perth in FY09. At the forums, tenants are encouraged to join the CitySwitch energy efficiency program, which involves committing to annual energy benchmarking and reporting, while targeting minimum standards.

While attendance numbers at these forums were small, those tenants who did attend were genuinely interested in improving workplace energy efficiency. We have since visited tenants for one-on-one discussions on energy efficiency and to offer assistance in developing action plans.

Our retail business has refreshed its Retail Design and Fitout Guide to include minimum sustainable design criteria, focussing on reducing energy and water consumption, waste management and the responsible selection of materials.

See the Retail Design and Fit-out Guide case study on page 51.

We are now in a position to build up networks with our tenants towards improved environmental performance. Starting with small focus groups and tenant forums, we are slowly expanding our contacts to work with more of our tenants. We are also looking to enhance the relationships that our tenants have with our asset managers. We see that the quality of these relationships is key to better performance.

Retirement Living satisfaction survey

We acquired Australian Retirement Communities (ARC) in early 2007. Since then, we have undertaken a number of initiatives to support the satisfaction of our customers – our Retirement Living residents.

To understand the response to our initiatives, (reflecting our current performance as well as that of past owners, ARC), we conducted a study to measure our residents' satisfaction and identify what we can do to improve it.

The survey was posted to all households in the 19 established villages. We achieved a response rate of 74 per cent (we had more than 2,000 households respond), 89 per cent of whom were very happy living in their village. The residents were asked to rate out of 10 how happy they were with a list of 'benefits'. On average, they rated emergency nursing at 9.4 out of 10, being close to services at 9.3, less worry about maintaining homes and garden at 9.2, increased security at 9.1, health and facilities and access to facilities and amenities in the village at 9.

Areas of inconsistent performance were identified – and now all have project-specific action plans, with improvement to be demonstrated in the next annual survey. These areas of performance and action plans include:

- Implementing time management and difficult customer training for village managers and the centralisation of some manager responsibilities
- Standardising better communication practices across villages and improving the nomination process to encourage new members to join the committees of management
- Increasing the visibility of a Stockland representative through implementing an increased resource plan and becoming more active in the villages
- Improving maintenance outcomes by developing a process to deal with maintenance issues as they arise and implementing Stockland and village maintenance registers to manage issues.



In the coming year we will launch a Green Business Fund and Awards Program at North Lakes Business Park, designed to stimulate leading practice in sustainable design.



We have a National Customer Experience Manager dedicated to developing customer-centric initiatives to ensure our customer experience is consistent across our retail portfolio and our service levels are of a high standard.

Retail community facilities

Our shopping centres are committed to offering the right retail solution that meets the local community needs, including convenient and accessible shopping combined with value-added services for our customers.

In the past year, we have employed a National Customer Experience Manager dedicated to developing customer centric initiatives and ensuring our service practices and standards are in line with the International Customer Service Standards as governed by the Customer Service Institute of Australia. These initiatives include programs such as ongoing audits of our service and operational standards by an external mystery shopping company and customer feedback systems. We are also developing plans to ensure our customer experience is consistent across our Retail portfolio and our service levels are of a high standard.

We have continued to upgrade our parents' rooms across our shopping centres. In the past year we upgraded an additional five parents' rooms. This was short of our target of 11 but we will continue to upgrade more parents' rooms across our portfolio in the coming year. The majority of our new parents' rooms have all been given 5 star ratings by the Australian Breastfeeding Association (ABA) or are awaiting final assessment from the ABA.

Percentage of Retirement Living residents who responded that they were very happy living in their village

89%

Majority of new parents' rooms rated by the ABA and awarded

5 stars

After the initial upgrade of the first parents' rooms, we commissioned qualitative research into the response of 31 mothers to two refurbished Stockland parents' rooms at our Baulkham Hills and Wetherill Park shopping centres to ensure we were adding value to our customers' experience. The focus group sessions showed mothers had a 'strong positive response' to the new rooms. Our customers told us that in addition to the lounge ambience we had created, other inclusions, such as separate feeding areas from baby change areas, private nursing rooms, emergency help points and children's play panels were beyond what is found in parents' rooms in other locations.

The parents who participated in our research conveyed to us the importance of continually maintaining these facilities and that a lack of maintenance would dilute their current high value in the future. From this feedback, we have developed an initiative to ensure the maintenance and cleanliness of our parents' rooms remain of a high standard. By the end of 2008 all upgraded parents' rooms will include a Customer Feedback Solution. The Customer Feedback Solutions are touch pad surveys located within the parents' rooms which will enable our customers to rate the maintenance levels of the facilities every time they use them. This feedback will be reviewed weekly by our Centre Management team and action plans will be developed based on the feedback received.

Retail Customer Charter

To support consistent and great customer service, we have developed an internal Customer Charter. We will track performance against our Charter through an annual audit by the Customer Service Institute of Australia. The Charter is a tool to guide and inspire our employees to provide exceptional service to our customers.

Commitments in the Charter address:

- Customer accessibility within our centres (a consideration developed after learning about access for people with disabilities at Forster – see case study opposite)
- How we respond to our customers' needs and use customer feedback to improve our offering
- Sustainability and environmental commitments.

Our shopping centres are currently adopting the Charter, using it to identify areas in which they can improve their service to our customers. It is to be used internally for the next 12 months, where we will then conduct a review with the objective to refine our commitments with the aim of sharing our commitments openly with our customers.

Understanding accessibility

In September 2007, we received a letter from the Human Rights and Equal Opportunities Commission (HREOC) seeking to determine whether we are in full compliance with the terms of the Disability Discrimination Act as it relates to access to premises for people with disabilities.

HREOC's enquiry related to limited accessibility to display homes owned by builders in one of our residential display villages. It also referred to accessibility of the village sales office.

We are in the process of addressing the issue and will be undertaking a whole of business review of the way in which we deal with access across our portfolio. This includes an audit of our residential sales suites which will be wheelchair-accessible by the end of the year.

We are also undertaking a series of meetings and discussions with industry groups, including the Property Council of Australia, to better understand this issue and the industry approach. We will also be developing a philosophy for all of our assets that will encourage a positive approach from our people to assisting our customers with disabilities.

Our Customer Relationship Management System

In October 2008, our residential business will be launching a new Customer Relationship Management System.

Our Office and Industrial businesses are already using this platform to manage the Stockland service centre. The system tracks tenant maintenance issues and enquiries which helps to create a better overall customer experience.

We're now aiming to expand the system's functionality across the business. We expect that better customer information management will improve our marketing and communications with our customers.

Disability experience at Forster

On the International Day of People with Disability, our Forster Shopping Centre was the site of an exercise to increase awareness of the need for accessible premises and facilities for frail-aged and disabled customers.

The event was organised by the Great Lakes Council Access Committee, a forum for people with disabilities in the Great Lakes Local Government Area, NSW. The 2006 census showed there were 2,165 people in Forster with a disability or illness – 6.6 per cent of the local population as compared to 4.5 per cent in the rest of the state.

For the exercise, the Committee tested access to our shopping centre as well as the council chambers and library. Three of our senior managers took part in the exercise. Participants simulated the physical restrictions of disabled people while performing set tasks. For some this meant wearing special goggle masks to recreate the effects of cataract blindness while others used wheelchairs or walking frames.

As a result of this exercise guidelines addressing accessibility have been included in our Retail Charter.

Over the past year we've placed greater emphasis on improving relations with our customers and better understanding their needs.



Communicating on Sustainability

We're keen to share with our customers and other stakeholders information about what we're doing towards reducing energy and water consumption in our existing buildings and in our new projects.



Communicating externally on sustainability

We're keen to share with our customers and other stakeholders, information about what we're doing towards reducing energy and water consumption in our existing buildings and in our new projects. We're mindful, though, to get our communications right. In the past year we have seen the ACCC launch Green Marketing Guidelines, which have been shared with our marketing leaders to discuss with our in-house marketing professionals.

Managing the message is not always easy. During the year there have been inadvertent communications regarding targeted rating goals for projects – generally by our suppliers working for us. In all situations we have sought to quickly remedy the situation – both with the rating accrediting body and supplier.

Addressing the housing affordability problem

During the past year, we sought to better understand Australia's housing affordability problem and explore what action we might take as an organisation.

As one of the largest suppliers of new homesites to the Australian public, we have both a leadership and commercial responsibility to understand the housing affordability problem affecting working Australians, and contribute to the solution. The key principle in preparing the Housing Affordability Strategy has been to investigate the problem before recommending solutions.

Over the year, we sponsored a broad international study of the housing affordability situation and solutions in the UK, Europe, US and Japan followed by an in-depth look at the Australian situation. The international study was largely conducted by recipients of our annual Peter Daly Fellowship research program – Paul Keleher and Alex Abell, two analysts from our UK office, and Brent Yttrup, an architect from our Victorian office.

Contributions and insights were also received from a wide variety of stakeholders – most critically our leaders in our residential business.

Our Australian study tested the current circumstances affecting housing affordability against previous periods and drew on public information from the Reserve Bank of Australia, the Australian Bureau of Statistics, the Property Council of Australia, the Urban Development Institute of Australia and the Housing Institute of Australia.

During the past year, we sought to better understand Australia's housing affordability problem and explore what action we might take as an organisation.

Housing affordability
Our biggest opportunity to influence affordability is through collaboration with our partner builders.

What's the situation?

We believe that the housing affordability problem in Australia is structural not cyclical. That is, the underlying demand for housing is not being met by new supply and the cost of providing that new supply is rising. It is predicted that ongoing immigration along with household formation, credit access and consumer preference will also continue to influence demand.

We recognise that the housing affordability problem is affecting more Australians than ever before and is unlikely to be resolved through the normal cycles of the property market or economy.

What's the complication?

Our research has shown that the price of buying or renting property has increased faster than wages for the last 10 years. As a result there is a growing group of Australian working families who cannot afford to meet their housing needs but earn too much for Government assistance. We estimated this group to be one in 10 Australian households. We refer to this market as 'the forgotten middle'. They are viable income earning households earning between \$55,000 and \$100,000 and have a purchasing power between \$260,000 – \$360,000. Their numbers will grow due to petrol, food and energy cost increases affecting household budgets.

'The forgotten middle' is a broad demographic including key workers, first home buyers, retiring baby boomers and single income households in a wide array of employment categories.

Further complicating the affordability problem is the limited numbers of new housing choices that we, and most of our peer competitors offer to this market.

What's the solution?

We see that there are two ways to close the affordability gap that 'the forgotten middle' are experiencing:

- Fill the gap by finding ways for their purchasing power to be assisted
- Reduce the gap by lowering the cost of housing.

We identified a number of actions that, with the support and partnership of industry and Government, we can begin to make a difference to the housing affordability problem.

Action plan

We recognise that our biggest opportunity to influence affordability is through collaborating with our partner builders to provide smaller homes at lower price points. To achieve this, our residential community general managers are now responsible and accountable for an increase in the production of smaller lots for smaller homes. Each of our businesses will be reviewing its lot mix, with the aim of increasing the proportion of smaller lots.

Having a clearer understanding of the problem is now enabling us to develop an action plan for both the short and long-term. We will continue to pursue our views within the business with our customers and with the various levels of Government where we recognise there is now a real urgency to make things happen.



our commitment to building communities



Community development

We have been working over the past year to formalise and strengthen our internal processes to guide our activities within the community.

progress and priorities

past

Last year, we said that we would:

Achieve a more consistent approach to stakeholder engagement through policy and embedding processes into development guidelines and toolkits.

Launch our sponsorship and donations program and make further progress through aligning our sponsorship program with our brand strategy.

Widen our volunteering opportunities nationally and launch our workplace-giving program.

present

This past year, we have:

Established a stakeholder engagement framework, embedded into our project management processes.

Our sponsorship and donations program is currently being reviewed in line with our recently refreshed brand.

Launched personal volunteering leave and workplace giving program for our employees. We have extended volunteering opportunities with the Australian Business and Community Network (ABCN) nationally.

future

In the coming year, our priorities are to:

- Complete our sponsorship and donations strategy
- Improve reporting on our community contributions, providing enhanced transparency on where we contribute to the community – through sponsorship, donations and volunteering
- Establish community development guidelines that can be applied to our residential community projects nationally.



Stockland Community Spirit

Stockland Community Spirit (Victoria) is a grants program, allocating funding to groups or organisations to support initiatives that increase resident health and wellbeing.

In Victoria, a total of \$57,000 was awarded to 34 different organisations. Groups that received awards ranged from the Wildlife Rescuers of Victoria to the Craigieburn Urban Fire Brigade, from the Brotherhood of St Lawrence to the Mill Park Garden Group.

Funding allocations were decided by selection committees based in each Local Government area. The committees were made up of local representatives including a community-based Stockland employee and a resident where possible. All representatives were expected to have a knowledge and understanding of the community and be familiar with its needs.



Contributing to our community – Ertech Construction Academy
We have leased 1.5 hectares of land to the Ertech Construction Academy at no cost.

The academy is an initiative of one of our partners, civil contracting company Ertech Pty Ltd, along with support from education and industry leaders. Situated at our Newhaven residential estate in Forrestdale, Western Australia, the academy enables Year 11 and 12 students to obtain a nationally recognised Certificate 1 qualification in civil infrastructure, providing them with a pathway in the civil construction industry.

Creating places and contributing to communities is at the heart of what we do.

Strengthening our place within the community is one of the objectives of our CR&S Strategy, and we aim to do this through:

- Creating a consistent and enhanced approach to community development
- Extending our giving and volunteering program
- Aligning and measuring our community contribution.

We have been working over the past year to formalise and strengthen our internal processes to guide our activities within the community. We have had concentrated community development programs in Victoria and we have rolled out our giving and volunteering programs nationally. We are now aiming to benchmark our community contributions from early FY09.

