

Corporate Responsibility & Sustainability 2011

30 June, 2011



We create places where people
meet and gather. Farmers Market,
Highlands, Victoria

Our
purpose

a better
way to live.



P35.

P31.

We are pleased to present our sixth CR&S report covering our performance from 1 July 2010 to 30 June 2011.



Stockland was recognised as the most sustainable property company in the world in the 2011/12 Dow Jones Sustainability Index.

We believe there is

a better way to live.

Aevum integration

With over 3,500 residents and 550 employees, the need to engage early was a priority

Our CR&S Strategy

Our focus has been to ensure our actions are delivering real value for the organisation

P16.



P14.

P68.

Our approach

Community development

We recognise the importance of contributing to the social and economic development of communities



P82.

A price on carbon

We have undertaken considerable work to understand the impact of a price on carbon.

P81.

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FY11 key performance and priorities

LAST YEAR WE SAID WE WOULD

Past

Improve how we communicate our approach to sustainability so that we **increase awareness** of our areas of focus, achievements and our position on key issues.

Deliver **training and awareness programs** across the organisation to ensure that we deliver on our commitments at both a corporate and project level.

Continue to take a **collaborative approach** in the annual review of our CR&S strategy and identification of material sustainability issues.

Focus on translating our group and business unit sustainability strategies into day-to-day business actions. Particular emphasis will be placed on **sustainability performance and innovation** at an asset level.

Complete the **transfer of responsibility** for greenhouse gas data collection from our sustainability teams to our group and business unit finance teams.

Continue to improve and broaden our greenhouse gas emission data **collection and reporting systems**.

Continue to improve the quality of **stakeholder engagement** at regional and asset level, and realise the benefits of this approach.

Launch aligned Retirement Living and Commercial Property community development toolkits. Refine our Commercial Property and Residential **Community development approach**, and realise tangible outcomes on our projects.

Deliver on our five-year **greenhouse gas emission and energy use intensity reduction targets**: reducing our greenhouse gas emissions and energy use intensity across our Commercial Property portfolio by 20 per cent from FY09 to FY14, attaining a 4.5 Star average NABERS Office Energy rating for our office portfolio by FY14.

Develop **greenhouse gas targets** for our Residential and Retirement Living business units.

Develop a **Distributed Energy** strategy setting out a pathway for low carbon and renewable energy (generation and supply) for our existing assets and development projects.

Assess **climate change risk** for our Commercial Property assets.

THIS PAST YEAR WE HAVE

Present

Development of our **refreshed purpose** through extensive involvement of employees and other stakeholders, aligned with our commitment to sustainability.

Increased awareness of our approach to sustainability through **integrating sustainability** modules into employee conferences and training programs and publishing a regular e-newsletter for internal and external stakeholders.

Consideration of **non-financial risks** in our group risk matrix.

Increased referencing of **material sustainability issues** in our group and business unit strategies.

Refreshed **business unit sustainability strategies** developed through extensive employee involvement targeting improved sustainability performance at a project and asset level.

Transfer of responsibility for Residential and Retirement Living greenhouse gas data collection to our finance teams.

Continued to expand our **greenhouse gas emissions data** collection and reporting systems and process. This has included integrating greenhouse gas emissions data collection from our recently acquired Aevum operations.

In addition to **stakeholder engagement plans** for all projects, we have developed stakeholder engagement plans for all state operations.

Delivered aligned Commercial Property and Residential **community development** toolkits. The Retirement Living toolkit is soon to be launched.

Increased **tangible community outcomes** on projects, supported by the increased proportion of projects and assets with community development plans in place.

Commenced **research into livability** with the goal of developing a series of metrics.

Reduced emissions by 7 per cent across our office portfolio, and reduced our emissions by 2 per cent across our retail portfolio.

Improved our **greenhouse gas emissions data systems** for Residential and Retirement Living businesses.

Commenced development of a **Distributed Energy strategy**.

Developed tools to support robust decision-making for **energy efficiency, low carbon and renewable energy initiatives** across our assets and projects.

Completed an **organisation-wide climate adaptation strategy**.

Increased our awareness of **our customers' interests**, views on our service and their evolving preferences.

Increased the percentage of **women in management** roles from 35 to 37 per cent. Established greater **awareness of unconscious bias** and its implications for business.

Acquisition of the Aevum Retirement Living business.

Employee initiated turnover at 14.5 per cent continues to be a challenge and requires an increased focus for the year ahead.

RESULTS

ACHIEVED
OUTCOME



FY12
PRIORITY



ACHIEVED
OUTCOME



ACHIEVED
OUTCOME



ACHIEVED
OUTCOME



ACHIEVED
OUTCOME



FY12
PRIORITY



ONGOING



ACHIEVED
OUTCOME



FY12
PRIORITY



ACHIEVED
OUTCOME



ACHIEVED
OUTCOME



ONGOING



ACHIEVED
OUTCOME



ONGOING



IN THE COMING YEAR OUR PRIORITIES ARE

Future

Strengthen awareness of the **value of our approach** to sustainability.

Continue to **embed sustainability** principles into our learning and development programs.

Deliver a **refreshed brand architecture** that supports our organisational purpose.

Continue to integrate our **material sustainability issues into our group strategy and risk matrix** and progress towards more integrated corporate reporting.

Sharpen sustainability measures within our business unit plans and link these measures to **employee performance objectives**.

Strengthen consistency across the **group and business unit sustainability strategies**.

Progress **the transfer of responsibility** for Commercial Property greenhouse gas data to our finance teams.

Test the effectiveness of our **stakeholder engagement plans**.

Communicate our approach to Community development, in particular our focus on **local employment and responsiveness to life stages** especially youth and ageing.

Develop a **Community Partnership Strategy** that aligns our employee giving and volunteering activities with our business' community development programs.

Pilot, confirm and roll out **Stockland livability metrics**.

Achieve a significant improvement in **emissions and energy use reductions**, particularly across our retail portfolio to ensure that we meet our FY14 target.

Develop and commence reporting against **greenhouse gas emissions targets** for our Residential and Retirement Living business units.

Engage and train our Development Managers in the use of tools to improve **decision-making on eco-efficiency projects**, including investment in cost-effective low carbon and renewable energy technology.

Prepare adaptation plans for those Commercial Property assets likely to be most at risk to impact from weather and a changing climate.

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

Deepen our understanding of the relative **impacts and merits of greenfield development**.

Increase the percentage of women in management roles, in line with our target of 40 per cent by 2015.

Broaden our **diversity policy** to reflect our commitment and initiatives beyond gender.

Engage with Aevum employees in **building a sense of belonging**.

Reduce **employee initiated turnover** to 10 per cent or below.

Message from the CR&S Board Committee

We are pleased to report that in FY11, we achieved further important steps towards realising our goal of truly embedding Corporate Responsibility and Sustainability in our business. From the clear definition of our company purpose, to embarking on groundbreaking livability research, and including sustainability measures in each of our business strategies, the lines between sustainability and simply doing business are continuing to blur, marking important progress towards the full integration of sustainability.

While market conditions through the year were challenging, marred by global economic uncertainty, natural disasters and shaky consumer sentiment, our business performed well. We achieved an increase in Underlying Profit of 8.7 per cent to \$752.4 million underpinned by improvements in each of our three core businesses, Residential Communities, Retail and Retirement Living. We also made good progress growing our three business in line with our 3-R strategy, nearly doubling the size of our Retirement Living business through the acquisition of Aevum, acquiring key residential sites assets and divesting non-core office and industrial assets.

Increasingly we are able to see the business benefits we are achieving through our commitment to sustainability. For example, our strong Residential business result this year was underpinned by our focus on affordability, which has enabled us to develop products to meet the needs of our customers during challenging financial

In 2011

A key development for our business this year was the articulation of our company purpose – we believe there is a better way to live

We recognise that placing a price on carbon is important to encourage a shift to lower carbon and renewable energy alternatives and needs to be achieved in a way that is timely and globally in step, sustaining overall national economic stability

times. By focusing on community creation in all of our businesses we create assets that are more than buildings and this appeals to our customers, translating into sales and loyalty. Also, the environmental sustainability of our products reduces running costs which benefits our customers. We believe retaining this sustainability focus will help insulate us from the continuing tough market conditions. That is not to say we will be immune, and like many businesses we can expect some challenging times ahead. Rather than challenging our sustainability commitment, however, this strengthens our resolve that truly embedded sustainability will provide us with a competitive advantage.

Our purpose

A key development for our business this year was the refreshed articulation of our company purpose – *we believe there is a better way to live*. This purpose was developed through a thorough process of consultation with a broad range of stakeholders to understand how they see us and what's important to them. Importantly, the process was strongly employee-driven, reflecting our people's genuine commitment to genuinely deliver on this purpose in their day-to-day work. This purpose clearly demonstrates that our business aligns with the ultimate aim of sustainability – to create shared value with our stakeholders and to leave society and the environment in good shape for future generations. We see that this is a better way.

Throughout the year we demonstrated this better way to live across all parts of our business.

Community creation

We have made real progress in our community approach starting from how we engage with stakeholders throughout a project through to how we contribute to the community around our existing assets. In terms of stakeholder engagement, we are pleased to report that 100 per cent of our projects have stakeholder engagement plans in place, reflecting the learnings we have about the importance of engaging openly and thoroughly with stakeholders on our projects. More broadly, we now have a team of Community development Managers working across all of our core businesses. This team is putting community-building initiatives in place on the ground around the country. From youth engagement at our retail centres, to the establishment of community groups in suburbs where we have a Residential business presence, and many more initiatives, this team is finding tangible ways to help build community in the places where we operate.

A real challenge in our focus on community creation has been our ability to measure success. Over the past five years Stockland has developed a series of robust environmental metrics that make clear the environmental performance of assets and projects. Communicating social performance has been more challenging.

In FY11 we began work to measure livability, looking at six key themes: affordable living and working; economic prosperity; access and connectivity; sense of belonging and identity; wellbeing and healthy living; and governance and engagement. We will pilot this livability measure this year, and look forward to using it to help us continue to improve the wellbeing of communities where we operate.

Environment

During the year we continued to achieve improvements against our key environmental targets which include energy and water use, waste management and biodiversity. These achievements are reported in detail later in this report.

One area where we have made particular progress is in the rigour of our approach to assessing the effectiveness of energy efficiency initiatives. This has resulted in some excellent environmental and cost outcomes, particularly in our shopping centres, where our analytical approach has ensured we identify the most cost-efficient energy-saving initiatives to suit the specific circumstances of different centres. This means, for example, that rather than rolling out one lighting approach in all of our centres, we are identifying the type and usage of lighting that will provide the most cost efficient energy savings at each individual centre, resulting in a much better overall outcome.

MESSAGE FROM THE CR&S BOARD COMMITTEE



Duncan Boyle (Chair of CR&S Board Committee); Carol Schwartz (Non-Executive Director); Barry Neil (Non-Executive Director); Matthew Quinn (Managing Director); Karyn Munsie (Executive General Manager, Corporate Affairs); Siobhan Toohill (General Manager, Corporate Responsibility and Sustainability).

Our people

We continue to enjoy very high employee engagement, now 84 per cent, which is significantly above the norm for Global High Performing Companies. We have made further progress in our diversity and flexibility initiatives and this has seen us improve our already high rate of return to work from parental leave, which is now 94 per cent. Furthering our commitment to improving diversity, we have undertaken unconscious bias training for our hiring managers to help reduce the occurrence of this during recruitment. In FY12 we are focusing on improving our employee retention.

Carbon price position

Stockland has taken a proactive approach to climate change, developing policies and implementing action plans over a number of years.

We recognise that placing a price on carbon is important to encourage a shift to lower carbon and renewable energy alternatives and needs to be achieved in a way that is timely and globally in step, sustaining overall national economic stability. We also support the important role of complementary mechanisms, in particular programs in the property sector that will accelerate energy efficiency and encourage the trialling and take up of low carbon and renewable technologies.

Stockland has undertaken considerable work to understand the impact of the Government's Carbon Price scheme on our business and we discuss this in detail later in the report.