Community development in Victorian residential communities

A goal of our residential communities business is to create sustainable and vibrant communities. We know we've achieved this when a community thrives both socially and economically, long after the physical development work is completed.

We realise that people want more than just a home – they want a sense of belonging and pride in their community. Community development projects can help to establish and support this sense of community and the provision of grass roots services.

In FY08, community development plans and programs were undertaken for nine residential communities in Victoria.

For these projects we've researched community needs including:

- Undertaking a survey of residents and purchasers to understand their needs
- Identifying the gaps in services and resources within the existing area
- Consulting the community through other means such as forums and focus groups.

We then drew up community development plans for each project in partnership with residents, local councils and other key stakeholders. These plans address items including economic vitality, community wellbeing, safety and health, art and culture, leisure and recreation and learning.

Over the next year both the Victorian and Western Australian Residential Communities businesses will target their community development programs – concentrating on those communities which will benefit the most.

This approach has been adopted from the lessons learnt in FY08, whereby the communities who had a growing population were more likely to get involved in initiatives than communities where most residents had settled into the area for some time.

Building on our experiences in Victoria, over the next year we will establish community development guidelines that can be applied to our residential community projects nationally.

Community development as part of our retail projects

Our involvement in the community takes several different forms.

Our retail centres undergoing development inform the community of potential issues such as noise levels or road closures. This is commonly in the form of letters to residents.

Where development is underway, we also look to incorporate initiatives that involve and reflect the local community. At Stockland Forster, completed in November 2007, 12 local schools participated in a design competition for art depicting the Great Lakes, which was incorporated into the public piazza in front of the centre.

Our Retail Stockland Spirit Awards program continues to support children's participation in local sport through the provision of certificates and redeemable vouchers.



* This data has been collated using the London Benchmarking Group (LBG) framework. It is yet to be verified.



In December 2007 the Victorian Residential Communities business undertook a 'Wellbeing Check' with a random sample of 200 residents across seven residential developments.

The survey was intended to gather a comprehensive profile of community residents; introduce the concept of community development and identify key initiatives that met the needs of residents and the local area.

A 'Wellbeing Check', based on the Community Indicators Victoria (CIV) framework, was used to assess the health and wellness of residents living in our communities. CIV is a collaborative research initiative by VicHealth, hosted by McCaughey Centre, University of Melbourne.

The results showed that 81 per cent of residents rated Stockland's contribution to life in the local community as good, very good or excellent. Overall, the sense of 'feeling part of the community' was higher than for the Local Government Area in which these communities are located.

The 'Wellbeing Check' revealed a number of positive indicators for our communities including high rates of paid employment, active engagement in informal leisure and recreation activities, and ready access to information technology resources.

Less positive indicators were also revealed. We are using these findings to set goals for the future. Transport limitations were highlighted by 26 per cent of respondents and levels of perceived safety were low in some areas. An increase in the provision of lifelong learning activities, artistic, cultural and citizenship activities would further facilitate a vibrant and resilient community.

The results of the 'Wellbeing Check' were shared with Local Governments and service providers to raise awareness of the types of people moving into the area. Our future community development activity is underpinned by these results including setting targets and goals; in the provision of events and education forums; and in the development of community partnerships.

'Wellbeing Check' in Victoria

The results showed that 81 per cent of residents rated Stockland's contribution to life in the local community as good, very good or excellent.



Mentoring

Almost 100 employees contributed their time to Australian Business and Community Network programs over the past year.

Aspirations Program

Stockland WA in partnership with ABCN, Commonwealth Bank of Australia and Optus are working together to develop and introduce the Aspirations program to Western Australia.

The Aspirations program is a continuation of the GOALS Year 9 mentoring program. Aspirations provides those students who excelled in GOALS with an opportunity to go on to develop life skills through four carefully planned workshops.

There are currently around 15 students involved in the 2008 pilot Aspirations program drawn from Cecil Andrews Senior High School, Mirrabooka Senior High School and Swan View Senior High School.

As part of the program, each company hosts a structured workshop where the students participate in individual and group activities that expand their personal skills and goals. The events management session to be hosted by Stockland WA has been designed to equip students with the necessary skills to organise their respective schools' GOALS Graduation Ceremony in December.

Enabling our people to give and volunteer

Our Giving and Volunteering (G&V) program was designed by our people, enhancing personal development and employee engagement and contributing to our presence in our communities.

We recognise that giving and volunteering in the workplace is a very personal matter and that employees should not feel coerced to give or volunteer. Our role is to provide an opportunity to employees should they wish to participate. We try to locate and focus our involvement in areas where we have a business presence.

Our employees' preferences are important to us. A survey of all Australian-based employees on G&V initiatives was conducted in 2007. Preferences for giving and volunteering activity included working with children, health, education and the environment. These preferences have been taken into account in the development of our workplace giving program.

Our G&V plan is coordinated nationally, and is tailored and delivered locally.

Our National G&V Committee comprises two representatives from each state. The Committee coordinates our relationship with United Way (our workplace giving partner) and ABCN. Together, members shape and align our G&V activities nationally.

State-based representatives coordinate volunteering, including our involvement with ABCN, fund-raising activities and our relationships with local charities. The state groups represent the interests of local employees, aligning G&V opportunities with employees' interests.

Workplace giving program

Workplace giving enables our employees to donate from their pre-tax income to any not-for-profit organisation with a deductible gift recipient (DGR) status. Based on survey feedback we selected three grassroots organisations from each state. These are groups where we considered our contribution could help to make a real difference.

In November 2007, in conjunction with our workplace giving partner, United Way, we launched our workplace giving program to employees.

Our workplace giving program aims to:

- Match employee donations up to a \$250,000 cap
- Make a positive change to the lives of those in need
- Connect our organisation and our employees to grassroots community organisations
- Complement and build on our other community activities.

Volunteering Leave

We went on to launch our volunteering policy and guidelines to all Australian-based employees in May 2008.

All full-time permanent employees have been allocated two paid personal volunteering leave days per year. These two days can be used with any not-for-profit organisation of their choice.

Team volunteering guidelines have also been set up for business units providing help with coordinating a team volunteering event.

Our community involvement partners

We work with two principal community partners – ABCN and United Way.

ABCN works with schools in areas of high need to broaden the horizons of students, support educators and engage businesses to build stronger communities. Our Managing Director, Matthew Quinn, is the Chairman of ABCN.

Our principal involvement in ABCN is through mentoring programs. Almost 100 employees mentored students during the year, throughout Australia.

Some of the ABCN programs we have supported nationally this year included:

- GOALS Year 9 mentoring program
- SPARK Years 1-3 literacy skills program
- Partners in Learning – matching a business executive with a school principal to explore leadership challenges
- Career Choice Day – Year 10-11 students exploring career options
- 100 Faces 100 Stories Program Steering Committee
- Aspirations Pilot – Year 11 students – coaching sessions (WA only).

We also work with United Way who largely coordinate our workplace giving program. With United Way we are looking to extend our volunteering opportunities including volunteering with some of the charities that we support through workplace giving.

Measuring our contribution

The London Benchmarking Group (LBG) supports an established framework for measuring corporate community investment. We joined LBG in 2008 to better understand and improve the management of our community investment.

The LBG network includes nearly 200 companies globally.

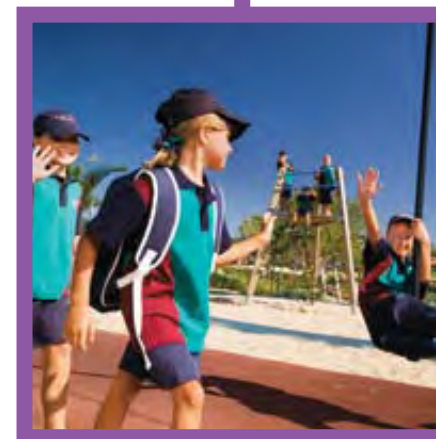
LBG aims to:

- Create a global measurement standard
- Improve management and implementation
- Develop and refine measurement tools
- Benchmark and share best practice.

The LBG framework will enable us to benchmark our community investment each year, helping us to:

- Communicate our community investment internally and externally
- Structure and improve our reporting
- Understand:
 - What we do (education, environment)
 - Where we contribute (geographic)
 - How we contribute (cash, time, in-kind)
 - Why we do it (our goals).

We have been piloting the LBG framework with our FY08 data. Although this figure is not yet verified, the value of our cash, in-kind and time contributions for FY08 was more than \$1.7 million. We will be submitting this data for the Australia-NZ LBG report in early FY09 which benchmarks our contribution. The final benchmarking report will be released in October/November to all member companies.



Community development projects can help to establish and support a sense of community and the provision of grassroots services.

our commitment to the environment



Climate Change Action Plan (CCAP)

Our CCAP, in development this year, looks at climate change risks, monitoring and management.

progress and priorities

past

Last year, we said that we would:

present

The past year, we have:

future

In the coming year, our priorities are to:

Improve environmental reporting systems to support more streamlined water and energy use and greenhouse gas emissions reporting.

Set and structure targets and timeframes for greenhouse gas emissions across our office and industrial and retail portfolios.

Establish benchmarks and pilot sustainability reporting for residential communities and apartment projects.

Use emerging, credible green rating tools, including use of:

- Green Star for all new commercial office projects
- Green Star Shopping Centre Design PILOT as a benchmark to guide the design and construction of retail projects.

Establish a cross-divisional sustainable acquisition and development policy.

Improved our data management through the development of an Online Tool.

Focussed on data management to enable us to understand our current emissions profile, and model our future emissions. We will use this data to set 'honest' targets and timeframes in the coming year.

Launched our residential sustainability policy setting essential standards for projects nationally.

- Registered four commercial office projects for Green Star (all newly commenced office projects)
- Used the Green Star Shopping Centre Design PILOT Tool to inform the development of our Retail Charter – which guides the design and construction of retail projects, including setting out sustainability requirements.

We did not establish a policy. It is important that we undertake climate change risk analysis first and then revise/establish our guidelines specific to our residential and our commercial property business risks.

- Implement the residential sustainability policy and develop an aligned policy for commercial property. To implement these policies, we will develop sustainability scorecards for all development projects. We will commence reporting against these scorecards
- Set and structure targets and medium-term timeframes for greenhouse gas emissions across our commercial property portfolio
- Reduce energy and water consumption by 5% in all operating retail centres
- Work towards a 3.5 star portfolio NABERS Energy target for our office portfolio
- Work towards a 3.5 star portfolio NABERS Water target for our office portfolio
- Improve our waste management reporting for our operating assets
- Investigate waste reporting for construction sites with our construction suppliers
- Undertake climate change risk analysis and then revise/establish our guidelines specific to our residential and our commercial property business risks.



Tri-generation system at Stockhome

As an energy demand reduction initiative, the installation of a tri-generation system is the last major element of our 'Stockhome' Sydney office relocation project. The tri-generation system will deliver at least a 20 per cent reduction in greenhouse gas emissions for Stockhome and will assist our tenancy reach its target Green Star and NABERS Energy tenancy ratings. On completion, this will be the first time that tri-generation has been integrated into a refurbished existing building in the City of Sydney.

At Stockhome, the major components of the tri-generation plant (comprising a gas-fired generator and absorption chiller) will be located on the roof of the existing retail plant room, and electricity will be supplied to both the Stockhome tenancy and Piccadilly Tower, and hot and chilled water will be supplied to the retail centre. The system will provide approximately 30 per cent of the electrical load requirement for the base building tower, and Stockhome tenancy shares this energy.

We will look to learn from this project, understanding the possibilities and challenges associated with installing a tri-generation plant and then share our expertise with our customers. The system is projected to achieve a reduction of 1,100 tonnes of CO₂ per annum. Installation of the system was delayed during FY08, as we have been engaging with the GBCA to understand how tri-generation would be considered by Green Star tools. The target date for the operation of the tri-generation system is end of December 2008.



We have developed a Residential Sustainability Policy with minimum sustainability requirements for all new projects. We have also drafted our Office and Industrial Sustainability Manual and a Retail Charter and will develop and implement these over the next year.

We've focussed on raising the environmental performance of our entire portfolio.

Our CR&S Strategy and our Climate Change Action Plan (CCAP) shape our approach to reducing our impact on the environment. As owners, managers and developers of property, our strategy and plan set out and prioritise our actions.

This discussion of our environmental performance in this report is structured around:

- Documents we've developed to improve our environmental performance
- Existing property assets
- New development or major redevelopment project
- Matters that extend across our organisation.

Firstly, we look at some documents that we prepared this year to improve our environmental performance across our assets and development projects.

Secondly, we look at how we manage existing assets for improved environmental performance, outlining the current preparation of management guidelines and discussing initiatives we have undertaken over the past year to reduce energy, water and waste consumption in our existing office and retail assets.

Thirdly, we look at our approach to environmental sustainability in our new development or major redevelopment projects, outlining the guidelines we have developed for each of our businesses, establishing minimum performance standards. We also reveal the commitments made by our office business in relation to green rating tools.

Finally, we look at other impacts and initiatives that extend across our business. This includes our approach to managing biodiversity and investigating new technologies.

We have been working on embedding consistent environmental management processes across our different businesses, and we recognise that we still have some way to go. The consolidation of our Office and Industrial, and Retail businesses into the new Commercial Property business on 1 July, 2008 will provide us with the opportunity to streamline our environmental sustainability policies and actions.

For the purposes of this report, we have reported separately on our office and industrial, and retail portfolios, reflecting our management approach during the reporting period.

During the past year, we have seen the proposed introduction of a number of compliance requirements. During FY08, as required by the Energy Efficiency Opportunities Act (EEO), we registered for the federal Government's EEO program and submitted our reporting schedule. Our first EEO report is now available online. We have also been making preparations for the introduction of The National Greenhouse and Energy Reporting System (NGERS).

1. Towards more sustainable property

Over the past year, each of our operating businesses established documents setting out environmental sustainability processes and baseline requirements for property management and development. Over the coming year we will seek to align these documents.

Office and Industrial Sustainability Manual

This manual sets out policy, processes and accountabilities for dealing with sustainability at various stages of the property cycle from acquisition, through design, construction and delivery to facility management. It is aimed at ensuring we deliver new and major refurbished office buildings that meet minimum environmental rating targets of 4.5 star NABERS Energy – reflecting the expectations of Government tenants, and 4 star Green Star – in accordance with our commitment to the Green Star Business Partnership (facilitated by the GBCA).

The manual is still in draft form and has undergone extensive peer review within the Office and Industrial business and with other internal stakeholders. Following revision and refinement, reflecting feedback, the manual will be available as a web-based resource for use by our employees in the coming year.

Retail Sustainability Charter

The Retail Sustainability Charter articulates baseline requirements for our retail development projects. It also sets out a number of ways to deliver innovative initiatives on a site-specific basis. The document incorporates the principles embodied in the Green Star suite of tools, developed by the GBCA.

The Charter covers nine areas of development, including: management, energy, transport, water, materials, land use and ecology, emissions, community engagement and social infrastructure and innovation. Each area incorporates a number of initiatives which are reviewed on a site-specific basis to ensure the most appropriate and relevant initiatives are embedded at the early stages of design development.

Retail Design and Fitout Guide

One of the aims of our Design and Fitout Guide is to raise awareness of initiatives that can be implemented at little or no cost.



Our Retail Design and Fitout Guide goes green

Environmentally Sustainable Design (ESD) criteria have been included in the latest edition of our Retail Design and Fitout Guide for specialty tenancies. The revised guide, launched in December 2007, will help us create more sustainable retail centres. It is designed to raise awareness with our retailers and their shop-fitters and designers as to how they can become more environmentally responsive. The guide focuses on reducing energy and water consumption, improving waste management and the responsible selection of materials.

Between February and April 2008, we rolled out our 'Green is the new Black' road show across four states (NSW, VIC, WA, QLD). Meetings to introduce the guide were held with all of our centre management, development management, leasing, design and delivery teams. The roll-out was also extended to our external stakeholders, our tenants and retailers and their designers, and also to representatives of the Australian Shop and Office Fitting Industry Association (ASOFIA).

The immediate focus of the roll-out was to raise awareness of the simple, practical and effective initiatives that can be implemented in retail fitout at no or limited cost.



Improving the energy efficiency of our existing buildings is the most significant way we can reduce our greenhouse gas emissions.

601 Pacific Highway

Our 601 Pacific Highway asset was completed in 1988 and comprises 13 office levels, with a total area of 12,690 m², and is conveniently located near St Leonards train station.

Energy

In 2005, we undertook our first NABERS Energy rating for this asset, achieving 1.5 stars. To improve our energy performance, we commenced improvement works in 2006. In 2007, our rating improved to 3.5 stars and by FY08 energy consumption had been reduced by 30.1 per cent as compared to our FY05 base year.

Environmental initiatives contributing to these improvements included:

- Undertaking a Building Management System (BMS) and energy audit
- Optimising air conditioning schedules to match occupant usage
- Cleaning of cooling coils allowing for the variable air volume air conditioning system to be reduced by 20 per cent
- Removing 50 per cent of tenancy lighting in toilets (saving 400 kW per year)
- Altering the lighting schedule to reflect tenant occupancy.

In the past year these initiatives have achieved:

- A saving of \$14,040 in electricity costs
- A reduction of 156,520 kWh in electricity consumption
- A reduction of 162,708 kg/CO₂-e in greenhouse gas emissions as compared to our FY05 baseline year.

Water

We've also significantly reduced our water consumption. In FY08, we achieved a 72.5 unit reduction in water consumption as compared to FY05. In recognition of this achievement we received the 2007 Sydney Water Award for largest percentage reduction for an office building, as part of the Every Drop Counts Business Program.

As well as undertaking a detailed water audit, we also installed submeters to monitor water consumption by plant and other equipment. This helped in detecting leaks and unusual usage patterns. Implementation of dual flush cisterns, waterless urinals and flow restrictions on taps and shower heads have all contributed to improving our NABERS Water rating from 0 stars in 2005 to 3.5 stars in 2007.

Our experiences at 601 Pacific Highway demonstrate that the implementation of a variety of relatively simple measures such as submetering and upgrading or replacing of inefficient or outdated equipment can help dramatically reduce energy and water usage in an office building.



Key sustainability initiatives at all new centres include:

- Focussing on integrated design
- Managing for optimal performance of all systems upon completion
- Addressing contractual requirements for environmental, demolition, and construction management processes
- Maximising energy and water efficiency in design
- Using low volatile organic compound emission products for all paints, carpets, sealants and adhesives, making healthier spaces with better air quality for tenants and customers
- Minimising impact on land and ecology
- Reducing emissions associated with the construction and operation of the centre
- Undertaking robust stakeholder engagement and providing accessible, safe and secure amenity for our customers.

Office portfolio
average NABERS
Energy rating

2.9 stars

Office portfolio
average NABERS
Water rating

3.0 stars

Residential Sustainability Policy

The Residential Sustainability Policy sets minimum sustainability requirements for all new residential community, apartments and retirement living projects, including:

Reducing energy use through:

- Designing for optimal solar orientation
- Use of energy-efficient hot water systems
- Specifying energy efficient lighting in public areas
- Connecting houses to natural gas where available
- Co-locating services where possible to reduce excavation efforts.

Reducing potable water use through:

- Applying climatically appropriate Water Sensitive Urban Design principles in the public domain
- Installing/requiring rainwater tanks where climatically appropriate
- Selecting water-efficient and climatically appropriate plants
- Preparing site-specific transport plans and designs for alternative transport needs such as cycle ways and footpaths
- Developing and implementing site specific community development and stakeholder engagement plans.

The policy states that the residential business will strive to exceed industry best practice and set new corporate benchmarks. The selection of best practice initiatives will be site and project-specific, leading to the best outcome for that particular development.

Over the coming year we will work to embed the policy into our residential businesses and commence benchmarking and reporting on our progress.

2. Managing existing assets

We recognise that we have a responsibility to minimise the environmental impacts of our properties and projects. We are focussed on raising the environmental performance of our entire portfolio, rather than developing isolated 'green flagships'. Our goal is to embed a consistent approach to environmental management across the organisation.

Existing buildings represent approximately 98 per cent of all buildings in Australia – only around 2 per cent of buildings are newly developed each year. Over the past year we have concentrated on improving the environmental performance of our existing building stock, undertaking systematic modifications and working to improve our management practices.

We have worked towards improving our environmental performance for assets jointly owned, and externally managed. In some cases performance has improved but we recognise there is more to do to improve the performance of a greater proportion of assets. To help address this, we have nominated a number of joint owned assets for participation in the EEO program, where we will investigate and report on initiatives to improve energy efficiency.

Existing office and industrial portfolio

Our office and industrial business has a dual approach. We set high targets for new developments and major refurbishments (a minimum of 4 star Green Star and 4.5 star NABERS). For the remainder of the portfolio our goal is to gradually improve performance over time.

Our specific initiatives cover:

- Submetering major energy using plant and equipment
- Lighting control upgrades
- Building Management System upgrades and control strategies
- Installation of water-efficient devices
- Air conditioning system upgrades.

OFFICE GHG EMISSIONS INTENSITY (KgCO₂/m²)

Floor Area (NLA) of buildings in intensity metric (m²)

FY08	113.31
FY07	127.78
FY06	136.6

OFFICE ELECTRICITY INTENSITY (kWh/m²)

Floor Area (NLA) of buildings in intensity metric (m²)

FY08	121.8
FY07	135.9
FY06	144.0

OFFICE WATER INTENSITY (kL/m²)

Floor Area (NLA) of buildings in intensity metric (m²)

FY08	0.84
FY07	0.99
FY06	1.07

In late 2007, we installed a centralised web-based data management system to capture information on electricity, gas and water use across the Office and Industrial businesses. The new system, known as the Bill Management Module (BMM), enables us to conduct our own benchmarking and analysis and to accurately report on utility use and carbon emissions.

Around 90 per cent of our office buildings and two of our industrial buildings are covered by the module. It includes electricity, gas and water billing data for all offices and industrial buildings where Stockland has operational and financial control of utilities accounts.



Durack II

Our new office development in Perth, Durack II, has been designed to achieve a high NABERS Energy rating and has been registered for a Green Star rating.

Extensive automatic louvring in the western façade will provide active solar shading whilst being configured to maintain the building's extensive views over the Swan River. Other environmental initiatives include:

- Greywater and stormwater detention and recycling
- Reuse of fire protection system to drain down water
- Active chilled beams
- Water submetering to all base building water provisions including cooling towers, irrigation and surface washdown areas
- Secure bicycle spaces provided at dedicated locations.

Among the proposed environmental initiatives on this project was the use of wind-powered electricity turbines on the roof. In response to a number of objections, primarily from nearby residents and owners of apartments in the adjoining complexes, Perth City Council has not approved the wind turbines. For us this reflects the challenges sometimes associated with pioneering sustainability technology and underlines the importance of community consultation throughout the development process. We are scoping other environmental initiatives for Durack II to ensure the project meets its NABERS and Green Star rating targets.

2. Managing existing assets (continued)

The data from the BMM will be fed into our CCAP Online Tool for our corporate reporting, enabling us to access and scrutinise emissions data across our asset portfolios.

We have been tracking the energy, water and waste performance of our office portfolio for the past three years.

The quality and accuracy of our reporting continues to improve. Having captured the data from a large number of buildings, we have restated our energy, water and GHG emission figures from FY06 and FY07. Since publication of our 2008 CR&S Review, these improvements have shown that our FY06 data overstated the electricity consumption of some of our office assets, magnifying the reductions we have achieved over this period. These figures have been corrected for this report, and we will apply the lessons learnt – continuing to improve our data capture processes.

Energy and greenhouse gas emissions performance

Last year, for our office portfolio average we set a target of 3.6 star NABERS Energy. Our current portfolio average, based on all Stockland owned and managed buildings which were eligible for rating, is 2.9 stars.

There are several reasons why our portfolio average energy rating has remained unchanged from last year.

This is the first time the whole portfolio has been assessed and includes recent acquisitions and buildings not previously rated. This means we've broadened our reporting boundary. Lesser performing buildings now captured in our reporting are holding the portfolio average at current levels. Also, we have not improved our ratings for several buildings in Canberra – as no capital investment has been made in improving environmental performance, due to the likely redevelopment of these sites.

A number of our buildings have participated in EP&T's Utilities Reduction Program. This limited group of buildings have improved their energy performance, achieving an average rating of 3.4 star NABERS Energy.

As we undertake NABERS Energy ratings of our office buildings annually, investment in capital upgrades or operational improvements do not register until the following ratings period. This means any initiatives implemented after December 2007 will not be measurable until the 2008 ratings period, with ratings results attained in early 2009.

We remain committed to achieving a high NABERS Energy average for our office portfolio. We will target a 3.5 star NABERS office portfolio average during FY09.

Electricity performance

We've also been tracking electricity reduction across a sub-set of our office portfolio through the use of submeters.

For FY08 we set an electricity reduction target of 16 per cent for this sub-set as compared to our FY05 baseline year. We achieved an 18 per cent reduction. This slightly exceeds the target, but does not hit our stretch targets.

We are committed to achieving an 8 per cent reduction in electricity and GHG emissions in FY09 – as compared to our FY08 performance.

Water performance

For FY08 we set a water reduction target of 50 per cent as compared to our FY05 baseline year. We achieved a 43 per cent reduction. Now that our office buildings have largely been retrofitted with waterless urinals and fittings, our year-on-year water savings are beginning to level.

Last year, for our office portfolio average we achieved 3.0 star NABERS Water rating. As with energy, we are committed to reporting on water intensity target ratings for our office portfolio. We are committed to achieving an 8 per cent reduction in water usage across the portfolio in FY09.

Waste performance

During FY08, we exceeded our average recycling (diversion of waste from landfill by weight) target of 70 per cent for those sites where we collected data.

Our ongoing challenge is sourcing waste data for more of our office buildings. Over the past year we have collected data for 26 per cent of the portfolio.

Managing waste is made difficult due to a lack of waste reporting standards. In addition, our data collection across states varies. In NSW we collect data for most sites. By comparison, in Queensland we collect data for only two sites, as many of our recently acquired buildings the waste contract is managed by the tenant. We don't currently collect waste data for our Victorian, South Australian and Western Australian sites.

We are committed to reporting on waste data for more of our office buildings nationally in FY09.

Office GHG emissions intensity
FY08 down

11%



Office water usage intensity
FY08 down

15%



New technology trials

Over the past year we trialled two new technologies to reduce energy consumption by chillers in our office buildings. Air conditioning chillers can represent up to 30 per cent of base-building energy consumption.

We are trialling Balltech, a system to improve the efficiency of chillers, at Waterfront Place, a large office building in Queensland. A second trial will be undertaken in a Sydney building in mid-2008. If the trials are successful we will consider implementing this technology in a number of our office buildings.

We are also trialling EffTrack, a chiller diagnostic system at Waterfront Place. The system provides detailed qualitative data and feedback on the performance of the chiller. Through responding to Efftrack notifications, the facility management team can better maintain optimal chiller performance.

Existing retail portfolio

Over the past year, the retail business has continued to focus on improving the overall environmental performance of our portfolio.