The year ahead

Looking to the year ahead we are clearly focused on continuing to build on the progress we have made embedding sustainability in our business. Our group-wide efforts to deliver a better way to live for our customers will see us further our community creation activities across all business areas. To support this we remain committed to improving our capacity to understand and respond to all stakeholders, an area where we have made progress this year and have good foundations in place. Strong alignment between customer demand for more environmentally sustainable products with lower running costs, and our environmental objectives, will support a continued focus on this area. Reflecting our strong commitment to integrate sustainability in our business, in FY12 we will start to work towards integrated reporting of our annual performance in line with global corporate leaders.

Duncan Boyle
Chair of CR&S Board Committee

Carol Schwartz
Non-Executive Director

Barry Neil
Non-Executive Director

Matthew Quinn
Managing Director

Awards

We are pleased to have received recognition for our performance via numerous awards in the reporting year.

We are also proud of our employees who have received individual recognition for their contribution to the industry.

Group awards

RANKED 55TH, CORPORATE KNIGHT GLOBAL 100 MOST SUSTAINABLE CORPORATIONS IN THE WORLD, ANNOUNCED AT THE WORLD ECONOMIC FORUM, DAVOS, JANUARY 2011



DOW JONES SUSTAINABILITY INDEX WORLD (DJSI WORLD) 2011-12
REAL ESTATE SUPER SECTOR LEADER



SAM (SUSTAINABLE ASSET MANAGEMENT)
GOLD CLASS 2011

SAM (SUSTAINABLE ASSET MANAGEMENT)
SECTOR MOVER 2011



AUSTRALIAN SAM (SUSTAINABLE ASSET MANAGEMENT) SUSTAINABILITY INDEX (AUSSI) 2010-11



LISTED FOURTH, GLOBAL ENVIRONMENTAL REAL ESTATE INDEX FOR LISTED PROPERTY GROUPS (EUROPEAN CENTRE FOR CORPORATE ENGAGEMENT, MAASTRICHT UNIVERSITY)

GOLDMAN SACHS JB WERE CLIMATE LEADERSHIP INDEX, CARBON DISCLOSURE PROJECT 2011

CARBON DISCLOSURE PROJECT

CITYSWITCH SIGNATORY OF THE YEAR 2010



2011 EMPLOYER OF CHOICE FOR WOMEN, EQUAL OPPORTUNITY FOR WOMEN IN THE WORKPLACE AGENCY (EOWA)



MEMBER, FTSE4GOOD INDEX, 2011



2010 BEST REPORT IN THE PROPERTY SECTOR BY THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS, AUSTRALIA, AT THEIR ANNUAL SUSTAINABILITY REPORTING AWARDS

Asset awards

The Dixon, Little Bay, New South Wales
President's award – 2010 Urban Development Institute of Australia NSW

The Hyde, New South Wales
High Density Development award – 2010 Urban Development Institute of Australia NSW

North Lakes, Queensland
Best Masterplanned Community in Queensland – 2010 Urban Development Institute of Australia Queensland Boral Awards for Excellence

Allisee, Gold Coast, Queensland
Best Multi Level Development – 2010 Urban Development Institute of Australia Queensland Boral Awards for Excellence

The Point, Victoria
EnviroDevelopment six leaf accreditation – 2010 Urban Development Institute of Australia

Stockland Balgowlah, New South Wales
Woodhead Award for Best Mixed Use Development – 2011 Property Council of Australia, National Innovation and Excellence Awards

Gowenbrae, Victoria
National Finalist, Best Retirement Living Development – 2011 Property Council of Australia, Innovation and Excellence Awards

North Lakes Retirement Village, Queensland
National Finalist in Best Retirement Living Development – 2011 Property Council of Australia, Innovation and Excellence Awards

Doonella, Queensland

Award for Landscape Architecture – 2011 AILA Queensland Awards in Landscape Architecture

People awards

Natalie Myatt

The NAWIC (National Association of Women in Construction) International Women's Day Scholarship Award: Linking Social Sustainability and Financial Value – a method to assess the financial return on social sustainability investments to enable managers to better plan, implement and communicate the value of their social spending

2011 Property Council of Australia 2011 Innovation and Excellence Awards – Judd Farris Future Leader of the Year category

Gareth Norman

2010 and 2011 Retirement Villages Association Manager of the Year SA/NT

Shane Monro

2010 FMA Australia Awards for Excellence – Centre Management at Stockland Forster, New South Wales

2010 Facility Management Australia & GJK Facility – Services for Sustainability & Environmental Impact

Paul Kelsey

Queensland Disaster Hero – for his contribution to the community during Cyclone Yasi

Memberships

To promote sustainability practices in the property sector it is important for us to have a voice at significant industry bodies that represent our material interests. Working with industry groups can highlight best practices and lessons learned from mistakes made. It also helps us prepare for future regulation and can help us to shape policy. Our contribution includes membership of committees, steering research projects, speaking at conferences and participating in forums.

A full list of our memberships is provided in this section.

AUSTRALIAN NETWORK ON DISABILITY



BETTER BUILDINGS PARTNERSHIP



BUSINESS REPORTING LEADERS FORUM

CITYSWITCH PROGRAM MEMBER



AUSTRALIAN BUSINESS AND COMMUNITY NETWORK

- CHAIR
- OPERATIONAL TASKFORCE REPRESENTATION: NEW SOUTH WALES, QUEENSLAND, VICTORIA AND WESTERN AUSTRALIA



AUSTRALIAN HUMAN RESOURCES INSTITUTE



DIVERSITY COUNCIL AUSTRALIA



GLOBAL REPORTING INITIATIVE – ORGANISATIONAL STAKEHOLDER



GREEN BUILDING COUNCIL OF AUSTRALIA

- DIRECTOR
- TECHNICAL STEERING COMMITTEE
- GREEN STAR COMMUNITIES TECHNICAL REFERENCE COMMITTEE



INFRASTRUCTURE PARTNERSHIPS AUSTRALIA



INVESTOR GROUP ON CLIMATE CHANGE



LONDON BENCHMARKING GROUP



NATIONAL ASSOCIATION OF WOMEN IN CONSTRUCTION



PLACE LEADERS ASSOCIATION



PROPERTY COUNCIL OF AUSTRALIA

- DIRECTOR
- NATIONAL SUSTAINABILITY ROUNDTABLE
- NSW SUSTAINABILITY COMMITTEE



RESIDENTIAL DEVELOPMENT COUNCIL

- DIRECTOR



SHOPPING CENTRE COUNCIL OF AUSTRALIA

- SUSTAINABILITY COMMITTEE



SYDNEY BUSINESS CHAMBER



THE SYDNEY INSTITUTE

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT



URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA



WOMEN ON BOARDS



About Stockland

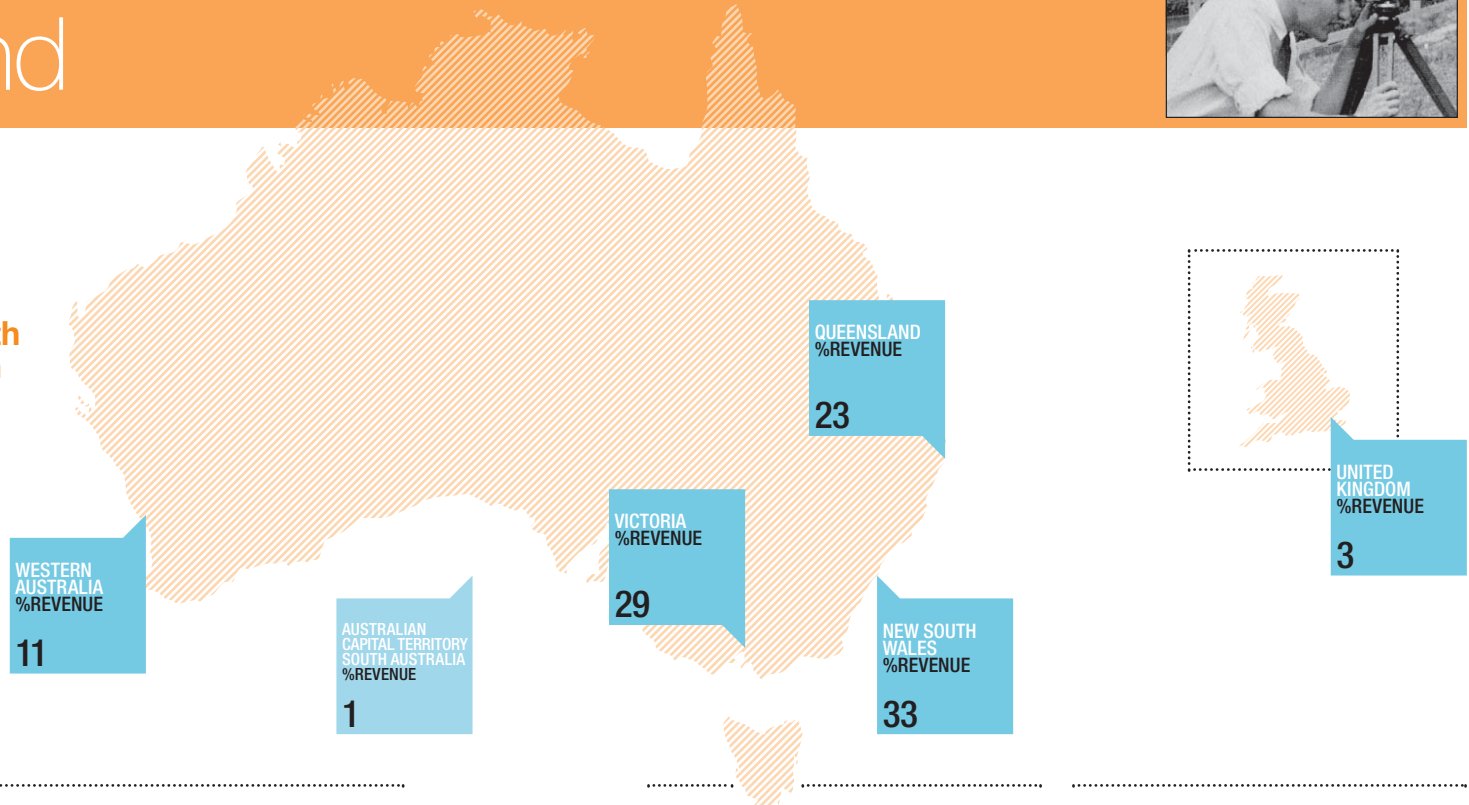
ERVIN GRAF
A PROUD HISTORY
1952



We have a long and proud history of creating places that meet the needs of our customers and communities.

Ervin Graf founded Stockland in 1952 with the vision to “not merely achieve growth and profits but to make a worthwhile contribution to the development of our cities and great country”.

Pursuing that vision has seen us grow to become one of Australia's leading listed diversified property groups – developing and managing a large portfolio of residential communities, retirement living villages, retail, office and industrial assets.



Our business

COMMERCIAL PROPERTY RETAIL

We are one of the largest retail property owners, managers and developers in Australia. Our portfolio comprises 42 retail centres valued at approximately \$4.6 billion. We accommodate more than 2,600 tenants, generating over \$5.2 billion in retail sales.

OFFICE

Our office portfolio is comprised of 28 properties valued at \$2.5 billion. We are focused on maximising investment returns across the portfolio.

INDUSTRIAL

Our industrial portfolio is valued at \$1.0 billion, with 15 properties strategically positioned in key locations for logistics, infrastructure and employment.

RESIDENTIAL COMMUNITIES

We are a leading residential developer in Australia, focused on delivering a range of masterplanned and mixed-use communities in growth areas across the country. We have 90,200 lots and projects with an estimated total end value of approximately \$24.2 billion.

APARTMENTS

In June 2009 we announced that we will trade-out of our existing apartments projects. We have a range of quality apartment projects in high profile locations across Australia, with an estimated remaining end market value of approximately \$0.5 billion.

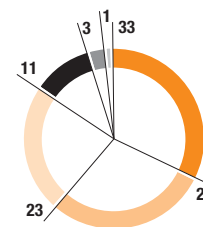
RETIREMENT LIVING

We are a top three retirement living operator within Australia, with 7,535 established units across five states. Our portfolio includes a short-medium term development pipeline of over 3,413 units.