This has included:

- Working towards better electricity and water efficiency in all operating centres, including setting targets for annual reduction measures for operating centres, and providing the tools and skills to identify and implement efficiency opportunities
- Reducing intensity of electricity and potable water consumption in our operating centres, with efficiency initiatives undertaken in 20 of our operational centres during the past year
- Reviewing the amount of waste generated in the construction and operation of our centres
- Improving our data management. We've now extended this to start collecting data on refrigerant usage across our retail portfolio

- Developing tools and programs to help us improve our environmental performance and measurement across our retail portfolio. This has included delivery of eco-efficiency workshops for our operating centres, preparation of design and construction guidelines for our development centres and implementing initiatives to assist with the fitout and operation of specialty tenancies
- Participating in the development of the NABERS Energy Retail Tool (to monitor energy performance of operating assets) and the GBCA's Green Star Retail Design Pilot Tool.

We have completed a three-part series of Energy Efficiency Opportunities training workshops. These were attended by 137 members of our shopping centre management teams in 10 regions nationally. As an outcome of the workshops, each management team produced an energy and water efficiency plan for their centre.

Over the past year, we have invested \$3.2 million in energy and water-efficiency upgrades at 20 of our shopping centres in five states. These upgrades are being undertaken by contractors EcoSave Pty Ltd and we have forecast savings of 5.3 million kWh electricity per year and 80.3 million litres of water a year. Over FY08, the centres undergoing works reduced electricity consumption by 4.2 million kWh and water by 72 million litres.

This represents reductions of 12 per cent for electricity and 14 per cent for water in these 20 sites over last year. The results of these works are currently being externally verified.

RETAIL GHG EMISSIONS INTENSITY (KgCO₂/m²)

Floor Area (GLA) of buildings in intensity metric (m²)

FY08	77.20
FY07	82.25
FY06	88.60

RETAIL ELECTRICITY INTENSITY (kWh/m²)

Floor Area (GLA) of buildings in intensity metric (m²)

FY08	82.8
FY07	88.3
FY06	94.5

RETAIL WATER INTENSITY (kL/m²)

Floor Area (GLA) of buildings in intensity metric (m²)

FY08	1.00
FY07	1.16
FY06	1.21



Our retail business has focussed on driving electricity and water efficiency and reducing consumption in all operating centres, including setting targets for annual reduction measures.



Over the last 12 months, we have focussed on improving the performance of our entire portfolio. Some of our specific initiatives include submetering major energy-using plant and equipment, lighting control and air conditioning system upgrades, building management system upgrades and the installation of water-efficient devices.

Retail GHG emissions intensity FY08 down

6%



Retail water usage intensity FY08 down

14%



A measure of our success is that over the past year our retail business achieved a 6 per cent reduction in greenhouse gas emissions intensity, and a 14 per cent reduction in water consumption intensity.

We have implemented a system of 'smart' water meters that provide water consumption monitoring and trigger an alarm when excess water consumption is detected. This system has been installed on nearly all the main water meters at our shopping centres. These water meters are already enabling us to identify and respond to excess water use.

All 228 urinal berths in our public amenities have been converted to waterless operation, which we predict will save approximately 22 million litres of water a year.

Approximately 80 per cent of our operational centres recycle cardboard. Following a review of our operational waste volumes we are committed to implementing waste recycling facilities at all of our retail centres to the recycling level available within the centre's local council area by 2010.

We are committed to reducing the energy and water consumption at our operating retail centres by a minimum of 5 per cent during FY09. Centres which are currently under development, or which have had development completed in the last 12 months, will be excluded from this target until their new annual baseline is established. Once the new baseline is set, these centres will also be required to meet reduction targets.

3. New developments and major redevelopments

Expectations of the environmental performance of new buildings have increased substantially. Our customers and tenants, including Government, are increasingly interested in creating and tenanted 'greener buildings'. New developments give us an opportunity to create buildings with significantly improved environmental performance.

Rather than creating isolated 'green flagships' we've focussed on establishing minimum standards for our new developments. While our Office and Industrial Sustainability Manual and our Retail Charter were developed separately over the past year, the integration of the two businesses provides opportunities to align these documents.

New developments

In October 2007, we became a signatory to the Green Building Council Australia's 'Green Star Business Partnership'. Under this agreement, we have committed to ensuring all new developments, major refurbishments and office interiors meet a minimum 4 star Green Star rating in buildings we own or in which we are a tenant.

Projects registered for Green Star include:

- Garden Square, Mt Gravatt
- Trinita, Macquarie Park
- Edmund Barton Building, Canberra
- Durack II, Perth.

Research and innovation: sustainable office building of the future

With the support of our CR&S Board Committee, we've been working on a research project exploring the 'Sustainable Office Building of the Future'. We commenced this project by considering three future scenarios in the year 2020:

- 'Greenification' of an existing office building (typical of our current portfolio of CBD office buildings) with all tenants vacated
- 'Greenification' of an existing office building with most tenants in place
- Creation of new 'green' office buildings.

The project involved workshops with our sustainability managers, commercial architects and a services engineer from Group Design and Delivery, many of our office and industrial development and project managers as well as many members of the Commercial Property leadership team. We also invited a small number of external experts to 'stretch' our thinking.

We explored the business case for greener office buildings, and the importance of 'incubating' innovative solutions.

We set out five steps to guide our approach to managing our office portfolio into the future. That we:

1. Continue to scan the market for emerging solutions, and working with engaged and innovative partners
2. Maintain our commitment to improving our eco-efficiency performance across our existing office portfolio, supported by clear targets
3. Integrate incubator initiatives as part of our development projects, as a hands-on and pragmatic means of research and learning for our organisation
4. Consider creating and/or investing in buildings that are more readily adaptable
5. Organise our business to respond to the challenge of maintaining a commercially successful office portfolio well into the future – addressing emerging risks and meeting the expectations of our future tenants and their employees as well as our investors and regulators.

We recognise that this is the first phase of a significant Research and Innovation (R&I) project for our Commercial Property and Group Design and Delivery teams.

Brightwater

At our Brightwater residential community project on Queensland's Sunshine Coast we're undertaking an extensive native vegetation translocation operation.



Brightwater

At Brightwater on Queensland's Sunshine Coast we are undertaking what is believed to be the largest coastal heath translocation operation in the southern hemisphere.

The \$5 million translocation project involves moving 12.2 hectares of heathland roots from our 215-hectare development site at Brightwater to a degraded reserve at the University of the Sunshine Coast campus.

This significant initiative was undertaken to gain additional developable land on the site, having already protected the most valued habitat in two large conservation reserves totalling 51 hectares.

Following a suggestion by the Sunshine Coast Regional Council, and in conjunction with the university, we decided to translocate and re-establish 12.2 hectares of heathland vegetation in former cane fields at the University of the Sunshine Coast, adjacent to a national park.

After investigating various re-establishment options, the project steering committee (consisting of Stockland, the University of the Sunshine Coast and Sunshine Coast Regional Council representatives) agreed it would be best to move the entire 12.2 hectares of coastal wallum heath 'intact'. This meant cutting out the vegetation in turf, with the plant canopy, stems, roots and soil relatively undisturbed, and transporting these to the university on specially framed semi-trailers.

The heathland was reconstructed similarly to a jigsaw puzzle, by placing the turf in the same order and in similar ground conditions. Each turf was individually located by GPS and its floristic and physical characteristics listed. This process essentially allowed the Brightwater ecosystem to be replicated at the university.

We've now been able to develop the land where the heath was growing and the university has gained a complete habitat, with plants, roots and soil for its new conservation reserve. The knowledge gained from this operation will be applied to future large-scale residential projects.

Vincentia

Our activities impact our biodiversity. Our challenge is balancing the need and demand for development with that of conservation, particularly in areas where environmental assessments have shown our landholdings are habitat for endangered and threatened species.



Biodiversity at Vincentia

Our Vincentia development at Jervis Bay is habitat to a large number of endangered species. To protect some of this habitat we have set aside a 48 hectare environment zone, with 80 hectares of high biodiversity value land remaining subject to development. The reserve constitutes 38 per cent of our 120 hectare Bayswood Village site at Vincentia, where we plan to develop 604 residential lots and a shopping centre.

The Vincentia development is probably the most biodiverse that we have purchased. Situated between two national parks, the Vincentia site has a complex ecosystem. Due to the environmental importance of the area, a large consultant team spent 16 months surveying the fauna and flora for our Species Impact Statement.

The decision to set aside the environment zone was made following extensive discussions with the NSW Department of Environment and Climate Change (DECC), and the federal Department of Heritage and Conservation. This protected area now maintains a habitat corridor between Jervis Bay and the Booderee National Park.

In our referral, we proposed donating the environment zone to DECC as a further extension of the national park. We have designed roads, vehicular and pedestrian crossings and external lighting in a 'species-sensitive' way, with limited flow into environmental zones, with the aim of reducing impacts on the natural environment.

We will be installing bio-swales into carparks and a water filtration pond into the shopping centre to treat any water entering the ecological reserve. This will help protect the orchids and downstream heritage-listed wetlands.

4. Environmental sustainability initiatives across our business

Protecting biodiversity

Our development activities impact on biodiversity values. This is especially the case where we develop greenfield sites or sites adjacent to locations with high levels of biodiversity such as national parks. Our challenge is to balance the need for development with those of conservation and to ensure that our response is both considered and appropriate. We acknowledge the complexity of this task and recognise that we have more work to do to understand the full extent of our impact.

Many developable sites are located near fragile coastal ecosystems, containing a rich variety of plant and animal communities. In popular coastal areas in Queensland, New South Wales and Victoria we own land that is adjacent to national parks, such as at Vincentia or our Murray's Beach development on the Wallarah Peninsula, or flanked by beaches, wetlands or riparian corridors. Environmental assessments have shown that several of our landholdings serve as habitat for endangered and threatened species.

Led by our residential business, which tends to have the most significant biodiversity impacts, we have commenced work on an overall biodiversity strategy which will also be of use for our commercial property business.

As a starting point, we have identified key indicators by which to measure our biodiversity impact and established a format for data collection. Through measurement, we will come to understand our biodiversity account, so that we can better quantify our ecological impacts.

Much of this work is yet to be completed. Initially the indicators and biodiversity template will be piloted on a small number of sites. We will use feedback from this pilot to shape our biodiversity management guidelines. These guidelines will inform the future acquisition, management and development of our land bank.

Carbon-efficient and renewable energy investigations

Exploring new technologies is one component of our Climate Change Action Plan and is now being championed by our Group Design and Delivery team.

The potential of low-carbon and renewable energy alternatives are being investigated as we aim to improve the eco-efficiency of our buildings and developments. We are exploring a range of technologies at a small scale to better understand their application. Our aim is to test or 'incubate' solutions, learn from this experience, and where appropriate scale and repeat the solution on other development projects.

We believe that an integrated approach to design has the potential to provide simple, effective and replicable opportunities for environmental and economic benefits. One such example is the opportunities offered by the mixed use retail and apartment project, The Village, Balgowlah, located on the northern beaches of Sydney, was awarded the HIA GreenSmart Design Concept of the Year award in July 2008. The project incorporates a system that allows waste heat from the retail air conditioning system to be reclaimed and reused to heat the apartments' hot water.

We expect that low carbon and renewable energy initiatives will have varied application across our combined residential and commercial property portfolios. Our current initiatives target a limited number of technology trials, including co-generation and tri-generation, solar power and wind power, as well as waste heat reclaim and reuse systems.

The development proposal for the redevelopment and expansion of our Stockland Shellharbour retail centre includes an external civic plaza space, which will incorporate integrated solar panels and wind turbines for on-site energy generation. This renewable energy system has been sized to provide sufficient energy to power the civic plaza area lighting as well as parts of the adjacent undercover carpark. Whilst this is a tiny proportion of the total energy consumption of the centre, we aim to build on the knowledge gained through this experience, integrating findings into other developments at a similar or larger scale.

Co-generation is the production of electricity and heat from natural gas, and tri-generation is the production of electricity, heat and cooling (through a heat exchanger, for use in air conditioning) from natural gas. This form of energy generation produces less carbon dioxide per unit of energy than other fossil fuel sources such as coal. Depending on the application, carbon dioxide emissions can be reduced by between 30 per cent and 80 per cent when compared to coal-fired power.

Refer to page 50 for a case study on a form of co-generation known as tri-generation at our Stockhome offices.

Our emerging intermodal business

Different modes of transport have varying levels of environmental impact, with different amounts of fuel consumed per amount of product shipped or distance travelled.

Rail freight transport has been found to be on average three to four times more fuel-efficient than transporting the equivalent weight by trucks, emitting significantly less greenhouse gases and pollution which contribute to climate change. Rail also helps to reduce road congestion by taking trucks off the road. With freight transport volumes predicted to double between 2000 and 2020, modal shift from road to rail has a significant ability to provide immediate and large greenhouse gas emissions cuts.

As movement of freight by a variety of transport modes, especially rail, is likely to become more prevalent, intermodal terminals in the national distribution system will have an increasingly important role. We have owned and managed the Yennora distribution centre since 2000. This centre has direct rail access to Port Botany, Melbourne and Brisbane. The New South Wales Government has also identified our Moorebank facility as a future intermodal facility.

total greenhouse gas emissions

Total greenhouse gas emissions

Scope	FY06	FY07	FY08
Scope 1 – kg(CO ₂) + Scope 2 – kg(CO ₂)	139,279,841	139,385,591	132,439,692
Scope 1 – kg(CO ₂)	3,500,090	3,323,881	3,201,338
Scope 2 – kg(CO ₂)	135,779,751	136,061,710	129,238,354

Methodology: This report uses the Australian Governments Department of Climate Change National Greenhouse Accounts (NGA) Factors workbook (January 2008) to calculate Scope 1, 2 and 3 emissions from the following sources:

- Electricity
- Gas
- Waste
- Fuel: petrol, diesel, LPG and ethanol 10%

The 2008 WRI workbooks CO₂ Mobile has been used to calculate emissions from air travel.

Notes: This data is from our Australian operations only. Greenhouse gas emissions from our UK business can be found in the UK section of the report.

Scope 1 incorporates fuel use in our vehicle fleet, and gas burned in our office buildings and retail centres.

Scope 2 covers base-building electricity purchased for our office, industrial and retail assets.

Scope 3 covers transmission and production losses from purchased electricity, gas and fuel, emissions from employee travel (flights and car hire) and emissions from solid waste to landfill.

Emissions history

As we continue to refine our data capture and management processes, we have restated our data set for FY06 and FY07. Emissions have been recalculated according to the state-based emissions factors to enable direct comparison with these previous years. The FY06 and FY07 data sets have also been expanded to incorporate office buildings which were excluded from previous CR&S reports, but which Stockland now has data for. The portfolio also expanded during this time. Buildings that were purchased in this period were included in the revised figures if Stockland had access to 12 months of data, to enable better comparison with present emissions. FY06 data has also been restated from our 2008 CR&S Review. FY06 electricity consumption for our office portfolio was overstated. This has been corrected in this report.

TOTAL GREENHOUSE GAS EMISSIONS

Tonnes	
FY08	132,440
FY07	139,386
FY06	139,280

RESOURCE CONSUMPTION

Purchased Electricity kWh	
FY08	140,815,946
FY07	148,540,858
FY06	147,562,013

Water kL

FY08	1,472,267
FY07	1,636,695
FY06	1,558,708

Gas MJ

FY08	42,880,937
FY07	53,415,533
FY06	59,255,734



Total Scope 1

kgCO ₂	FY06	FY07	FY08
Gas	3,067,090	2,752,487	2,199,792
Office	2,549,324	2,489,555	1,937,412
Retail	517,766	262,932	262,380
Vehicle fleet	433,000	571,395	1,001,546
Total	3,500,090	3,323,881	3,201,338

Notes: Gas – This data captures base-building gas purchased for office and retail assets owned and managed by Stockland, where Stockland is responsible for base-building electricity purchases. At the time of publication, data for retail consumption for the first six-months of 2008 was unavailable, and for the purposes of this report has been reported as equal to the corresponding period last financial year.

Vehicle fleet – This figure has increased largely as a result of an increase in workforce.

Total Scope 2

kgCO ₂	FY06	FY07	FY08
Office and Industrial	73,466,931	74,768,389	69,117,277
Retail	62,312,820	61,293,321	60,121,076
Electricity total	135,779,751	136,061,710	129,238,354

Notes: We report on the base-building electricity consumption and resulting GHG emissions from the office buildings and retail centres that we own. Tenant usage is not included. The reported portfolio includes those assets for which Stockland is responsible for procuring base-building electricity, and covers 100 per cent of assets under this classification. This means that the only assets on Stockland's balance sheet which have not been included for reporting purposes are those assets for which Stockland does not procure energy, including those assets that are currently under construction, are externally managed by a third party, or have the tenants responsible for procuring all energy. The GHG emissions from Stockland's four largest office tenancies were 1,621,578 kgs of CO₂ for calendar year 2007. We are in the process of improving our systems to be able to report centrally on all Stockland office tenancies. This figure has not been included in the above totals.

Total Scope 3

kgCO ₂	FY06	FY07	FY08
Total transmission and production losses from purchased electricity and gas and fuel for vehicle fleet	22,749,024	22,702,571	21,248,048
Car hire	Not recorded	66,572	79,460
Air travel	783,400	1,099,714	1,078,377
Solid waste to landfill	Not recorded	19,648,105	18,542,653
Total	23,532,424	43,516,962	40,948,538

Emissions calculated according to the Australian Government's Department of Climate Change National Greenhouse Accounts (NGA) Factors workbook (January 2008) to calculate Scope 3 emissions from the following sources:

- Electricity
- Gas
- Waste
- Fuel: petrol, diesel, LPG and ethanol 10%

Notes: Production losses – This figure does not include production losses from FY06 vehicle use.

Waste – Our waste data is incomplete. There is no waste data for FY06. For the office portfolio we have accurate data for a number of our New South Wales sites, and two Queensland sites. For our retail portfolio our data collection covers all of our assets, but the quality is variable. We have estimated 9 per cent of retail FY08 waste to landfill data, based on the corresponding period of the previous year.

The 2008 WRI workbooks CO₂ Mobile has been used to calculate emissions from air travel.

Intensity

The most appropriate measure of emissions intensity is on a per square metre basis for the individual asset classes.

GHG emissions intensity (kgCO ₂ /m ²)	FY06	FY07	FY08
Office	136.6	127.78	113.31
Floor Area (NLA) of buildings in intensity metric (m ²)	524,618	570,091	527,511
Retail	88.6	82.25	77.2
Floor Area (GLA) of buildings in intensity metric (m ²)	709,490	748,437	784,846

Notes: For our office portfolio – Electricity and gas consumption for those assets for which Stockland procures base building electricity are divided by the floor area of those assets. Only assets with a full 12 month data set are included. The industrial site for which Stockland procures electricity has been excluded from this metric due to its extremely large NLA compared to their usage of energy.

For our retail portfolio – Base-building electricity and gas procured by Stockland is divided by the GLA of the portfolio. Only centres with a full 12 month data set are included.

GHG intensity reductions

Percentage Reduction	FY06–07	FY07–08	FY06–08
Office	6%	11%	17%
Retail	7%	6%	13%

total greenhouse gas emissions (continued)

OFFICE GHG EMISSIONS INTENSITY (kgCO₂/m²)

FY08	113.3
FY07	127.8
FY06	136.6

OFFICE ELECTRICITY INTENSITY (kWh/m²)Floor Area (NLA) of buildings in intensity metric (m²)

FY08	121.8
FY07	135.9
FY06	144.0

OFFICE WATER INTENSITY (kL/m²)Floor Area (NLA) of buildings in intensity metric (m²)

FY08	0.84
FY07	0.99
FY06	1.07

Electricity consumption

Total Australian kWh of purchased electricity	FY06	FY07	FY08
Office and Industrial	80,490,902	82,455,167	76,053,266
Retail	67,071,111	66,085,690	64,762,680
Total	147,562,013	148,540,858	140,815,946

Notes: This data captures 100 per cent of base-building electricity purchased for all office, industrial and retail assets owned and managed by Stockland for FY06, FY07 and FY08. We report this data as a total for Stockland, as well as a total for our office portfolio, and a total for our retail portfolio, to enable comparison of the performance of the different asset classes over time. The electricity consumption of our four largest office tenancies was 1,701,058 kWh in calendar year 2007. We are in the process of improving our systems to be able to report centrally on all Stockland office tenancies. This figure has not been included in the above totals.

Intensity

Electricity intensity (kWh/m ²)	FY06	FY07	FY08
Office	144.0	135.9	121.8
Floor area (NLA) of buildings in intensity metric (m ²)	524,618	570,091	527,511
Retail	94.5	88.3	82.8
Floor area (GLA) of buildings in intensity metric (m ²)	709,490	748,437	784,846

Notes: For our office portfolio – Electricity consumption for those assets for which Stockland procures base-building electricity are divided by the floor area of those assets. Only assets with a full 12 month dataset are included. The industrial site for which Stockland procures electricity has been excluded from this metric due to its extremely large NLA compared to their usage of energy.

For our retail portfolio – Base-building electricity consumption procured by Stockland is divided by the GLA of the portfolio. Only centres with a full 12 month dataset are included.

Electricity intensity reductions

Percentage Reduction	FY06-07	FY07-08	FY06-08
Office	6%	10%	15%
Retail	7%	6%	12%

Gas consumption

Total Australian MJ	FY06	FY07	FY08
Office and Industrial	49,278,237	48,300,919	37,766,323
Retail	9,977,497	5,114,614	5,114,614
Total	59,255,734	53,415,533	42,880,937

Notes: This data captures 100 per cent of base-building gas purchased for all office and retail assets owned and managed by Stockland, where Stockland is responsible for purchasing base-building electricity. We report this data as a total for Stockland, as well as a total for our office portfolio, and a total for our retail portfolio, to enable comparison of the performance of the different asset classes over time. At the time of publication, data for retail consumption for the first six-months of 2008 was unavailable, and for the purposes of this report has been reported as equal to the corresponding period last financial year.

total greenhouse gas emissions (continued)

Intensity

Gas intensity (MJ/m ²)	FY06	FY07	FY08
Office	132.8	127.6	88.7
Retail	91.9	47.1	46.7

Notes: For our office portfolio – Electricity consumption for those assets for which Stockland procures base building electricity are divided by the floor area of those assets. Only assets with a full 12 month data set are included.

For our retail portfolio – Base-building electricity consumption procured by Stockland is divided by the GLA of the portfolio. Only centres with a full 12 month data set are included. At the time of publication, data for retail consumption for the first six-months of 2008 was unavailable, and for the purposes of this report has been reported as equal to the corresponding period last financial year.

Water consumption

Water consumption (kL)	FY06	FY07	FY08
Office and Industrial	695,217	772,048	683,964
Retail	863,491	864,647	788,304
Total	1,558,708	1,636,695	1,472,267

Notes: Total figures include all consumption from our office, industrial and retail assets excluding externally controlled and under construction assets. For FY06, the figures exclude our industrial site at Yennora. Figures include tenant use.

Intensity

Water intensity (kL/m ²)	FY06	FY07	FY08
Office	1.07	0.99	0.84
Floor Area (NLA) of buildings in intensity metric (m ²)	522,621	556,710	592,723
Percentage portfolio covered	93%	77%	80%
Retail	1.21	1.16	1.00
Floor Area (GLA) of buildings in intensity metric (m ²)	714,700	748,520	790,064
Percentage of portfolio covered	92%	97%	100%

Notes: Intensity figures are derived from the total water consumption for each asset class over the year, divided by the total NLA (for Office) or GLA (for Retail) of the portfolio. Only assets with a full 12 month data set are included. The industrial site for which we procure water and five assets with anomalous usage have been excluded from the office intensity calculation to obtain a measure that is representative of the portfolio as a whole.

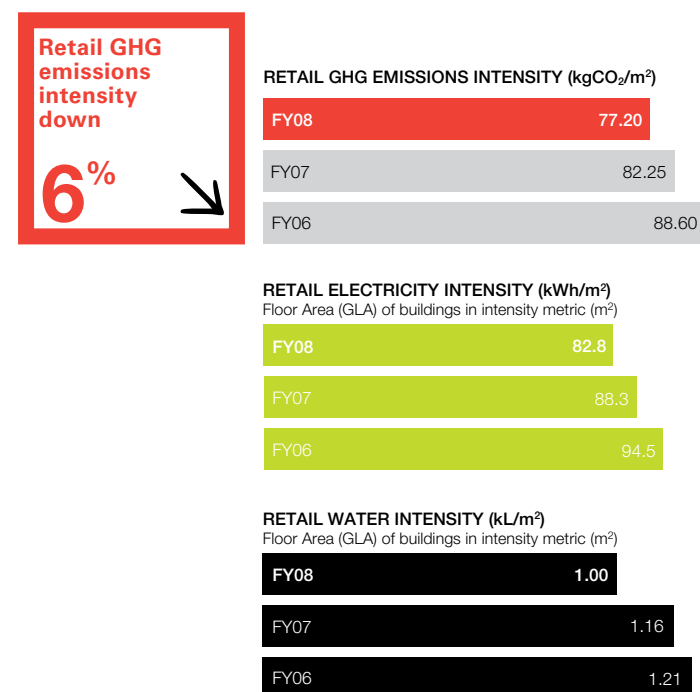
Water intensity reductions

Reduction (%)	FY06–07	FY07–08	FY06–08
Office	7%	15%	21%
Retail	4%	14%	17%

Waste

Solid waste to landfill (kg)	FY07	FY08
Office	989,249	1,046,603
Percentage of portfolio reporting	27.6%	26%
Retail	9,351,859	10,123,670
Percentage of portfolio reporting	85%	85%

Notes: Our waste data is incomplete. There is no waste data for FY06. For the office portfolio we have accurate data for a number of our New South Wales sites, and two Queensland sites. For our retail portfolio our data collection covers all of our assets, but the quality is variable. We have estimated 9 per cent of retail FY08 waste to landfill data, based on the corresponding period of the previous year.



message from Stockland UK managing director



Message from Managing Director

I take pleasure in presenting the first contribution to the annual CR&S Report from Stockland's UK business.

The last 12 months have been an important time for the business with significant efforts placed on a successful transition from Halladale Group PLC to Stockland Halladale (and, as of 1 July 2008, to Stockland), following the purchase by Stockland in May 2007.

This year we have introduced CR&S to our UK business. With limited experience of such concepts we have made a start on developing and implementing a CR&S Strategy, against a complex backdrop of the business transition and integration.

The dramatic downturn suffered by the UK economy over the last year has placed increasing pressures on business, particularly the property sector. We recognise that despite the tough economic climate, there can be very real longer-term benefits for those companies that are willing to invest in CR&S.

Regardless of the economic downturn there can be little doubt as to the growing sustainability movement in the UK commercial property market. This year has seen the introduction of Energy Performance Certificates (EPCs) for commercial buildings, the announcement of the BREEAM, 'Outstanding' rating for property and a continued enthusiasm from planning authorities for on-site renewable energy requirements.

Regardless of the economic downturn, there can be little doubt as to the growing sustainability movement in the UK commercial property market.

Fundamental to making CR&S part of how we do business, has been the formation of an Employee Committee consisting of representatives from each of our key business areas and our Executive Committee. This team shapes the CR&S Strategy and leads its implementation throughout the business.

During the past year we commenced the collection of electricity data (dating back to 1 January 2007) for 23 UK properties, accounting for 95 per cent of our budgeted annual electricity spend. Analysis of this data will help us make plans and inform decisions that enable us to reduce our greenhouse gas emissions.