STOCKLAND UK

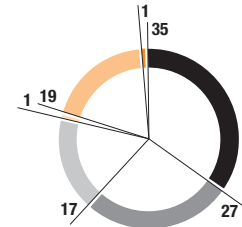
Our UK business has a portfolio spanning retail, office and mixed-use projects. In August 2009 we announced an orderly withdrawal from the UK market, and we will sell assets over the next two to three years.

BUSINESS BY GEOGRAPHY REVENUE %



NEW SOUTH WALES	33
VICTORIA	29
QUEENSLAND	23
WESTERN AUSTRALIA	11
UNITED KINGDOM	3
AUSTRALIAN CAPITAL TERRITORY & SOUTH AUSTRALIA	1

BUSINESS BY ASSETS ASSET VALUE %



COMMERCIAL PROPERTY	
RETAIL	35
OFFICE & INDUSTRIAL	27
RESIDENTIAL COMMUNITIES	17
APARTMENTS	1
RETIREMENT LIVING	19
UK	1

ABOUT STOCKLAND **OUR STRATEGY****Our strategy**

We are focused on leveraging our diversified business model to deliver growth via our 3-R strategy: Residential, Retirement Living and Retail.

In our Residential business we are focused on our market-leading position by increasing our footprint in higher population and employment growth areas. We are increasingly using feedback from our customer insights research to develop quality products and respond to the needs of our customers.

Our Retirement Living business will capitalise and serve the needs of older Australians. We have a substantial development pipeline and there are acquisition and consolidation opportunities. Our aim to double the size of the business was realised with the acquisition of Aevum in late 2010.

In Retail we will continue to develop the business by enhancing the existing retail assets to improve their quality and position in the market.

In delivering our 3-R strategy we achieve competitive advantage through our customers, products and communities. These focus areas are discussed in detail through this report in our work on customer engagement, housing affordability and community development. It is also through these focus areas that our social and environmental sustainability goals are embedded into our group strategy.

WHAT WE AIM FOR	HOW WE DO IT	OUR COMPETITIVE ADVANTAGES
<p>To be a trusted partner with government to deliver vibrant and sustainable communities, retail centres and social hubs</p> <p>To deliver our customers <i>a better way to live</i></p> <p>To be Australia's pre-eminent greenfield community developer</p>	<p>Create market leading capabilities for the development and management of residential communities, retirement villages and retail centres across Australia</p> <p>Where possible, to bring all three businesses together in major projects under the one brand</p> <p>Work with government to facilitate the provision of early infrastructure (transport, education, jobs) to embed community well-being</p>	<p>Faster speed to market by building trust with key approval authorities and other stakeholders</p> <p>Higher Residential and Retirement Living sales rates and prices by putting infrastructure on the ground ahead of our competitors</p> <p>Higher occupancy in our retail centres through our focus on day-to-day convenience and by not over-building</p>

Delivering on our growth strategy

In FY11 we continued to execute our 3-R growth strategy focused on Retail, Retirement Living and Residential development.

RESIDENTIAL	RETIREMENT LIVING	RETAIL
<p>We entered three new growth corridors in Residential, acquiring projects with an end value of \$4.8 billion on capital efficient terms.</p>	<p>We diversified geographically and established a national platform by entering WA, SA and ACT markets. We now have critical mass in Vic, NSW and Qld. Through the acquisition of Aevum and three RVG villages we are now achieving economies of scale.</p>	<p>We continued to re-weight the Commercial Property portfolio towards high quality retail assets with the acquisition of Hervey Bay and Point Cook shopping centres. Both centres are well located in strong growing markets and can be expanded over time. Our retail development pipeline to improve existing centres is on schedule and budget. As at 1 July we had disposed of a further \$380 million of generally smaller and management-intensive office and industrial assets.</p>

ABOUT STOCKLAND OUR VALUE CHAIN

Our value chain

We own, manage and develop property and operate across most parts of the property value chain. However, we engage others to carry out building works, deliver services such as security and cleaning and provide audit and consultancy advice.

Our primary areas of direct activity
Owner

We own shopping centres, office buildings, industrial sites and retirement villages. We manage the acquisition process and are responsible for protecting and enhancing the long-term value of our assets. As a building owner, we have the capacity to make investment decisions that impact the performance of these assets over time.

Asset and property manager

We also manage shopping centres, office buildings, industrial sites and retirement living villages. We manage the large majority of the assets we own, including retirement villages, following the acquisition of Aevum, as well as those assets that are held in our unlisted property funds. This gives us significant influence over the performance of these assets.

Developer

We develop projects nationally, including residential communities and new and substantially refurbished retail, office and industrial projects. As a developer, we have significant capacity to shape environmental and social outcomes. However, our capacity to direct supply chain decisions, such as the selection of building materials, suppliers and construction waste management service providers, can be limited in some instances as we are not a principal contractor (builder).

For the purposes of reporting energy and greenhouse gas emissions under the Federal Government's *National Greenhouse and Energy Reporting Act*, we are considered to have operational control of our residential developments. We have commenced reporting on the energy and greenhouse gas emissions from those sites in this report.

Our areas of influence
Fund manager

We act as an unlisted property fund manager for a small number of retail and office assets and residential sites. Typically, the fund manager has some scope to influence social and environmental performance through directing the property manager. As we are generally both the fund manager and the property and asset manager, we are able to exercise a reasonable level of control over the environmental performance of these assets.

Design

Our involvement in the design process is largely limited to design management. Generally, we engage design consultants such as planners, architects and engineers to provide detailed solutions and documentation. In setting project briefs and managing the design process through Design and Development Managers, we can greatly influence design solutions for communities and buildings, and their social and environmental impact.

Builder (principal contractor)

Over the past year we have not taken on the role of builder. We engage contractors who are equipped to deliver this service and manage the associated risks. Through our Development and Project Managers however, we have the opportunity to define and clearly set expectations with our builders, particularly in terms of labour conditions for construction workers, including health and safety, as well as environmental management.

Commercial office leasing

Commercial leasing is undertaken by contractors. Consequently, this limits our capacity to influence our prospective tenants' perception of the value of energy efficiency and high environmental performance.

In 2011

We are responsible for protecting and enhancing the long-term value of our assets

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As a developer we have significant capacity to shape environmental and social outcomes

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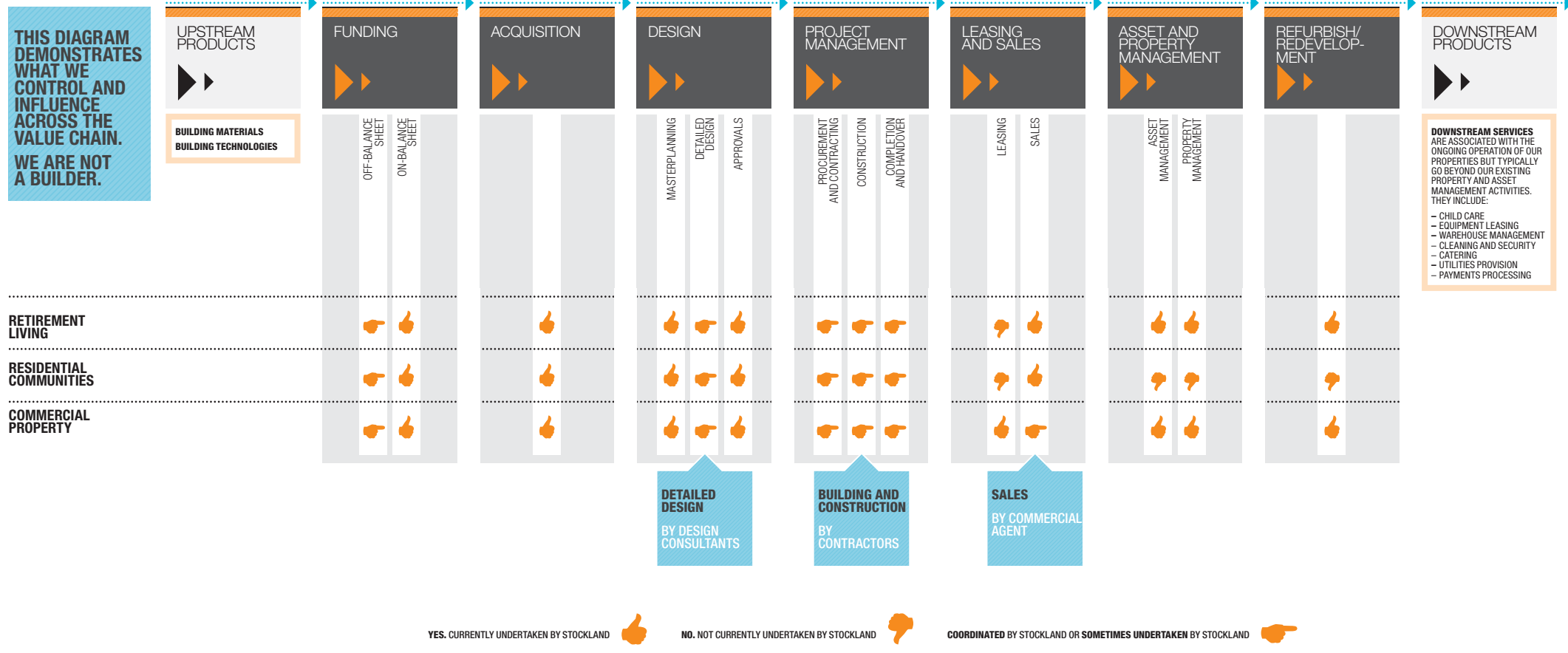
Upstream products, including building materials

Many upstream products such as building materials are generally selected by our builders. This can limit our ability to direct the selection of environmentally and socially appropriate materials. We can guide the performance attributes of building materials by setting clear briefs and highlighting the value we place on sustainability performance. Our commitment to using Green Star rating tools aids this influence.

Downstream services, including cleaning and security

We have some capacity to influence the sustainability performance of our service providers, such as cleaning and security providers. In particular, we have made clear our expectations to our service contractors through contracts and services level agreements that they provide their workers with fair working conditions. We also have the capacity to audit our suppliers' performance against agreed principles and contract terms.

Value chain



ABOUT STOCKLAND **GOVERNANCE****Governance**

The Board takes its governance responsibilities seriously and believes it has the necessary mix of experience and skills to oversee the high standards of corporate governance, integrity and accountability required of a professional and ethical organisation. Details of our corporate governance policies and practices are outlined in our Financial Report 2011.

The Board believes that Stockland's governance accords fully with the principles and recommendations of the ASX Corporate Governance Council. Our key policies and the charters for Board Committees can be found on our website www.stockland.com.au.

Risk management

Risk management involves continuously identifying, evaluating and monitoring exposures. Risks can be managed by introducing policies, procedures and work practices. We believe, however, that sustained risk management requires a risk-aware culture where risk management is embedded into the daily management and operation of our organisation.

In FY11, we have strengthened our focus on risk management at the Board level by creating a new Risk Committee to monitor risks across our business and our financial operations. The Risk Committee's charter encompasses a review of risk management issues previously the responsibility of the Treasury Committee (including funding, liquidity, interest rate and counter-party risks), the CR&S Committee (health and safety risks) and project and operational risks.

In FY11 we deepened our risk management culture by facilitating a series of Risk Masterclass sessions to business leaders across the organisation. We believe we can further improve our culture of risk awareness through sharing best practice and risk management expectations with middle management.

Group Risk also facilitated an increased organisational risk focus by actively supporting the identification of material risks to business operations and developing key financial metrics for use in investment decisions.

During the year we have increased the visibility of our existing Fraud and Whistleblowing policies by creating a module for inclusion within our mandatory compliance training. In addition, a Fraud workshop was conducted for key teams in the organisation. We have introduced an anonymous Tell Me function on our intranet encouraging employees to speak up on suspected fraudulent or corrupt practices.

Over the past 12 months, our Group Risk and Sustainability teams have actively collaborated to consider the impact of non-financial risks to inform strategic decisions.

In FY12, the Group Risk and Sustainability teams will continue to work closely together to further embed risk awareness of non-financial risks across the organisation.

In 2011

We believe sustained risk management requires a risk-aware culture where risk management is embedded into the daily management and operation of our organisation

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Our Group Risk and Sustainability teams have actively collaborated to consider the impact of non-financial risks to inform strategic decisions

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ABOUT STOCKLAND **KEY FINANCIAL RESULTS****Key financial results**

UNDERLYING PROFIT \$M	
FY11	752.4
FY10	692.3
FY09	631.4
FY08	674.0
FY07	611.0

Underlying Profit

We achieved an 8.7 per cent increase in Underlying Profit. This reflects the profit we realise through our daily business operations. The result is underpinned by growth in each of our three core businesses and a particularly strong performance from Residential Communities.

UNDERLYING EARNINGS PER SECURITY ¢	
FY11	31.6
FY10	29.1
FY09	36.5
FY08	46.2
FY07	44.0

Earnings per security

Our underlying earnings per security was 31.6 cents, up 8.6 per cent on last year.

DIVIDEND AND DISTRIBUTION PER SECURITY ¢	
FY11	23.7
FY10	21.8
FY09	34.0
FY08	46.5
FY07	44.3

Dividend and distribution per security

Total distributions for the year were 23.7 cents per security, which represents a total payout of \$564.8 million. The Board's policy is to pay to securityholders the greater of 75 per cent of Underlying Profit or Trust Taxable Income.

STATUTORY PROFIT \$M	
FY11	754.6
FY10	478.4
FY09	(1,801.9)
FY08	704.6
FY07	1,716.3

Statutory Profit

Our Statutory Profit takes into account fair value changes of our investment properties and other significant items set out fully in the Financial Report. The improvement of 57.7 per cent reflects increased operating returns and more stable investment property values.

WEIGHTED AVERAGE COST OF DEBT FY11 %	WEIGHTED AVERAGE DEBT MATURITY YRS	GEARING %
5.7	5.9	22

Balance sheet

We maintained a conservative balance sheet with gearing below our target range of 25 to 35 per cent, but up from 18 per cent last year. This gearing level is conservative given the challenges faced by global financial markets.

Our approach



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

OUR APPROACH **OUR REPORTING APPROACH****Our reporting approach****About this report**

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

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

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

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

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

Our material issues

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

Step 1 – Information capture

This included examining:

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

Step 2 – Prioritisation of issues

This process prioritised issues based on:

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

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

Reporting standards

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

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

Scope of report

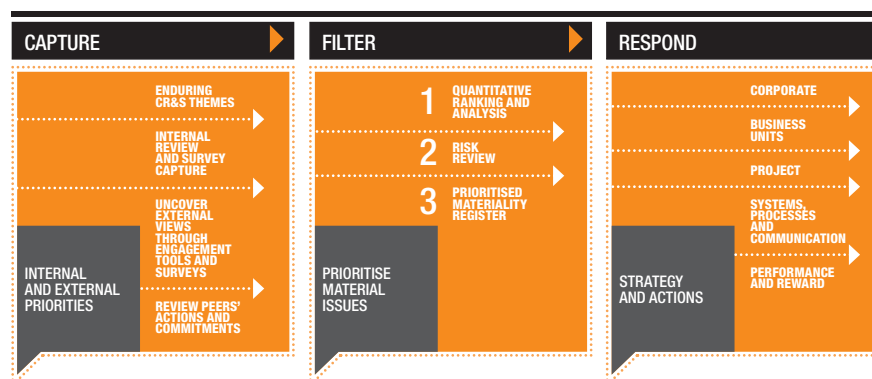
All material is to be read as relating to our Australian operations except where indicated. We have reported on our UK operations separately under the Stockland UK section.

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

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

Evolving our reporting

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

Stockland annual reporting 2011**PRIORITISING MATERIAL ISSUES
TO INFORM OUR CR&S STRATEGY**

OUR APPROACH OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRATEGY

Our Corporate Responsibility and Sustainability strategy

Creating sustainable value

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

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

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

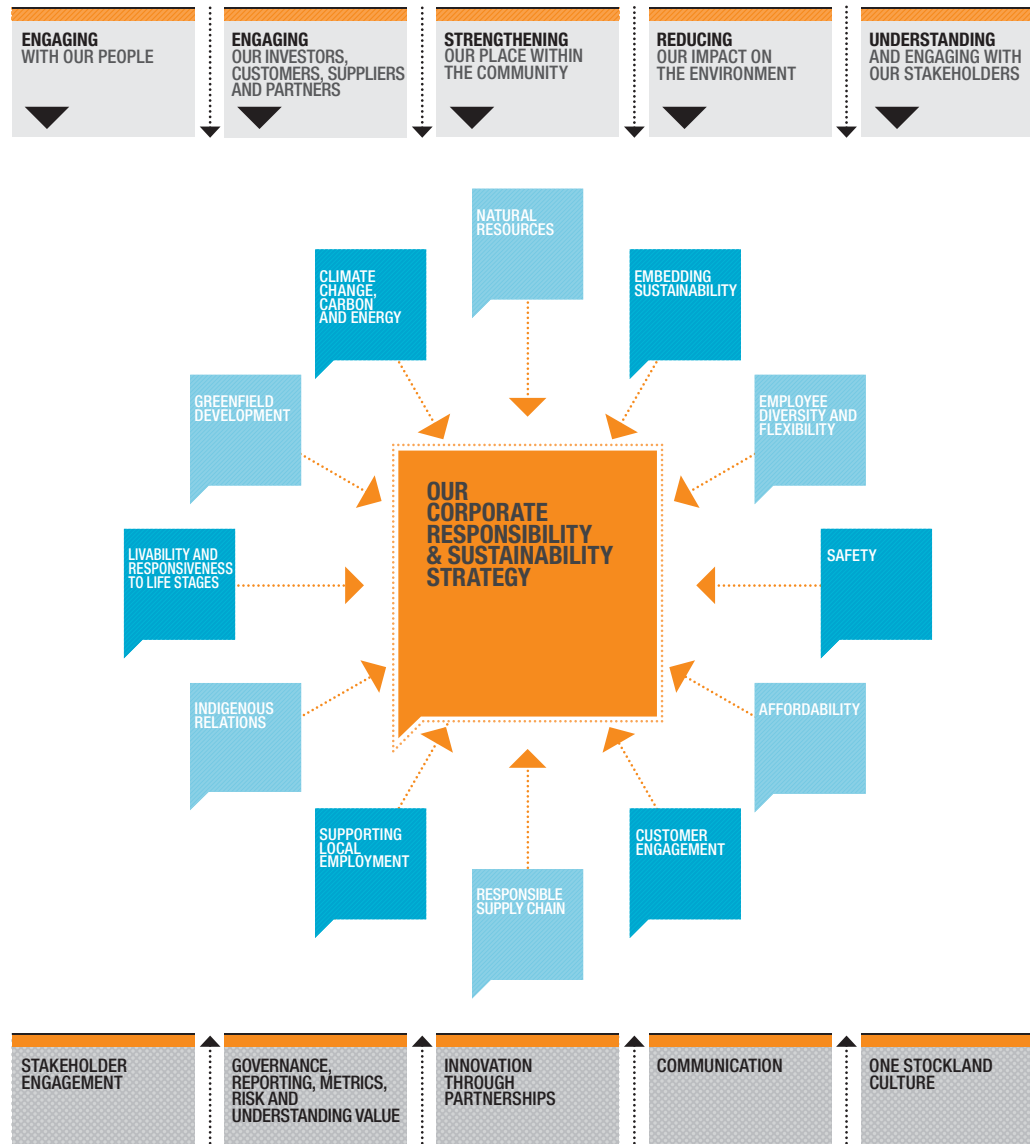
To ensure our approach is informed by our stakeholders and that our focus areas are aligned with our current material issues, our CR&S strategy is reviewed annually. Our annual Stakeholder Engagement Forum, which brings together all areas of the business with key stakeholders from various backgrounds,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

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

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

ENABLERS
CONSTANT
COMMON PRACTICES
AND VALUES THAT
INFLUENCE OUR
PERFORMANCE

OUR CR&S SUSTAINABLE STRATEGY



OUR APPROACH OUR CORPORATE RESPONSIBILITY AND SUSTAINABILITY STRATEGY

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

CR&S Governance

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

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

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

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

In 2011

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

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

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

Our strategic approach

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

The material issues identified for the coming year are:

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

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

The five common practices identified were:

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

OUR APPROACH **RESIDENTIAL SUSTAINABILITY POLICY**

Residential approach

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

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

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

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



In 2011

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

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

OUR APPROACH **RETIREMENT LIVING SUSTAINABILITY POLICY****Retirement Living approach**

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

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

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

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

Retirement Living Green Star

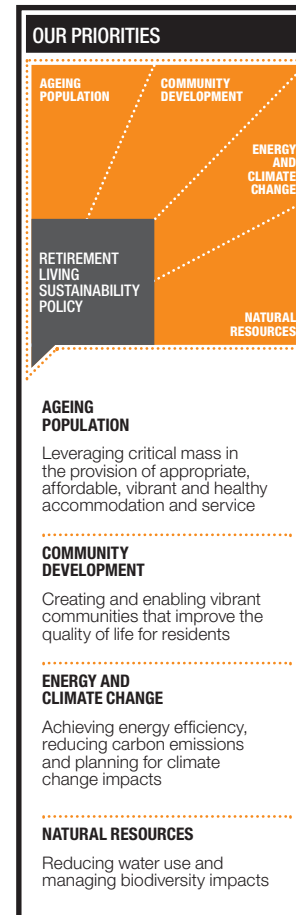
An important focus for our Retirement Living business in FY12 is working with the Green Building Council of Australia (GBCA) to achieve two industry firsts that will enhance our sustainability strategy and policy in future years:

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

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

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

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

**RETIREMENT LIVING
SUSTAINABILITY POLICY****In 2011**

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

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

piloting the public building tool on a Retirement Living community centre

OUR APPROACH **COMMERCIAL PROPERTY SUSTAINABILITY POLICY****Commercial Property approach**

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

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

The Commercial Property priorities remain:

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

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

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

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

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

COMMERCIAL PROPERTY SUSTAINABILITY POLICY**In 2011**

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

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

OUR APPROACH **RESPONSIBLE INVESTMENT****Responsible investment**

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

UN Principles for responsible investmentLAST YEAR **WE SAID WE WOULD****Past**

We will incorporate environmental, social and governance (ESG) issues into the investment analysis and decision-making process.

We will be active owners and incorporate ESG issues into our ownership policies and practices.

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We will promote acceptance and implementation of the Principles within the investment industry.

We will work together to enhance our effectiveness in implementing the Principles.

We will report on our activities and progress towards implementing the Principles.

THIS PAST YEAR **WE HAVE****Present**

Continued to develop and implement a number of analysis and decision-making tools as well as research project findings, minimum ESG standards and guidance documents. Our work on climate change adaptation, integrated community development initiatives across the organisation and asset specific marginal abatement cost curves are key initiatives that highlight our commitment.

Prepared stakeholder engagement plans for 100 per cent of our Residential, Retirement Living and Commercial Property assets and objectives and minimum sustainability standards set for both the operational and development parts of our projects. This ensures sustainability initiatives are carried through the life of a project.

Disclosed the environmental and social performance of our projects through our annual CR&S report. We have expanded our acquisition requirements to include NABERS ratings and the environmental data of existing assets.

Initiated engagement with our property peers and service providers on the purpose of the principles and to promote ESG performance indicators. We communicate our CR&S performance to our investors as part of our bi-annual investor presentations.

Supported the uptake of ESG principles and industry activities within and beyond the property sector, through actively promoting and participating in numerous business and industry groups. Stockland became a member of the Business Reporting Leaders Forum (BRLF) in FY11. This forum allows us to collaborate with Australian stakeholders and work with global initiatives to promote and drive the development and implementation of a strategy aligned integrated business reporting framework, encompassing ESG as well as financial reporting, with the goal of reducing complexity and enabling efficient allocation of capital.

We are committed to reporting on our progress in future CR&S reports.

Our stakeholders – progress and priorities

LAST YEAR WE SAID WE WOULD

Past

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

Consolidate regular updating and reporting processes for stakeholder engagement plans.