Despite the changes associated with business integration, we have managed to achieve a very high level of employee engagement, well above the national average. This year our UK business took part in Stockland's 'Our Voice' employee opinion survey. Corporate Responsibility and Sustainability was rated favourably by 81 per cent of our people. We also recognise that we have areas to improve, such as effective human resources to support our business.

In response to significant employee interest, we launched our workplace giving including matching employee donations. Our Workplace Volunteering policy will be introduced in the coming months.

Expectations are rising. Our regulation is increasing, and our tenants, the media and many of our other stakeholders are becoming more informed. We will continue to evolve our CR&S Strategy, complementing Stockland's overall approach, while keeping in step with external demands in the UK and addressing our business needs. To more widely realise our commitment, we will now look to engage both our existing and new joint venture partners.

I am proud of the start we have made this year. I would like to thank our UK team for embracing the concept of CR&S and their contributions towards making this part of how we do business. I look forward to making significant and tangible progress in the year to come.



Ken Lindsay
Managing Director
STOCKLAND UK

Our UK business has made progress this year developing a corporate responsibility and sustainability strategy and achieving some significant milestones.



Developing a strategy

Our aim is to practically and comprehensively integrate corporate responsibility and sustainability throughout our organisation, tailoring our strategy to our operations in the UK.



About Stockland UK

Stockland established a UK business following the acquisition of UK property company Halladale Group Plc in May 2007. Stockland UK is a property development, management and investment business, active in retail, office and mixed projects.

About Rynda

Rynda is an independent investment manager of real estate funds targeting French commercial assets predominately outside the central business district of Paris. During FY08, the fund comprised of 10 investors and 62 properties. The business was sold by Stockland in August 2008.

Our approach to CR&S

In late 2007 we commenced preparation of a CR&S Strategy for our UK business, reflecting the emerging business case for sustainability in the UK property market and shaped by contributions and feedback from our people. We modelled our strategy on Stockland's overall approach to CR&S:

- Understanding and engaging with our stakeholders
- Taking care of the environment in which we operate – including identifying and responding to risks and opportunities associated with climate change.

Good governance

Our UK business is governed by our experienced Board and our UK Executive Committee. We expect that our policies and procedures will provide a firm foundation to support the success and sustainability of a responsible business.

UK Advisory Board

We also have in place a UK Advisory Board, providing access to a wealth of experience and independent oversight of our business. This group will provide strategic advice and guidance to our UK business.

The members of our Advisory Board are:

- **Ray Greenshields** – Chairman of the Advisory Board – Non-Executive Chairman of BestInvest; Formerly Managing Director of UK Wealth Solutions at Barclays Bank Plc
- **David Lockhart** – Formerly Executive Chairman of Stockland Halladale; Managing Director of Halladale Group PLC
- **Baroness Margaret Ford** – Non-Executive Director of Serco; Former Chairman of English Partnerships
- **Greg Nicholson** – Chairman CBRE Capital Markets.

Employees that believe strongly in the goals and objectives of Stockland

84%

Employees that believe Stockland is an environmentally responsible Company

93%

Code of Conduct

Our UK employees are bound by a strict Code of Conduct. This Code includes firm standards on proprietary information, insider trading, corporate entertaining, fraud and management of conflicts of interest, among other areas.

Political donations policy

In line with Australian policy, the UK business does not make any donations to politicians or political parties at any level of Government. We believe in being ethical in all our dealings with Government.

Health and safety policy

Our health and safety policy sets out our commitment to providing a safe and healthy environment for all our employees, tenants, contractors, and visitors to our sites and offices.

Understanding our stakeholders

Through our business activities we interact with many different stakeholder groups, including our:

- Employees
- Tenants
- Joint venture partners
- Financial institutions
- Investors
- Contractors and other suppliers
- Industry groups
- Government
- Communities in which we have a presence.

Strong working relationships with each of these groups is critical to the success of our business. Over the coming year we will aim to better understand the expectations of each of our stakeholder groups, revealing opportunities and challenges for our business, and informing a more responsive CR&S Strategy to guide our activity in the UK.

Our people

Employee engagement

We recognise that engaged employees are vital to maintaining a successful organisation.

In April 2008 we took part in the 'Our Voice' employee survey to understand how our employees think and feel about their role and our business. With a strong response rate of 82 per cent, we achieved an employee engagement score of 77 per cent.

Among the key findings were that 93 per cent believe Stockland is an environmentally responsible Company and 89 per cent believe Stockland is doing a good job of integrating sustainable practices into its daily operations.

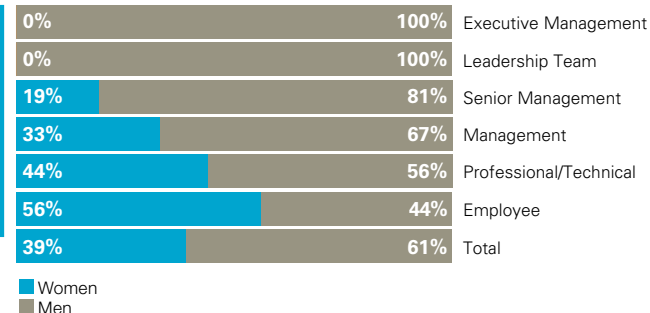
The survey also revealed areas for improvement, in particular, strengthening our Human Resource function. Results for those areas we recognise need further focus include:

- The provision of increased training to improve employees' skills in their current jobs and provision of cross-training to learn other jobs (44 per cent)
- The strengthening of career development and planning as well as improved processes to identify our people's strengths and weaknesses (44 per cent)
- The strengthening of the effectiveness of the HR team (33 per cent).

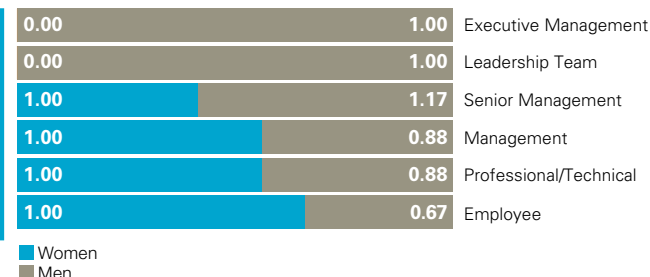
Human Resources has seen significant change during our business transition. During the year we appointed our first full-time Human Resources Manager and we adopted a remuneration performance management system. In the coming year, two experienced members of our Australian Human Resources team are relocating to the UK, strengthening and transforming our Human Resources function, supporting and developing our people and contributing to the success of our UK business.

Overall women in management

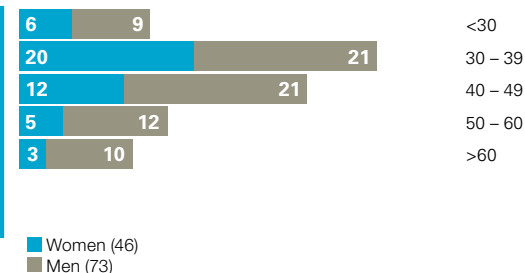
25%



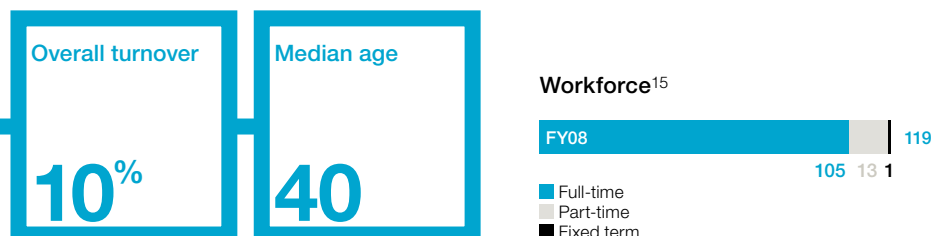
Ratio of average fixed remuneration by gender and job band FY08¹⁴



Gender and age profile



¹⁴ Remuneration comparison data includes fixed pay only – not incentives.

**End of year turnover**

Age group	<30	30-39	40-49	50-60	>60
FY08					
No. exits	5	2	2	2	1
Head count ¹⁵	15	41	32	17	13
Turnover rate	33%	5%	6%	12%	8%

Gender	Male	Female	Overall
FY08			
No. exits	4	8	12
Head count ¹⁵	72	46	118
Turnover rate	6%	17%	10%

¹⁵ Headcount at 30/06/08. Does not include fixed term or casual employees.

Health and safety of our employees

We are committed to providing a safe and healthy working environment for our people. Our three offices in London, Glasgow and Edinburgh have each undergone health and safety audits during the year and we have implemented an improved program of consultation on health and safety with our employees.

During the year we had no serious injuries or health impacts to employees or any other incidents as defined by the 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations' (RIDDOR).

Notwithstanding this, our employee survey confirmed we need to improve engagement with our employees on health and safety, including providing better training and support over the coming year.

Our health and safety strategy

Health and safety is an important consideration across our business operations. We have developed a strategy for FY09 built around our vision for world class practices and performance.

Our strategy seeks improvement around five pillars; developing our health and safety management system; continuing to improve our risk management program; developing the competency of our employees; engaging our employees in our health and safety program and engaging with external stakeholders; in particular our contractors.

In March 2008 we engaged a specialist HSE Manager and we have since undertaken audits on 23 properties – 20 of which are owned by Stockland and represent approximately 31 per cent of our portfolio. This has led to many site-specific health and safety improvements.

In consultation with our employees we have commenced a review of our health and safety policies.

Working with our business partners on health and safety

We place importance on extending our commitment to health and safety to working with contractors and our other business partners.

Through an increased presence and strict reporting protocols we have enhanced our contractors' understanding of our expectations. In instances where our health and safety standards have not been met, we have worked collaboratively with the contractors to assist them to raise their standards.

During the year, Stockland contractors experienced two RIDDOR reportable incidents, one involving concrete spray, the other scaffolding. Both instances occurred at our Tudor Street office development in London. In both instances, detailed investigations were undertaken by the contractor and improvement plans implemented. No action was taken by the UK Government's Health and Safety Executive on either occasion.

During the coming year we will:

- Complete the review and updating of our HSE policies
- Undertake health and safety audits on all of our UK properties and projects that were not subject to audit during FY08
- Establish a systematic HSE training program for employees
- Improve our incident reporting and investigation and more effectively embed learning into the way we work
- Improve the degree to which our employees are engaged with our HSE program
- Strengthen our health and safety leadership role with contractors.

Working with industry partners and suppliers

Working with our industry peers

We have become members of the UK Green Building Council (UK GBC). Over the coming year we will look into participating more widely in industry bodies to improve our understanding of sustainability in our sector.

Customers

Understanding and responding to customer needs is critical to the success of our business. For our UK business, our customers include tenants and also our joint venture partners and investors. We also have a range of indirect customers, including the people who work in our buildings and shop in our retail centres.

We have not yet formally explored our customers' expectations or priorities around CR&S. Over the coming year we will look to better understand our customers' expectations.

Community

Engaging with our community stakeholders

We recognise that, as a property owner and developer, we have a responsibility to the communities around us. We have a huge range of stakeholders in these communities, including local residents, community groups, environmental groups, Local Government and other relevant authorities and we recognise the importance of proactively communicating with these groups.

As a property developer, we have a set of internal expectations and requirements for each of our projects. We appreciate that the community is impacted by our business activities. Our challenge is to understand and respond to our collective needs in a balanced manner.

In the past we have tended to consult with a local community only where we have seen that a new development may have a direct community impact. Through our consultation processes we aim to provide local residents with the opportunity to view proposed plans.

Over the coming year we will look to improve our stakeholder engagement practices. This includes incorporating community feedback to shape our development plans.

As we begin to expand our portfolio of major development projects, in both quantity and size, the process of community consultation will become increasingly important to our business. Over the coming year we will trial a stakeholder engagement framework to guide and plan our engagement with stakeholders on our development projects.

Community investment

Our retail facilities often act as a social hub for a local community. We acknowledge that we have a responsibility to participate positively in these communities and we seek ways to achieve this.

Our activities, such as supporting local concerts, carnivals and festivals through the donation of money or the provision of facilities are currently undertaken on an ad hoc basis. The challenge for us, moving into FY09, is to develop and roll-out a more comprehensive plan for community involvement across our portfolio and commit to issuing a set of guidelines to cover all major developments in the coming year.



Locks Heath Community Consultation

Locks Heath, in Fareham, Hampshire, is a district shopping centre which was constructed in 1982 and comprises approximately 93,000 sq ft of retail units, as well as 496 free carparking spaces. The Centre provides retail accommodation on the ground floor with a mix of office and residential above.

The Centre was acquired by a Stockland-managed joint venture (called CReAM) in 2005 with a view to redeveloping part of the site. Plans for redevelopment of the Centre included the erection of a new retail terrace with mezzanine floor and reconfiguration of the existing carpark.

We presented our initial development plans in a public exhibition shortly before submission to council in August 2007. The public exhibition raised some concerns, but on review, we felt that the original plans should be submitted to council. The application was refused by the Planning Committee in November, on the basis that our plans were out of keeping with the character of the existing centre. Following this decision, we examined feedback from both the council and the community and made significant changes to our plans.

A second public exhibition was held and feedback was generally positive. We submitted our amended plans which were then approved.

This experience has reinforced the importance of having a strong community consultation process and mechanisms for incorporating feedback into our internal design reviews in place for all such developments. We have committed to reviewing our current community consultation practices in the coming year with a view to developing a set of guidelines to guide and improve our activities in this area.



St Andrew Square, Edinburgh

In January 2008 we purchased a property consisting of five buildings on the south side of St Andrew Square in the centre of Edinburgh. The property currently has planning consent for a mixed-use development comprising 166,000 sq ft of office and retail accommodation and six residential units.

We have reviewed the inherited and approved designs for the building, which originally targeted a BREEAM 'Very Good' rating, with a view to enhancing the sustainability features of the development and up-scaling the existing BREEAM rating to 'Excellent'.