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

THIS PAST YEAR WE HAVE

Present

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

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

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

RESULTS

ACHIEVED
OUTCOME ★

ACHIEVED
OUTCOME ★

FY12
PRIORITY 🚩

IN THE COMING YEAR OUR PRIORITIES ARE

Future

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

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

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

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

OUR APPROACH **STAKEHOLDER ENGAGEMENT****Our stakeholders**

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

OUR STAKEHOLDERS

OUR APPROACH **STAKEHOLDER ENGAGEMENT****Stakeholder engagement**
Our commitment to stakeholder engagement

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

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

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

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

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

Our stakeholders

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

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

Our stakeholder engagement approach

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

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

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

In 2011

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

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

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

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

Stakeholder engagement plans

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

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

OUR APPROACH **STAKEHOLDER ENGAGEMENT****PROJECTS WITH
A STAKEHOLDER
ENGAGEMENT
PLAN****100%****AVERAGE PRIORITY
STAKEHOLDER
ENGAGEMENT
PLAN RIGOUR
TEST SCORE****4.5/5****AVG. PRIORITY PROJECT STAKEHOLDER
ENGAGEMENT PLAN RIGOUR TEST OUT OF 5**

FY11	4.5
FY10*	3.6
FY09	3.8
FY08	2.4

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

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

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

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

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

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

Engaging with Indigenous communities

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

In 2011

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

—

Stockland UK

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

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

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

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

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

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

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

OUR APPROACH **AEVUM****Aevum**

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

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

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

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

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

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

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

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

In 2011

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

**AEVUM
NUMBER OF
EMPLOYEES****550****AEVUM
WOMEN IN
MANAGEMENT****63.6%****Aevum employees now working for Stockland****AEVUM WORKFORCE – NUMBER OF EMPLOYEES**

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

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

AEVUM WORKFORCE – BY REGION

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

MEDIAN AGE OF AEVUM EMPLOYEES**FY11**

Aged Care	45
Villages	51

AEVUM EMPLOYEE ENGAGEMENT

Year	Aevum Villages	Global High Performing Companies Norm
FY11	74	82

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

AEVUM WOMEN IN MANAGEMENT – BUSINESS UNIT (%)**FY11**

Aged Care	75
Villages	60
Total Aevum	63.6

* Includes those in the Manager Job Band.

OUR APPROACH **AEVUM**

Gender diversity

AEVUM WORKFORCE – GENDER

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

AEVUM WORKFORCE – GENDER (%)

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

AVERAGE FIXED REMUNERATION RATIO
– GENDER AND JOB BAND

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

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

AEVUM GENDER AND AGE PROFILE

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

Turnover

AEVUM ROLLING TURNOVER (%)

FY11	Aged Care	Villages
Employee initiated	11.7	15.6
Stockland initiated	3.1	10.6
Total	14.8	26.2

AEVUM TURNOVER BY GENDER

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

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

Cyclone Yasi and flooding in Queensland

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



Queensland floods

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

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

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

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

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

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

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

Tropical Cyclone Yasi – Cairns

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

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

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

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

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



Stockland volunteer assisting the clean up after the Rockhampton floods

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

Financial support

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

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

North Shore community development

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

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

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

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

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

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

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

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

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



Aquatic Centre, North Shore

Delivering
a mix of

community
elements.



Aevum integration

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

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

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

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

Village visits

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

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

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

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

Future plans for engaging our employees

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

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



Engaging to create

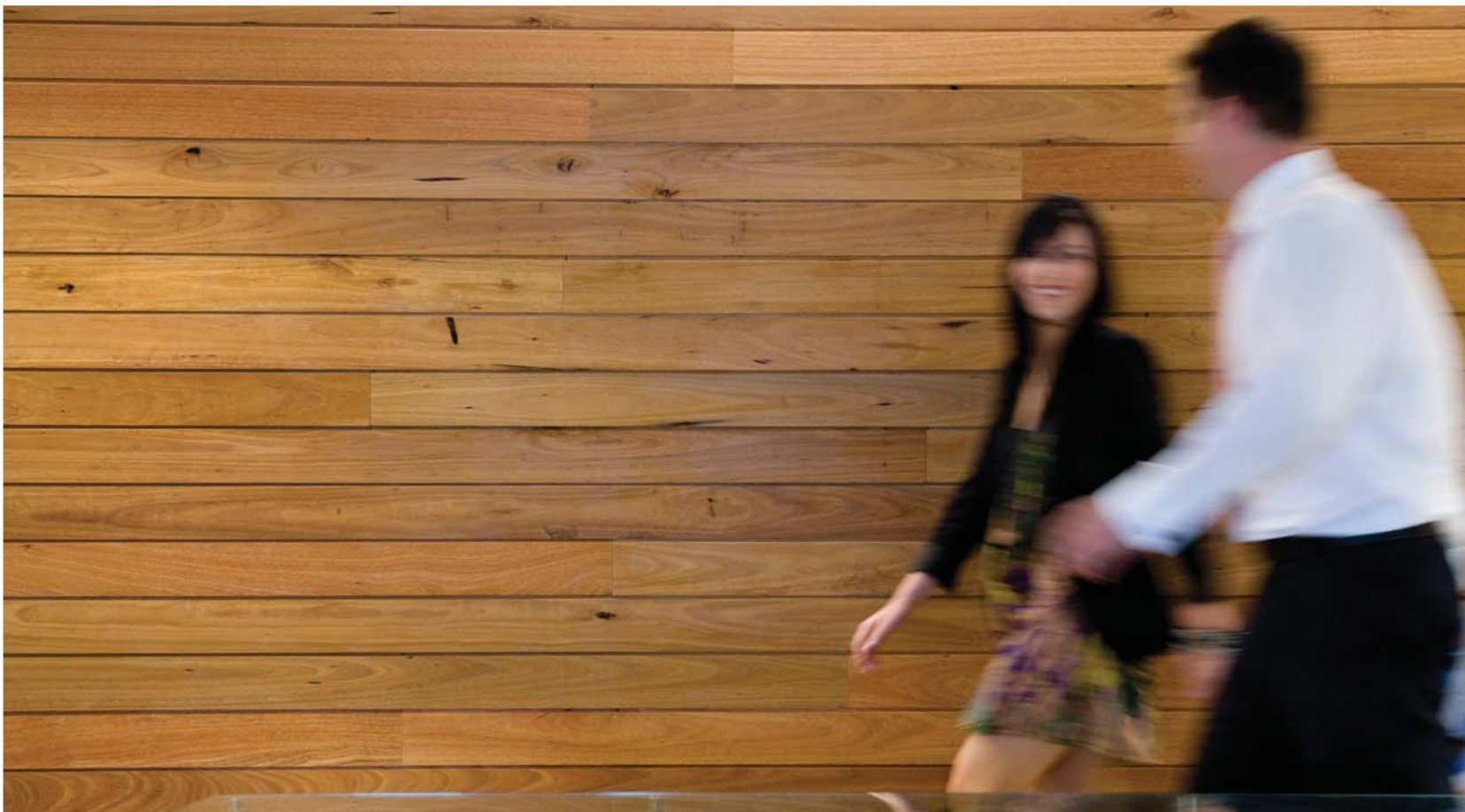
a shared sense of belonging.

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

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



Our people



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Fostering an environment where our people can give their best, continue to grow, develop their careers and make a positive contribution to our business and communities.

Our people – progress and priorities

LAST YEAR WE SAID WE WOULD

Past

People capabilities

Deliver capabilities that support the business units' growth strategies and corporate function improvement plans.

Leadership capabilities

Build the capabilities of our leaders and people managers to maintain high employee engagement and wellbeing.

Aligned, connected and engaged culture

Increase employee retention by addressing issues raised by Our Voice survey and from our quarterly Exit Survey and New Starter Survey data.

Our targets for rolling turnover for FY11 were:

- 10 per cent for employee initiated turnover (this will include regretted and non-regretted turnover),
- 15 per cent for total turnover.

Diversity and flexibility

Increase the percentage of women in management roles, in line with our target of 40 per cent by 2015.

Foster a more flexible and diverse work environment through targeted initiatives.

Occupational health and safety (OH&S)

Establish metrics on our Health, Safety and Environment (HSE) team's level of engagement with development and property sites.

Identify specific development opportunities for HSE team members.

THIS PAST YEAR WE HAVE

Present

Focused our efforts on further developing capability in our sales job team – delivering sales coaching for Sales Managers in Residential and Retirement Living and quarterly state based skills workshops for sales professionals.

Supported our Finance Transformation Program to streamline job titles and define future state capabilities.

Continued our Gateway asset management training program this year.

Developed a Leadership Success Profile that defines our Leadership Responsibilities and Attributes to support our strategy and purpose. Designed and launched a mentoring program in Corporate Services. Delivered a range of management development programs (Managing at Stockland; Leading with Insight and Building Capability).

Introduced One Up career discussions with employees and their one up manager (i.e. their manager's manager).

Held Manager Discussion groups involving 50 managers from Sydney and Melbourne to explore key issues impacting on their engagement.

Employee initiated turnover at 14.5 per cent for FY11 continues to be a challenge, requiring an increased focus in the year ahead.

Increased the percentage of women in management roles from 35 to 37 per cent and introduced two new women's development programs – the Future Women Leaders Program and the Senior Women Leaders Program.

Introduced a workshop for our Leadership Team to build a greater awareness of unconscious bias and its implications for business.

Embedded our Parental Transitions Program, with the return rate of employees from parental leave increasing to 94 per cent.

Expanded our involvement in the Stepping Into work experience program for tertiary students with a disability.

Reviewed individual OH&S accountabilities and responsibilities in all our job roles across the business and developed new OH&S lead indicators that will focus on driving proactive safety performance through a range of initiatives aligned with a National OH&S Strategy.

Commenced briefings on the new Workplace Health and Safety Harmonisation Laws to our Executive and Senior leadership teams.

Developed and implemented National OH&S Strategy with our OH&S team broadening their capability to impact safety performance at a national level.

Conducted an OH&S National Internal survey with over 100 frontline managers to identify key issues and requirements to assist with the development of procedures, reporting and analysis, legal requirements and contractor management. The feedback was integrated into the national OH&S Strategy.

Changed the Health, Safety and Environment function name to Occupational Health and Safety (OH&S) to focus on and reinforce the core responsibilities of the team.

RESULTS

ACHIEVED
OUTCOME ★

ONGOING ↻

ONGOING ↻

ONGOING ↻

ONGOING ↻

IN THE COMING YEAR OUR PRIORITIES ARE

Future

Deliver capabilities that support business unit growth strategies and corporate function improvement plans

Design and deliver management and leadership development initiatives aligned with the new Leadership Success Profile.

Extend the mentoring program more broadly across the organisation.

Reduce employee initiated turnover to 10 per cent or below.

Review and update our performance management and reward frameworks.

Increase the percentage of women in management roles, in line with our target of 40 per cent by 2015.

Foster a more flexible and diverse work environment through targeted initiatives.

Continue to deliver briefings on the new Workplace Health and Safety Harmonisation Laws to our workgroups across the business.

Develop OH&S Risk Leadership Standards.

Deliver OH&S Risk Leadership Training.

Upskill our OH&S team members and qualify them as ASNZ4801 Safety Management Systems accredited auditors to assess compliance with our new Safety Management System.

Implement new safety management system and audit program aligned with ASNZ4801.

OUR PEOPLE **EMPLOYEE ENGAGEMENT**

Fostering an environment where our people can give their best, continue to grow, develop their careers and make a positive contribution to our business and communities is central to Stockland's ongoing success.

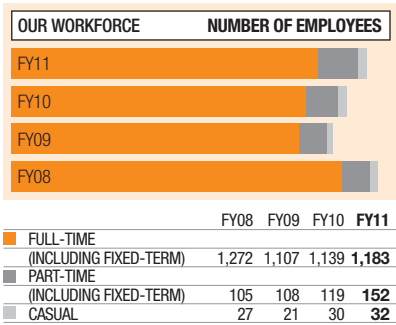
To ensure our people initiatives are contributing to creating this environment, each year we identify strategic focus areas and related projects as part of our People Strategy. For FY11, we had five strategic focus areas:

- Build people capabilities to support our business growth plans,
- Strengthen our leadership capabilities,
- Foster an aligned, connected and engaged culture,
- Support diversity and flexibility, and
- Master the human resources fundamentals.

Through the year, we have implemented a range of initiatives in support of these strategic areas and some of these are outlined in this section.

One of the important initiatives this year was the work on defining our organisational purpose (see case study). This was a program conducted over several months that engaged a significant number of our employees at all levels to help shape and define our new purpose.

A purpose portal was created to facilitate employee involvement along with a range of face-to-face opportunities. In total, around 1,100 employees have visited the portal since the launch and 10 workshops were conducted across the country which involved 145 employees.



Boundary:
We are working hard to integrate Aevum employees into our people systems. References to all employees refers to those employees that are inducted into Stockland systems.

In 2011

Our increase in engagement was largely driven by a reported improvement in team morale and an improvement in how energised people feel to go the extra mile

Our One Up initiative gives our employees the opportunity to share their career aspirations, explore broader career development options and build a stronger relationship with their manager's manager

Employee engagement

Our Voice

The Our Voice employee opinion survey is a key source of feedback from our employees that helps us continue to enhance our workplace. 2011 was the seventh consecutive year that we have conducted the survey, demonstrating Stockland's commitment to listening and responding to our people. The survey is used to understand what we are doing well and to identify areas where we can improve to drive better outcomes for our employees and our business.

In addition to developing an organisation-wide response to the survey, debriefing sessions are held in each team to better understand the feedback from the survey and identify strategies to address local issues.

Employee engagement is a key indicator that gives us an insight into how our people think, feel and act at Stockland. We measure it using a set of questions benchmarked by our survey provider Towers Watson. Pleasingly, in 2011 our employee engagement score was 84 per cent, up two points from the prior year and three points above the Global High Performing Norm (GHPN), Towers Watson's highest benchmark. The increase in engagement this year was largely driven by a reported improvement in team morale (up four points) and an improvement in how energised people feel to go the extra mile (up six points).

Compared to last year, several categories registered improved year on year scores, including:

- Pay – this was the most improved category with a seven point improvement since 2010. The increase redressed the decline in the same category from the 2010 survey.
- Balancing Work/Life – this category improved by five points and is 10 points above the GHPN. Stockland has invested significantly in the past years to encourage more flexible working arrangements (see our Section on Diversity and Inclusion for further details).
- Working Relationships/Collaboration – this category improved by four points. We have focused on strengthening cross business relationships and in 2010 established several improvement projects to deliver a One Stockland approach to key business capabilities.

Our purpose

Employees have consistently indicated through the Our Voice surveys that opportunities for professional and career development are the primary drivers for working at Stockland. We introduced further initiatives in the past year to respond to this feedback. The first was a Stockland-wide initiative called One Up which is a discussion between an employee and their one up manager (i.e. their manager's manager) where the employee has an opportunity to share their career aspirations, explore broader career development options and build a stronger relationship with their manager's manager.

The second was a pilot Mentoring Program that was launched in Corporate Services and will be progressively rolled out over the remainder of the year. All employees in Corporate Services were invited to participate in the program and we have 45 mentors and 56 people as mentees. In February and March 2011 mentors and mentees were trained to provide them with the skills required to for the mentoring relationship. The evaluation of the program after three months showed that 90 per cent Agreed or Strongly Agreed that the mentoring program has met their expectations.

Our key areas of focus for improvement in the year ahead are:

- Improving employee retention – while intentions to stay have improved from 2010, there are still just over 10 per cent of employees who have indicated they are seriously considering leaving Stockland. This, coupled with our current employee initiated turnover rate at 14.5 per cent, is an area we wish to focus on to minimise our turnover rate.
- Our customer category score was slightly below the GHPN and in light of our new organisational purpose, customers will be a key focus area for the year.
- Our people indicated that improving work processes and systems is their highest priority. To that end, our Finance Transformation Project is now well underway and aims to improve all our core finance systems and processes.

In 2010 we acknowledged that our organisation's vision – to be a world class property company – was less compelling for our people than it once was. We also noticed a growing focus on community in the language and actions of our employees and were keen to understand this better.

As we began to explore these issues we soon came to realise that what we were lacking was a clearly articulated purpose. We believe purpose-driven organisations are more inspiring for employees, stakeholders and customers.

We also discovered that true purpose comes from within. It is not what we do, or how we do it, but why we do it. So began our process of discovery, to articulate our purpose.

The process involved thorough stakeholder engagement:

- We reviewed all existing customer, investor and media research.
- We interviewed all of the Executive Committee and the Board of Directors.
- We invited guest speakers to share new ideas with employees.
- We set up the Purpose Portal – an online blog and interactive website. Nearly all employees visited the site and many uploaded videos, images and stories.
- We held 10 Purpose workshops across the country.
- Finally, all of this information was reviewed and distilled by the Steering Committee, and a common purpose was defined.

Our people provided passionate feedback about why they are proud to work at Stockland and what sets us apart. Here are two very representative contributions from our interactive website:

"We are a company that strives to be a model corporate citizen in our approach to our customers, our people and our responsibilities to the environment and to the communities we serve."

"I am proud of the legacy of quality developments we are leaving as we shape the communities of the future to meet the needs of Australians of all ages."

The process to define the purpose set a new standard in communication, with greater emphasis on two-way conversations with our people through the Purpose Portal. It's a standard that fits well with the purpose we discovered:

We believe there is a better way to live.

Since launching this purpose in March 2011 we have continued this new approach to communication to maintain the momentum we created throughout the process. Employees continue to use the portal, to share examples of how they are delivering a better way. We have also continued our guest speaking program, to encourage employees to think about things in new ways. Of course, leadership remains critical to our success. People managers have played a key role in communicating with their teams and our six-monthly May employee roadshow, which sees our senior executives present to employees around the country, was themed around our new purpose.

And to ensure our purpose is more than words, work is continuing on several streams aligned to our purpose including: people capabilities (discussed under capability development); processes and decision-making; customers; collaboration and KPIs; community development; brand; community involvement; stakeholder engagement; and metrics and measurement.

Our purpose

a better way to live.

We are a company that strives to be a model corporate citizen in our approach to our customers, our people and our responsibilities to the environment and to the communities we serve

OUR PEOPLE **EMPLOYEE ENGAGEMENT****Diversity and inclusion**
Diversity in the workplace

We value diversity and aim to create a vibrant and inclusive workforce which is reflective of the communities in which we operate. Building a more inclusive workforce enables greater diversity of thought, more informed decision-making and ultimately better business outcomes.

Our Diversity Steering Committee guides our diversity and flexibility strategy, together with the implementation of our action plan. It also champions diversity across the business. Diversity forms an integral part of our People strategy with progress against our objectives and targets reported to the Board.

Over the past year our focus has been on implementing and embedding initiatives to maximise our parental leave return rate and opportunities for women in management, while building awareness about unconscious bias and creating a more disability inclusive workplace. As a result of this focus, we were recognised as a 2011 Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency (EOWA).

In the 2011 Our Voice employee survey, 94 per cent of people felt that we provide a working environment that is accepting of differences in cultural background or lifestyle.

We are determined to ensure that our workplace is free from discrimination, bullying and harassment, enabling everyone to work in a happy, relaxed and safe environment. During FY11, our two-hour face-to-face training program on preventing workplace discrimination and harassment was expanded to include more of our employees based in regional areas. This program supplements the online Equal Employment Opportunities training that all employees are required to complete.

This year we introduced a new training workshop for our Leadership Team to improve awareness of unconscious bias and the consequences of stereotypic beliefs. The workshop has promoted a greater awareness about the importance of, and barriers to, embracing diversity. In particular, the workshop assists in uncovering unconscious bias and identifying approaches to improve decision-making, while generating personal and organisational commitments to embrace diversity into business as usual activities. By taking proactive steps to minimise unconscious bias, we help avoid potential discrimination.

We accommodate the Diversity Council Australia (DCA) in our Sydney and Melbourne offices, providing workstations and IT facilities free of charge. DCA is an independent not-for-profit diversity adviser to businesses in Australia. This arrangement provides us with the opportunity to collaborate with the DCA on how we can enhance diversity in our workplace.

Gender diversity

In accordance with the Australian Stock Exchange Corporate Governance Principles and Recommendations, we have adopted a Gender Diversity Policy that includes measurable objectives relating to gender. This policy is available on our website, and we provide an update on progress against our objectives annually in this report. Our aim is to increase the percentage of women in management roles, which over the past year has increased from 35 per cent to 37 per cent. We have set a target to increase the number of women in management roles to no less than 40 per cent by 2015.

93 per cent of people felt that we provide a working environment that is accepting of gender differences, according to our 2011 Our Voice opinion survey.

Two new accelerated development programs have been implemented to maximise opportunities for women in leadership at Stockland. The Future Women Leaders Program is targeted at emerging talent, while the Senior Women Leaders Program is designed for experienced managers. Both programs are facilitated by an external consultancy specialising in maximising opportunities for women in business. The programs were recommended for implementation by our 2010 Peter Daly Fellowship winners, with the content reflecting their global best practice research findings. See our case study on women in leadership.

5 YEAR TARGET
FOR WOMEN IN
MANAGEMENT
ROLES
%
40

ACCEPTING OF
GENDER
DIFFERENCES IN
THE WORKPLACE
%
93

We are a corporate member of Women on Boards (WOB), a national program for women seeking to enhance their career through director roles with public companies, community and not-for-profit boards. This program provides our female employees with access to a range of valuable resources, networking and professional development opportunities. This year WOB facilitated an in-house workshop on Realising your board potential, designed to assist our women to maximise their opportunities for board selection. Since becoming a corporate member of WOB last year, over 40 women at Stockland have registered to participate in WOB activities.

We continue to sponsor the National Association of Women in Construction (NAWIC), an organisation that aims to advance the interests of women in the industry and recognise their achievements. Natalie Myatt (Regional Asset Manager) was awarded a 2011 NAWIC International Women's Day Scholarship which provides the opportunity for women in the construction industry to develop a White Paper. Natalie's research will provide Stockland and the Australian construction industry with a set of guidelines to assist in implementing social sustainability policies. At the 2011 Property Council of Australia National Innovation and Excellence Awards, Natalie Myatt also won the Future Leader of the Year Award. This award provides Natalie with the opportunity to travel overseas and develop a method to assess business value delivered by social responsibility.

We continue to sponsor the Urban Design Institute Australia (UDIA) NSW and Stockland Women in Development Leadership Award. This award acknowledges, encourages and promotes the positive contribution of women to the NSW property industry.

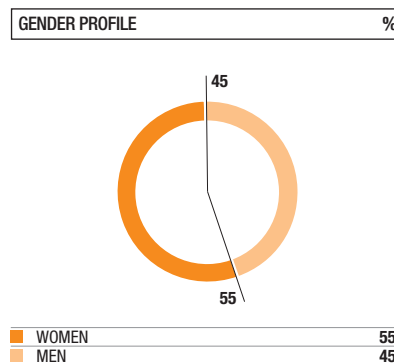
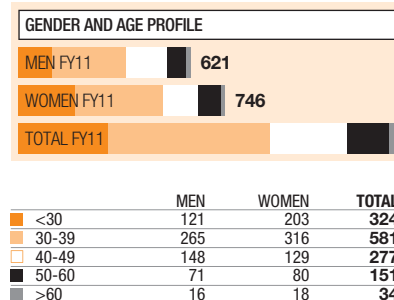
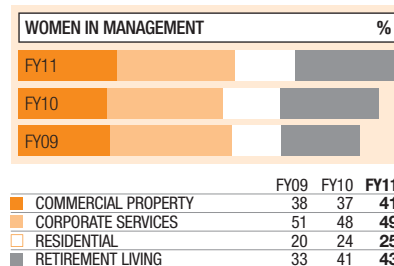
MEDIAN AGE OF EMPLOYEES

FY11	35
FY10	35
FY09	35
FY08	34
FY07	34
FY06	34

OUR PEOPLE **EMPLOYEE ENGAGEMENT**

International Women's Day acknowledges the economic, political and social achievements of women. This year Stockland celebrated the day by supporting the charity Dress for Success, improving employment opportunities for disadvantaged women.