We have started to include clear sustainability statements in the specification documents issued to our professional service providers tendering on this development. We are also working with our teams to review a number of additional environmental performance issues, in particular around energy consumption, and are working towards ensuring that our building can achieve at least a 'B' Energy Performance Certificate rating.

Employee giving & volunteering

This year we issued a survey to our employees to obtain their opinions on workplace giving and volunteering initiatives. The survey clearly showed that our people have a great enthusiasm for this subject and in response to the results of this survey an employee Giving and Volunteering (G&V) Committee has been established to direct and coordinate these activities.

Since the Committee's inception in April 2008, we have launched a Give As You Earn (GAYE) program, enabling employees to donate money to any UK-based charity directly out of their monthly salary. Stockland will match all employee donations, up to an annual capped limit of £15,000.

In the coming year the G&V Committee has committed to launch a workplace volunteering program to provide employees with the opportunity to volunteer in the community.

Employees who believe Stockland is doing a good job of integrating sustainable practices

89%

Employees who believe Stockland operates with integrity in its external dealings

87%

Environment

Developing a plan

In order to ensure that we rise to our challenges and opportunities and start to deliver on our CR&S goals we are committed to developing an environmental sustainability plan.

We have already started down this path by initiating a thorough review of current business practices, opportunities and constraints, as well as a review of the practices of our competitors, Government legislation and the industry in general.

In early FY09 each functional area of the business will develop a set of core guidelines and principles which can be adopted and used in their daily activities. This will assist in guiding decision-making and management practices and ensure that sustainability is embedded into our actions.

Government legislation and benchmarking criteria

The UK market has seen significant changes in terms of sustainability-based regulation and standards over the last year. Government has introduced Energy Performance Certificates (EPCs). This requires commercial property owners to start proactively reviewing the thermal energy performance of the buildings they own. We have established a working group to manage our compliance with the requirements for EPCs.

The BREEAM standard (the UK equivalent of Green Star) has established a benchmark for developments within the UK. We will review our portfolio to see if it is practical to establish a minimum BREEAM standard for our new developments.

Existing assets

One of our challenges is how to make our existing portfolio sustainable. We expect that many of our UK portfolio buildings currently have poor environmental performance. Our first step is to measure this. Our next step is to address thermal energy performance. Achieving this in a financially viable manner requires careful management.

A significant portion of our assets are owned through joint venture relationships, including where we are not the majority stakeholder. In FY09 we will initiate a dialogue with our key joint venture partners to improve our engagement with them on asset management issues.

Greenhouse gas emissions

We have begun to collate electricity data dating back to January 2007 for 23 of the UK properties that we own where we are responsible for paying for the electricity consumption. These 23 UK properties account for a total of 95 per cent of our budgeted annual electricity spend for our UK assets.

The greenhouse gas emissions from these properties for FY08 was 8,685,993 kg. This figure has a 61.25 per cent confidence factor, and is based on electricity data only. Properties with only partial-year data were extrapolated to derive a 12 month figure.

Having now made a start, we will continue to improve our data collection to enable us to measure our emissions footprint, and assess the outcome of any energy reduction initiatives.

Through energy audits on some of our highest energy consuming assets we are identifying areas where we can reduce our carbon emissions. We have conducted or have commissioned energy audits for our entire London portfolio¹⁶. We aim to conduct energy audits across more of our portfolio in the coming year.

	FY08
Electricity (kWh)	18,382,509
GHG emissions (kgCO ₂)	8,685,993

Notes: UK greenhouse gas emissions figures derived from electricity consumption only. Confidence factor 61.25%. From WRI workbook, 2008 'Electricity Purchased'.

Waste

We have initiated a process to collect waste data across our portfolio. We aim to commence reporting on our performance in FY09.



Our UK Employee CR&S Committee is made up of representatives of operational areas of the business, including our Executive Committee. The purpose of this committee is to shape and drive the CR&S Strategy across the UK business.

Properties to
have emissions
data collated

23 properties

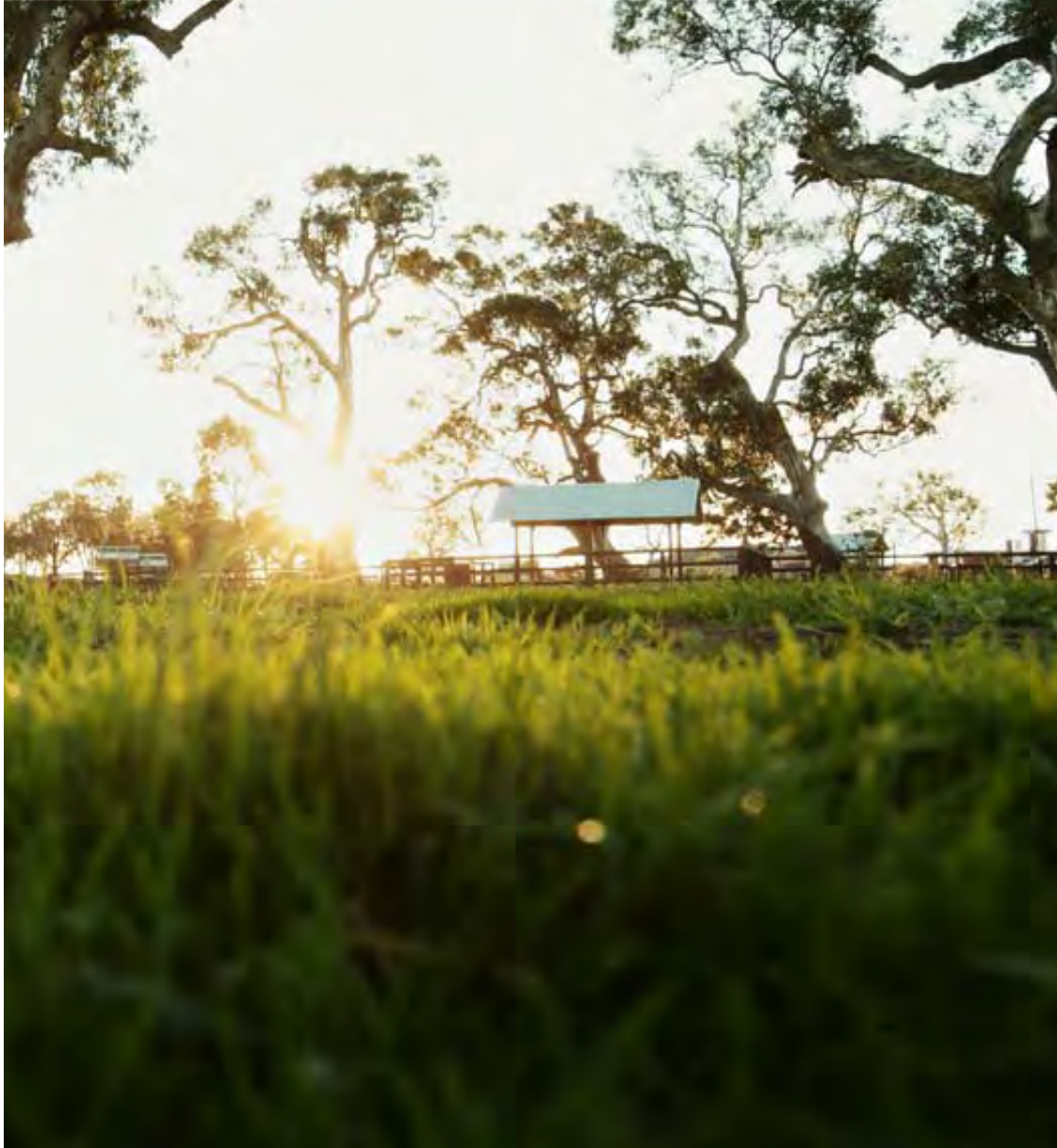
¹⁶ Excluding buildings where we have no management responsibilities, that are under construction or that are currently unoccupied

Sustainability regulations

In the UK, we have seen rapid development of regulation relating to sustainability as well as increasing pressure from informed tenants, the media and other stakeholders, reinforcing our commitment to action our sustainability.



independent assurance statement



Stockland Corporate Responsibility and Sustainability Report 2008

To Stockland's stakeholders,

Banarra Sustainability Assurance and Advice (Banarra) was commissioned by Stockland to assure its Corporate Responsibility & Sustainability Report 2008 (The Report) against the AA1000 Assurance Standard. In conformance with the Standard, our approach assures in terms of materiality, completeness and responsiveness – in other words, ensuring that The Report identifies and addresses the most important issues and that the information presented is reliable and meaningful. In addition, we undertook a validation of The Report against the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

This is Banarra's second reporting cycle with Stockland, so we have built on our previous understanding of the organisation and its progress.

Summary

We believe that The Report provides a fair representation of Stockland's material (most important) sustainability performance areas, issues and responses for 2007/08 in a way that allows stakeholders to make informed decisions.

Stockland's most significant opportunity is to clearly identify its highest priority sustainability issues and to ensure The Report addresses these proportionate to their relative importance. This and the other opportunities identified in this statement are presented in more detail in a report to Stockland management.

Assurance scope

Our report assurance scope included all sections of The Report, with the exception of the financial figures, 2006 office and industrial electricity data, NABERS energy and water ratings and the community investment data.

Banarra Assurance Methodology

We developed a register of material performance areas and issues, identified through research based on the AccountAbility five-part materiality test. This included interviews with seven Stockland external stakeholders and all nine members of the Executive Team, including the Managing Director, Matthew Quinn. We also interviewed the Chairman of the Board of Directors, Graham Bradley and the Deputy Chairman, Nick Greiner, who is also the Chair of the Board's Corporate Responsibility & Sustainability Committee. Reviews were conducted of internal documentation such as policies, surveys and Board papers and we carried out internet-based research for sector issues, standards and peer sustainability reporting.

Our criteria found 24 issues to be material and these focused our testing of the report. All testing was carried out at Stockland's head office in Sydney, Australia. Testing included developing audit trails, investigating assumptions, reviewing data generation procedures and conducting interviews with 38 data owners.

This testing enabled us to take a view on the materiality, completeness and responsiveness of The Report, along with the level of application of the GRI.

Materiality – has Stockland identified what's important?

All of the material issues that we identified are acknowledged in The Report, with the exception of financial management and performance, which is addressed in Stockland's Annual Financial Report. We are pleased to note the inclusion this year of material issues that were not discussed in the 2007 Report, for example customer satisfaction and biodiversity protection.

Stockland has a number of internal mechanisms for identifying its material issues and this year also engaged some external stakeholders in this process. The process would benefit from the development of formal criteria for evaluating and prioritising these material issues. This would ensure the areas of greatest concern to Stockland and its stakeholders receive the most attention in The Report.

Completeness – has Stockland understood these issues?

Stockland provides a detailed and balanced account of most of its material issues. One key area which is not fully addressed is the sustainability performance of the Residential division, in particular its environmental impacts, and its performance in building communities and infrastructure. Affordable housing is another area which would benefit from performance data and targets, such as Stockland's supply of affordable dwellings.

The Report boundary covers all of Stockland's divisions and we congratulate Stockland on including Stockland UK which was acquired in May 2007. We look forward to increased integration of Stockland UK performance data in future reports.

The Report is incomplete in addressing Stockland's impacts and performance in areas outside of its ownership and control, but where it exerts significant influence. For example the health, safety and environmental performance of contractors working on Stockland's construction sites.

We identified some errors in the figures and claims initially presented for assurance. All were addressed and are corrected in The Report. In future we suggest that Stockland implements an internal data checking process prior to external verification.

Responsiveness – has Stockland responded to these issues?

The Report contains most of Stockland's responses to material issues. Over the past year Stockland implemented significant responses in areas such as political donations, employee health and safety, sustainable supply chain management and employee giving and volunteering. Stockland also made progress with its Climate Change Action Plan, although it has yet to fully identify its specific climate change risks, opportunities and responses.

We are pleased that this year more of Stockland's future commitments are clearly expressed and linked to measurable targets. All the commitments relate only to the subsequent year, leaving open the opportunity for Stockland to commit to longer term goals. The Marketplace section would benefit from further commitments, particularly regarding customer satisfaction and relationships.


The Report does not account for Stockland's progress against one of the commitments made in last year's report – the inclusion of a greater proportion of the office portfolio in its waste reporting. In other cases it is not clear how well Stockland believes it has performed against its commitments.

Global Reporting Initiative

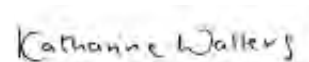
We agree with Stockland's own assessment that The Report has achieved GRI application level B+.

Independence

Banarra was paid by Stockland to conduct this assignment. Other than this payment the assurance team declares itself independent in relation to Stockland and its stakeholders. There is a detailed statement on our independence, impartiality and competencies at www.banarra.com.

**Richard Boele**

Certified Lead Sustainability Assurance
Practitioner IRCA No. 1188527

**Katharine Walters**

Certified Sustainability Assurance
Practitioner IRCA No. 1192578

Banarra Sustainability Assurance and Advice
Sydney, Australia
16 October 2008

memberships, awards and ratings



Memberships

To help drive the change to greater sustainability in development we are actively involved in numerous industry groups. This includes membership of committees, steering research projects, speaking at conferences and participating in forums.

The groups are:

- Property Council of Australia
 - National Roundtable on Sustainability
 - NSW Sustainability Committee
 - QLD Sustainable Development Committee
- Urban Development Institute of Australia
 - NSW Sustainability Committee
- Australian Green Development Forum
- Low Energy High Rise Project
- Green Building Council
 - Industrial Technical Working Group
 - Residential Multi-unit Technical Working Group
 - Shopping Centre Design PILOT Tool Technical Working Group
- CitySwitch Program Member
- Investor Group on Climate Change
- United Nations Principles for Responsible Investment.