Our Parental Transitions Program provides comprehensive support for employees preparing to commence or return from parental leave. A selection of the initiatives available include a one day seminar for working parents expecting a child, a comprehensive practical parenting information pack, keeping in touch events and a subscription to a helpful Australian parenting magazine. These benefits reflect our continued commitment to helping our employees balance their career and family responsibilities. During the year, we enhanced our parental leave policy providing eligible employees commencing parental leave (as the primary caregiver) with 15 weeks paid leave – an increase of three weeks compared to our previous policy. Stockland's Paid Parental Leave Program operates independently and in addition to the Australian Government's new Paid Parental Leave (PPL) scheme.

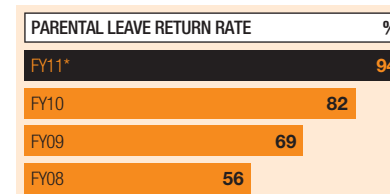
**Workplace flexibility**

Our commitment to embracing flexible working has expanded beyond the minimum requirements outlined in the *Fair Work Act*, to provide all employees with the opportunity to request flexible working arrangements. Our online flexible working requests system enables Human Resources to track all requests and assist managers in implementing appropriate solutions. In FY11, 30 new formal flexible working requests were approved by managers for implementation.

In the 2011 Our Voice employee survey, 91 per cent of people felt that their manager is considerate of their life outside of work – 12 per cent above the Towers Watson GHPN.

Furthermore, 83 per cent of employees believe that their working arrangements provide sufficient flexibility to meet their personal/family needs, which is 6 per cent above the GHPN. As part of our commitment to enabling workplace flexibility, a Balancing Work and Home seminar was held in Brisbane, Sydney and Perth. Attended by over 50 employees, the seminar was facilitated by Davidson Trahaire Corpsych, Stockland's Employee Assistance Program provider.

During 2011 we are co-sponsoring a comprehensive research project From Marginal to Mainstream – making flexibility standard business practice being undertaken by the Diversity Council of Australia. The research project will provide a valuable insight into Australian employment and diversity-related workplace trends by demonstrating how men can play a key role in mainstreaming flexibility, and identifying actions which can be taken by organisations, work teams and employees to make flexible careers standard business practice. Results of this comprehensive research study will be available in November 2011.



* Total includes 52 females and 2 males for FY11.

Disability inclusiveness

Over summer 2010/11 Stockland provided paid work experience opportunities to eight university students with a disability. The students worked in our Sydney, Brisbane and Melbourne offices as part of the Stepping Into Program, undertaken in conjunction with the Australian Network on Disability (AND). We also hosted two training seminars for AND at Stockland Head Office. Our commitment to advancing the equitable inclusion of people with disability has been recognised with Stockland's membership of the Australian Network on Disability being elevated from silver to gold standing.

Eighty-eight per cent of employees believe that Stockland provides a working environment that is accepting of people with a disability.

Stockland also participated in the Willing and Able Mentoring (WAM) Program, developed by Deakin University and the University of Melbourne. The program offers tertiary students with a disability the opportunity to help launch their professional career by matching the student with a mentor working in the relevant functional area.

We have made significant commitments to improving the accessibility of our assets. For more information please refer to the Accessibility and Livable Housing Design section.

“My fiancé and I have been thrilled by the parental transitions program from our paid parental leave scheme, the information package and magazine subscription, to our return to work lunch in head office. It is lovely to feel like such a valued member of the Stockland team

Elesha Landy
Marketing Manager,
Stockland Glendale

OUR PEOPLE **EMPLOYEE ENGAGEMENT****Ethnicity and Indigenous Australians**

As part of celebrations for Mabo Day on 3 June 2011, Stockland Head Office hosted an Indigenous exhibition featuring a portrait of Bonita Mabo. The painting was commissioned by The Aboriginal Arts Residency Kenmore (AARK) and painted by Gregory S Fergusson with Samara Littlemore. Mabo Day commemorates the landmark decision by the High Court of Australia in the *Mabo versus Queensland* court case, which led to the Commonwealth Native Title legislation. Bonita Mabo is the wife of Edward Koiki Mabo who led the eponymous campaign for Indigenous land rights.

During the year, Stockland became a member of the not-for-profit organisation Australian Indigenous Minority Supplier Council (AIMSC), providing a tangible way to effectively engage with Indigenous suppliers on a business level and develop Stockland's approach to supplier diversity.

Through our participation in the Horizons Program, which provides students experiencing disadvantage with access to paid employment opportunities and mentoring support, we provided paid work experience to an Indigenous student.

We also enhance cultural awareness through our participation in A Taste of Harmony diversity celebrations. This annual event encourages employees to bring in food representing their cultural background, building a greater appreciation of the cultural diversity within our workforce.

Our community initiatives also support our commitment to diversity please refer to the Community Involvement section.

Human Rights

Our workplace human rights commitments are included in the following policies and procedures:

- Code of Conduct and Ethical Behaviour,
- Dispute Resolution Policy,
- Whistleblowing Policy,
- Health and Safety Policy.

Employee benefits

We support our employees by offering a range of benefits such as:

- Eligibility to participate in an employee share plan and short-term incentive program,
- Employee discounts for purchases in Stockland developments,
- Two days paid personal volunteering leave,
- Parental Transitions Program,
- On-site childcare centre at our Sydney office,
- Dependent care information and referral service,
- Option to purchase additional leave,
- Learning and development programs, and
- Employee Assistance Program that offers confidential counselling for employees and family members.

In 2011

As a result of this focus, we were recognised as a 2011 Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency (EOWA)

We are determined to ensure that our workplace is free from discrimination, bullying and harassment, enabling everyone to work in a happy, relaxed and safe environment

Women in Leadership – Peter Daly Fellowship

Stockland is committed to improving gender diversity in the workplace, in particular, the number of women in management roles. Gender diversity forms an integral part of our People Strategy, as having more women in leadership positions will facilitate greater diversity of thought and better business outcomes.

A range of programs and initiatives are already in place to support achievement of our gender diversity objectives such as women's networking events, a parental transitions program and access to flexible working arrangements. Recognising an opportunity to build upon these initiatives, the 2010 Peter Daly Fellowship was awarded to three female employees to undertake research on maximising opportunities for the advancement and empowerment of women in business. This annual fellowship provides an opportunity for employees to undertake an overseas study tour to research leading practices that cannot be readily accessed in Australia.

After surveying our female managers about their own experiences and researching leading practices in 20 organisations across five countries, our Peter Daly Fellowship winners finalised their recommendations to support the advancement of women into leadership roles at Stockland. These recommendations spanned three key areas: building a culture of inclusion; maximising talent development; and promoting accountability through measurement and reporting.

For further details on the research undertaken and recommendations made, please go online to see the video made by our Fellowship winners.

As a direct result of this work we have now introduced two new accelerated talent development programs that prepare women to assume leadership roles at Stockland. The Future Women Leaders Program is targeted at emerging talent, while the Senior Women Leaders Program is designed for employees already in manager roles. Both programs include a series of workshops that provide leadership training, coaching and access to valuable networking opportunities.

The team's research also identified the importance of reducing unconscious bias in the workplace. During the year we introduced an unconscious bias workshop for our Leadership Team which aims to create awareness of the business benefits of diversity, understand how unconscious bias impacts on decision-making and propose solutions to spot and redress unconscious bias.

Over the past year, the percentage of women in management roles has increased from 35 per cent to 37 per cent. With the introduction of the new programs above to supplement our existing initiatives, we are progressing well towards achieving our aim of having a minimum of 40 per cent of women in management roles by 2015.

As a direct result of this work we have now introduced two new accelerated talent development programs that prepare women to assume leadership roles at Stockland



Peter Daly Fellowship winners:
Lisa Van Erp, Kate Van Erp,
Kate Verman and Rachel McAllister.

OUR PEOPLE **EMPLOYEE ENGAGEMENT****Health, safety and wellness****Our new safer way OH&S strategy**

Consistent with the emerging National Harmonisation process that will result in the introduction in January 2012 of new Workplace Health and Safety (WHS) Laws, we have undertaken formal reviews and planning to prepare for these laws while maintaining compliance with current laws, and continuing to focus on reducing and controlling our OH&S risk exposures. The transition of Occupational Health and Safety legislation in Australia from multi-state based prescriptive legislation to a more harmonised National performance-based approach has placed greater emphasis on the need for us to adopt a national approach to managing our health and safety risks. We have responded by developing a National OH&S Strategic Plan that will see us develop effective and streamlined OH&S management systems and processes and implement a one Stockland approach to OH&S management. As part of developing the OH&S strategy, a five year trend analysis was conducted across physical asset protection, public liability and workers compensation performance. This analysis assisted in gaining a better understanding of our key OH&S risk themes and developing risk prioritised strategic objectives and planned action initiatives to continue to drive improved governance performance of OH&S.

Our two year OH&S Strategic Plan focuses on four key areas:

- Engaging and empowering visibly committed leadership,
- Simplifying and strengthening OH&S systems,
- Mitigating and managing our OH&S key risks, and
- Mastering sustainable OH&S capability and a risk aware culture.

To support our strategic refresh we have invested in a new National OH&S Systems and Assurance Manager role that will focus on the development of our National OH&S Management System, develop national programs for key risk areas such as physical asset and public safety and implement a formal audit and compliance program.

OH&S accountability and responsibility

As part of our OH&S Strategy we have completed a review of individual OH&S accountabilities and responsibilities in all our job roles across the business. The outcome of this review has been the development of new OH&S lead indicators for 2012 and an increase in the associated weightings for roles with more OH&S responsibility and accountability. The implementation of these new lead indicators will focus on driving proactive safety performance through a range of initiatives aligned with our National OH&S Strategy. We have also commenced briefings on the new Workplace Health and Safety Harmonisation Laws to our Executive and senior leadership teams to assist them in focusing on and understanding our new OH&S Strategy and how the Harmonised WHS Laws will require them to respond in their roles.

Safety management system audits

To enable us to determine how to best implement National OH&S Management systems that will focus on our key risk areas and provide, as a minimum, regulatory compliance assurance under the new harmonised WHS laws, a gap analysis audit was piloted. This audit process combines both physical asset safety controls in line with our general insurance requirements and an Australian Standards 4801 Safety Management System (ASNZ4801) tool. This combined audit program will streamline existing audit practices and provide an annual risk prioritised Safety and Asset Protection Plan for each property that will enable both property risk and safety system process and regulatory risks to be managed via a transparent and simplified process. Ongoing management will include self assessments and an annual verification process.

OH&S reporting capabilities review

Significant progress has been made in defining and developing OH&S reporting capability. A new suite of OH&S reports has been designed to measure and track performance more effectively and efficiently, minimise error thresholds and associated costs and to reflect progress with strategic objectives and managing OH&S risk. There are also a number of projects underway to automate and streamline our incident data transfers to our brokers and insurers.

In 2011

A new suite of OH&S reports has been designed to measure and track performance more effectively and efficiently, minimise error thresholds and associated costs and to reflect progress with strategic objectives and managing OH&S risk

98 per cent believe their work area is a safe place to work and 95 per cent believe Stockland does a good job of ensuring employee health and safety wherever we operate

OUR PEOPLE **EMPLOYEE ENGAGEMENT**

LOST TIME INJURY
FREQUENCY RATE
PER MILLION
PERSON HOURS
WORKED

2.15

Lost time injury rate

The Lost Time Injury Frequency Rate (LTIFR) for FY11 is 2.15 which is a 64 per cent decrease from 5.98 in 2010. The number of lost time injuries has decreased from 13 to five, with number of days lost down by 20 per cent from 87 in 2010 to 70 in 2011. This is a strong performance improvement, aligned with the strategic refresh and implementation of supporting proactive initiatives.

Our Voice survey OH&S results

Overall across our business 94 per cent of our employees think that Stockland is a place that cares about the health and safety of its employees. Ninety-eight per cent believe their work area is a safe place to work and 95 per cent believe Stockland does a good job of ensuring employee health and safety wherever we operate. Our new OH&S Strategy will assist with strengthening and streamlining our OH&S systems and procedures and include focus on key areas such as OH&S training and risk prioritised resource allocation to further improve some of these areas.