Other memberships that shape our CR&S activities include:

- National Association of Women in Construction
- Australian Business and Community Network
 - Chair
 - Operational Taskforce representation: WA, QLD, VIC and NSW.

Awards

- CCF Earth Awards for Excellence in Civil Construction for South Beach ANI
- The National Association of Women in Construction NSW
 - The Rider Bucknall Levett Crystal Vision Award Development for Rilla Moore
 - Development award for Christina Hobbs
 - Innovation award for change management Jo Metzke.
- UDIA National Judges Awards for Newhaven Estate and South Beach

- UDIA NSW Award for the most sustainable development for Waterside
- Australian Marketing Institute Awards for Marketing Excellence for Greenhills
- Department of Employment and Workplace Relations, Corporate Leader for Indigenous Employment award
- Housing Industry Association award for the NSW Customer Relations team
- Sydney Water Every Drop Counts Awards for 333 Kent St, Sydney and 601 Pacific Highway, St Leonards
- Outstanding Community Support for Local Young People award by Holroyd City Council for Belinda Lam, Marketing Manager at Merrylands
- Investment Property Forum John Whalley prize for Catherine Haughey, Fund Manager of Rynda's en Primeur Fund
- Charitable Business of the Year for 2008 at Shellharbour City's Annual Australia Day Achievement Awards
- Government Sustainability Green Globe Awards:
 - Commercial Sector Portfolio award
 - Water Champion award (Michael Beckwith)
- Australian Financial Review Boss magazine Space Award for Stockhome
- Facility Management Association (FMA) Australia and Culligan Water Facility Manager of the Year award for Jim Tatsis
- Sydney Water 5 Star Water Management rating (Office and Industrial)
- HIA-CSR Australian Housing Awards for Residential Lifestyle Development of the year award (Murrays Beach)
- Property Council of Australia Innovation and Excellence awards
 - Bluescope Buildings award for business and Industrial park developments for Optus Centre development at Macquarie Park
- HIA GreenSmart Development Design Concept Award for Balgowlah project (The Village)
- Hewitt Top Companies for Leaders award

NABERS Energy and Water ratings

FOR ALL BUILDINGS CURRENTLY RATED

PROPERTY	NLA	ENERGY			WATER		
		2007	2006	2005	2007	2006	2005
NSW							
100 Miller St, North Sydney	35,075	2.0	2.0	1.5	3.0	2.5	NR
110 Walker St, North Sydney	4,532	3.5	3.5	3.5	3.5	3.0	NR
118-120 Pacific Hwy, St Leonards	5,131	3.0	3.0	2.5	4.0	3.5	3.5
Piccadilly Tower, 133 Castlereagh St, Sydney ¹⁷	29,720	4.0	NR	NR	3.0	NR	NR
Piccadilly Court, 222 Pitt St, Sydney	9,732	4.5	4.0	3.5	4.0	3.5	NR
135 King St, Sydney	27,157	NR	1.5	2.0	NR	1.5	NR
175 Castlereagh St, Sydney	12,037	2.5	3.5	3.5	3.0	1.0	NR
2 Cavill Ave, Ashfield	5,102	3.5	3.0	3.5	3.5	1.5	NR
4-6 Cavill Ave, Ashfield	5,495	3.5	2.5	2.5	3.0	2.0	2.5
234 Sussex St, Sydney	11,071	4.0	4.0	2.5	1.0	0.0	NR
333 Kent St, Sydney	8,938	2.5	NR	NR	3.5	NR	NR
601 Pacific Hwy, St Leonards	12,690	3.5	2.0	1.5	3.5	2.0	NR
75 George St, Parramatta	9,547	3.0	1.5	1.5	3.0	0.0	NR
77 Pacific Hwy, North Sydney	9,379	2.5	2.0	1.5	3.5	2.5	1.5
16 Giffnock Ave, North Ryde ¹⁷	11,739	1.5	NR	2.5	2.0	NR	1.5
11-17 Khartoum Rd, North Ryde	4,212	4.0	NR	3.5	NR	NR	2.0
ACT							
15 Mort St, Cox Building, Canberra ¹⁷	3,701	3.0	3.0	3.5	3.5	4.0	NR
17 Mort St, Todd Building, Canberra ¹⁷	1,765	3.0	NR	3.0	NR	NR	NR
68 Northbourne Ave, Canberra ¹⁷	9,786	0.0	NR	2.5	1.0	NR	NR
70 Northbourne Ave, Drakeford Building, Canberra	3,811	3.0	3.0	3.0	2.5	0.0	NR
72 Northbourne Ave, Trace Building, Canberra ¹⁷	5,303	2.5	2.5	2.0	NR	NR	NR
40 Cameron Ave, Belconnen	15,506	3.5	NR	NR	NR	NR	NR
VIC							
452 Flinders St, Melbourne ¹⁷	38,496	2.0	2.0	1.5	3.0	3.0	1.5
541 St Kilda Rd, Melbourne	8,228	4.0	4.0	NR	4.5	2.5	3.0
SA							
81-95 Waymouth St, Adelaide ¹⁷	17,878	4.5	4.5	NR	3.5	3.5	NR
Chesser House, 91-97 Grenfell St, Adelaide	11,377	3.0	3.0	3.0	2.0	3.0	NR
WA							
Durack Centre, 263 Adelaide Tce, Perth	17,312	3.0	NR	3.0	2.0	NR	NR
45 St Georges Tce, Perth	9,908	3.0	NR	NR	2.5	NR	NR
QLD							
Waterfront Place, 1 Eagle St, Brisbane	59,227	3.5	3.0	2.5	3.5	3.5	3.0
Garden Square, 643 Kessels Rd, Upper Mount Gravatt ¹⁷	12,681	1.0	NR	NR	4.0	NR	NR
300 Ann St, Brisbane ¹⁷	7,155	1.0	NR	NR	NR	NR	NR
80-88 Jephson St, Toowong	6,388	1.5	NR	NR	4.5	NR	NR

¹⁷ Ratings have been submitted to DECC, awaiting official certification.

NR Not rated.

GRI Index

PROFILE DISCLOSURES

1. STRATEGY AND ANALYSIS

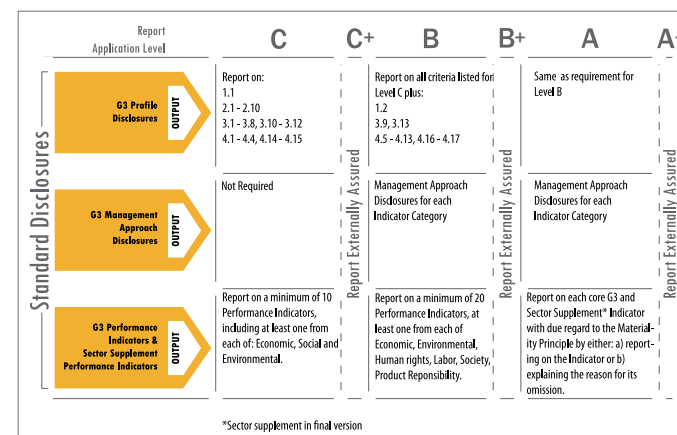
1. Statement from our CR&S Board Committee	p4,5
2. Key impacts, risks and opportunities	p3-5

2. ORGANISATIONAL PROFILE

1. Name of the organisation	Back cover
2. Primary brands, products, and/or services	Inside front cover, p1
3. Operational structure	Inside front cover, p1
4. Location of headquarters	Back cover
5. Countries where we operate	Inside front cover
6. Ownership and legal form	Inside front cover, back cover
7. Markets served	Inside front cover
8. Scale of the reporting organisation	Inside front cover, p23, Annual Financial Report (AR) p44-48, Property Portfolio
9. Significant changes	p2, p24
10. Awards received	p74

3. REPORT PARAMETERS

1. Reporting period	1 July 2007 – 30 June 2008
2. Date of most recent previous report	October 2007
3. Reporting cycle	Annual
4. Contact point	p78
5. Process for defining report content	p2, p15
6. Boundary of the report	p2
7. Statement of specific limitations	p2
8. Basis for reporting in joint ventures, subsidiaries	p2
9. Data measurement techniques	Techniques footnoted as appropriate, p20, 27-29, 34, 60-63, 67, 70
10. Re-statements	p60-63
11. Significant changes from previous reporting periods	p2
12. Table identifying the location of the Standard Disclosures in the report	p76-77
13. Policy and current practice regarding external assurance	p2, p72-73



4. GOVERNANCE

1. Governance structure	p3, AR p3-8
2. Chair of the highest governance body	AR p1
3. Highest governance body	AR p1-4, 8
4. Mechanisms to provide recommendations or direction to the highest governance body	Our AGM provides the opportunity for stakeholders (including employees >9 months) to provide recommendations to the Board. In 2007, matters raised included stakeholder engagement and environmental impacts.
5. Compensation and performance	AR p10, 28-32. Additionally, all employees have a balanced scorecard that includes CR&S and linked to incentive payments.
6. Conflicts of interest	AR p8
7. Expertise of governance bodies	AR p8-9. Directors are selected such that the Board has a balance of skills and experience. As such, the Board has extensive experience of the social and environmental context in which the business operates.
8. Statements of mission and values	www.stockland.com.au/about/mission.htm
9. Management of performance	p3, AR p3, 11 onwards
10. Performance evaluation	AR p9. The process for evaluating the performance of the Board is primarily focussed on the relationship between the Board and management, and the effectiveness of the Board itself. This process includes the performance of Committees, encompassing the Board CR&S Committee.
11. Reference to precautionary principle	No. Sustainability defined on p3
12. Charters and principles to which we subscribe	p2, 4, 32-33, 74
13. Memberships in associations/advocacy organisations	p47, 74
14. Stakeholder groups	p15
15. Basis for identification and selection of stakeholders	p15 Stakeholders engaged on a case-by-case basis
16. Approaches to stakeholder engagement	p2, 15-17, 34-37, 45
17. Concerns raised through stakeholder engagement	p15-17, 20, 22, 37-39, 45,

PERFORMANCE INDICATORS	
ECONOMIC	
Disclosure on management approach	AR p17-20, Shareholder Review
EC1. Economic value generated	AR p44-48
EC2. Financial implications and other risks and opportunities due to climate change.	p12-13. Carbon Disclosure Project Report 6, www.stockland.com.au/about/sustainability/
ENVIRONMENT	
Disclosure on management approach	p3, 12-13, 49-50, 53-54
EN3. Direct energy consumption	p62
EN4. Indirect energy consumption	p62
EN5. Energy saved due to conservation and efficiency improvements	p9, 52, 54-55
EN6. Initiatives to provide energy-efficient products and energy reductions achieved	p52-56
EN8. Total water consumption	p63
EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (partial)	p57-59. We cover two case studies
EN16. Greenhouse gas emissions by weight	p60-61. Total direct and indirect
EN17. Indirect greenhouse gas emissions by weight	p60-61. Other indirect
EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.	p52, 56, 60-63. No discussion of initiatives to reduce noise or waste impacts.
EN22. Total weight of waste and disposal method (partial)	p54, 56, 63. Our data is incomplete. We are working towards improving this
EN23. Total number and volume of significant spills	Stockland has identified no significant spills
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of mitigation (partial)	p49-56. Impacts from noise, waste and materials not discussed.
EN28. Significant fines and non-monetary sanctions	Stockland has identified no incidents of non-compliance with environmental laws or regulations
EN29. Significant environmental impacts of transport (partial)	p61. We provide details of the GHG emissions from business travel.
LABOUR PRACTICES	
Disclosure on management approach	p3, 19-20, 22, 28
LA1. Total workforce	p23
LA2. Total number and rate of employee turnover	p24
LA4. Percentage of employees covered by collective bargaining agreements.	All of our employees are on individual contracts
LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region (partial)	p24, 28-29. We do not report on injuries for contractors
LA10. Average hours of training per year per employee (partial)	p26. We do not report training hours by employee category
LA11. Employability and managing career endings (partial)	p24-26
LA12. % of employees receiving regular performance and career development reviews	p25
LA13. Workforce diversity	p23-24, 27. Governance bodies not broken down by minority group. Highest governance group (Board) data: Gender: 1F, 7M. Age Band: 6 x 50-60, 2x>60. x2 executive directors included in employee data.
LA14. Ratio of basic salary of men to women by employee category	p27

HUMAN RIGHTS	
Disclosure on management approach	p26. This is a low risk area for Stockland. We seek to comply with all laws and regulations.
HR3. Employee training on human rights	p26
SOCIETY	
Disclosure on management approach	p3, 11, 26, 43-44, 46-47, AR p8, www.stockland.com.au/about/sustainability/
SO1. Nature, scope, and effectiveness of programs (partial)	p44-45. We are working to improve our understanding of our impacts and are developing a reporting system.
SO2. Percentage and total number of business units analysed for risks related to corruption.	All business units analysed for risks related to corruption
SO3. Percentage of employees trained in anti-corruption policies and procedures	p26
SO5. Public policy positions (partial)	p5, 11, 32. Actual positions only partially disclosed.
SO6. Political donations	p11
SO7. Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Nil
SO8. Non-compliance with laws and regulations	Nil
PRODUCT RESPONSIBILITY	
Disclosure on management approach	p31-35, 38-40, 2006 CR&S Report p8-10, 2007 CR&S Report p26, 35, 40, www.stockland.com.au/about/sustainability/
PR5. Practices related to customer satisfaction (partial)	p35-38, 45. Results from enterprise-wide survey not yet available and organisation-wide approach not yet disclosed.
PR6. Marketing communications (partial)	p26, 40. Discussion limited to ACCC + TPA training.
PR7. Incidents of non-compliance with marketing regulations and voluntary codes	Nil.
PR8. Breaches of customer privacy	Nil
PR9. Significant fines	Nil



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