Global Corporate Challenge

For the third consecutive year we have supported and sponsored participation for our employees in the Global Corporate Challenge (GCC) – a health and wellbeing initiative developed specifically for workplaces that commenced in May 2011. Over 16 weeks participants record and enter their daily step count (or cycling or swimming distances) into the GCC interactive website. This year saw a positive increase in the number of teams registered. Last year 41 per cent of our participants reported a decrease in stress, 39 per cent reported an improvement in sleep and 40 per cent reported a loss in weight.

Customer health and safety

This year we undertook an initiative to provide our customers at all of our shopping centres and our employees with access to Automated External Defibrillators (AEDs). We have installed 46 units including the provision of additional AEDs for our own employees access at our head office locations.

We have also developed a process that requires that play areas are certified by an external certifier. The process is undertaken to ensure regular risk identification and continuous improvement monitoring to ensure our playgrounds are meeting best practice safety requirements in design, installation and equipment. Our findings provided assurance that our designs and installations are compliant with relevant Australian Standards and we have also implemented a variety of improvements that will continue to formalise and uphold our high standards of safety in this area.

HEALTH AND SAFETY PERFORMANCE

	FY11	FY10	FY09	FY08
Total average workforce*	1,330	1,243	1,320	1,372
Total hours worked	2.32 million	2.17 million	2.31 million	2.40 million
Independent contractors working on-site to whom Stockland is liable for the general safety of the working environment	Not recorded	Not recorded	Not recorded	Not recorded
Number of lost time injuries	5	13	6	7
Lost time injury frequency rate (the number of injuries per million person hours worked)	2.2	6	2.6	2.9
Number of injuries requiring medical treatment (not including lost time injuries)	8	12	12	10
Frequency rate of medical treatment (MT) injuries (the number of MT injuries per million person hours worked)	3.7	5.5	5.2	4.2
Frequency rate (LT and MT) (the number of injuries (lost time and medical treatment injuries per million person hours worked. Does not include injuries requiring first aid treatment only)	5.9	11.5	7.8	7.1
Occupational diseases instances	0	0	0	0
Fatalities	0	0	0	0
Lost days (total for the recorded lost time injuries)	70	87	31	14
Average lost day rate – severity rate (Average number of days lost per lost time injury)	14	6.6	5.2	2.3

* Average workforce uses monthly employee totals rather than end of financial year figure used in Our people metrics.

FY11 HEALTH AND SAFETY PERFORMANCE BY GENDER AND REGION

	MEN	WOMEN	NSW	QLD	VIC	WA
Number of lost time injuries	5	0	2	1	1	1
Number of occupational diseases	0	0	0	0	0	0
Number of lost days	70	0	50	17	1	2

OUR PEOPLE **LEARNING AND DEVELOPMENT**

Learning and development

Capability development

Learning and development continues to be an important part of our people proposition at Stockland and is a key factor in maintaining engagement among our employees. Our performance in this area was measured in the 2011 Our Voice survey with over 80 per cent of employees responding favourably to the training and learning questions. This is eight points higher than the Global High Performing Norm (GHPN). The personal development category also showed a favourable response rate from employees of 76 per cent, which is 10 points higher than the GHPN.

In addition to our regular provision of training and development opportunities, during FY11 we introduced some new programs designed to improve our people's experiences of working at Stockland and developing key capabilities.

During the year we delivered performance review training to more than 85 per cent of our people managers to help support them in assessing performance and holding effective review discussions with their employees. The training also helped ensure a consistent approach across the business and clear communication to employees around the process.

In 2011

We delivered performance review training to more than 85 per cent of our people managers to help support them in assessing performance and holding effective review discussions with their employees

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To help ensure new employees are able to gain an understanding of our business as quickly as possible, we reviewed and updated our orientation program this year. Under the new format, the 3-R strategy is more clearly reflected and our employees get to not only learn about each part of the business from our leaders but experience this first-hand through visiting some of our physical assets. More than 86 per cent of participants rated their satisfaction with the new program as either excellent or very good.

We also introduced a formal mentoring program for employees. The program is currently being piloted in our Corporate Services business and gives employees in this area an opportunity to gain advice and discuss career and other work related challenges with an objective party in a confidential and safe way. It also promotes relationship building across teams and knowledge sharing and development for all involved. There are currently 71 people in the program in total, 35 acting as mentors and 55 being mentored. These numbers include 21 who are both mentoring others and being mentored themselves.

Developing our leaders and managers

In light of our 3-R strategy and new purpose we reviewed the type of leadership we require to ensure our success. A project was undertaken to look at what we expect of our leaders at each level, what skills and behaviours are needed to deliver on these expectations, and what experiences are critical for them to have had prior to taking on a leadership role. The project has delivered clear leadership success profiles for each level of leadership within the business. These will be used to support recruitment, promotion and development of our leaders to continue to build our leadership capability for the future.

During the year 20 of our senior leaders completed a 360 degree leadership assessment including a professional debrief to identify development requirements.

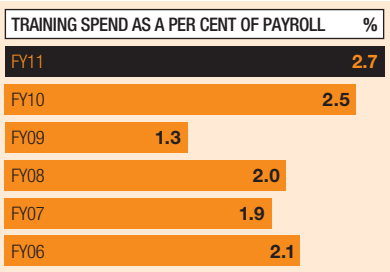
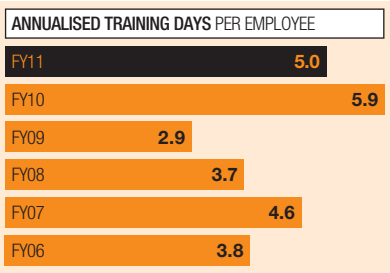
Our General Managers participated in a Leadership Development program focused on strengthening their skills in holding high stakes conversations to support both internal performance discussions and external stakeholder engagement.

Our focus for FY12 is to embed the new Leadership Responsibilities and Attributes at all levels of people management through the use of 360 degree leadership assessments, individual development plans and refreshed management and leadership development programs.

Building capability in job categories

In FY11 we focused our efforts on further developing capability in our sales job team. The year kicked off with a sales coaching program for 20 Sales Managers in Residential and Retirement Living. This was a 12 month program with a series of three workshops and monthly coach the coach forums. In addition to this, we ran quarterly state based skills workshops for our sales professionals and associates. Topics included negotiation skills, leveraging your leads and objection handling. In FY12, we will focus on creating a common sales training curriculum for our three business areas to support a One Stockland sales culture.

In our Commercial Property business 39 Asset Management employees completed the Gateway program that was launched last year. This program helps Asset Managers gain a broader understanding of all Commercial Property asset classes. Feedback on the program was very positive with 67 per cent of the participants rating their overall satisfaction with the program as either *excellent* or *very good*.



Community development training for Managers

In FY12 we are focused on ensuring community development plans become the backbone of community-focused activity at every Commercial Property asset



Enriching local communities is a key goal for Stockland's Residential and Commercial Property business units. To help achieve this, employee development in FY11 focused on embedding sustainability within our organisation, and empowering decision-makers to think big about "what I can do to deliver a more sustainable community".

Community development training

In our Commercial Property business we have developed the Stockland Four Step process, designed to make community development an integral part of the operation and development of our assets. Through the delivery of our Commercial Property Community development Toolkit and face-to-face manager workshops we have helped asset managers work with communities to understand and address their needs.

In FY12 we are focused on ensuring community development plans become the backbone of community-focused activity at every Commercial Property asset. The success of this approach will depend on our asset teams on the ground, and providing them with encouragement and support will be vital. To meet this need, we will create a network of asset teams who can support each other and share their experiences. A dedicated Community development intranet page will provide case studies, shared resources and links to encourage communication between asset managers. A range of partnerships will promote ongoing investment in stakeholder relationships, and also create strong links with local community groups.

Development Manager training

A similar approach to embedding sustainability in our Residential business was demonstrated during the Development Managers' Conference, in October 2010.

The conference focused on the why and how of designing and delivering more sustainable communities.

Employees were addressed by keynote speaker Paul Gilding, former CEO of Greenpeace, Ecos and Easy Being Green. Paul's overall message was to challenge traditional approaches to development, and empower our employees to create vibrant, sustainable communities through their decision-making. The group then considered the development industry's responsibility to foster a more sustainable future and Stockland's role in leading this transition.

During the conference we developed a model of continuous self improvement. We selected a project in each state in which we operate, and identified key initiatives that we will deliver on those projects as a first stage in our research and delivery. The lessons we learn will help inform decision-making on future projects.

"We are in an excellent position to influence social change in Australia due to our scale and capability. We can't be afraid to do so, we have a social contract with our customers to take up the challenge. We will take the messages from the conference and implement them on our projects." Clare Sowden, Assistant Development Manager, Residential.



Decision makers with

knowledge to embed sustainability.

Asset and Development Manager training.

OUR PEOPLE **LEARNING AND DEVELOPMENT**

Embedding sustainability

Embedding sustainability into our business activities is essential in delivering on our CR&S strategy objectives. Our employees are central to our ability to deliver sustainable business outcomes. Over the past 12 months we have worked to train, engage and reward our people on sustainability. The results of the Our Voice employee survey confirm that we are doing this successfully:

- 87 per cent of our employees believe we are doing a good job of integrating sustainable business practices into our day-to-day operations.
- 89 per cent of our employees believe we achieve the right balance between social, environmental and financial responsibilities.
- 93 per cent of our employees believe we are environmentally responsible.
- 94 per cent of our employees believe we are socially responsible.

We continue to integrate sustainability responsibilities by embedding sustainability objectives into all employees' key performance indicators (KPIs). Sustainability KPIs are recognised as having an equivalent importance to financial and people management performance metrics. In the coming year, our Residential business will further embed sustainability objectives in employee KPIs by identifying the key decision points throughout a project's life cycle where sustainability outcomes can be influenced. This includes everything from where land is bought, to how community sites are set up to make the most of solar orientation, to the sustainability features our sales teams promote to our customers. This process will see the inclusion of more detailed sustainability outcomes in the KPIs of each role.

We have also had a focus this year on improving our employees' awareness of our sustainability approach, position and achievements, and have shared sustainability stories and information throughout the organisation. This has been done through a variety of means: face-to-face information and training sessions, Development Managers' conferences and through our internal employee online portals. We aim to empower our employees to create vibrant, sustainable communities through their decision-making. Please see our embedding sustainability through training case study.

In 2011

We continue to integrate sustainability responsibilities by embedding sustainability objectives into all employees' key performance indicators (KPIs)



METRICS

Our people metrics

Our workforce

STOCKLAND WORKFORCE – NUMBER OF EMPLOYEES

	FY11	FY10	FY09	FY08
Full-time (including fixed-term)	1,183	1,139	1,107	1,272
Part-time (including fixed-term)	152	119	108	105
Casual	32	30	21	27
Total	1,367	1,288	1,236	1,404
FTE	1,306	1,243	1,193	1,361

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

STOCKLAND WORKFORCE – EMPLOYMENT TYPE

	FY11	FY10	FY09	FY08
Permanent full-time	1,134	1,139	1,107	1,272
Permanent part-time	150	114	108	104
Fixed-term full-time	49	38	17	14
Fixed-term part-time	2	5	–	–
Casual	32	30	21	27
Total	1,367	1,288	1,236	1,404

MEDIAN AGE OF EMPLOYEES

FY11	35
FY10	35
FY09	35
FY08	34
FY07	34
FY06	34

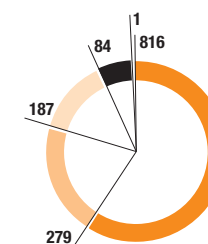
ABSENT DAYS PER FTE

FY11	3.7
FY10	4.4
FY09	3.5
FY08	3.4

STOCKLAND EMPLOYEES BY CULTURAL BACKGROUND (%)

FY11	
FY10	
FY09	
FY11	66
AUSTRALIAN	
EUROPEAN (NORTH-WEST, CENTRAL, SOUTHERN, EASTERN, BRITISH, IRISH AND SCOTTISH)	14
ASIAN (SOUTH-EAST, NORTH-EAST, SOUTHERN AND CENTRAL)	7
MAORI AND NEW ZEALAND	3
MIDDLE EASTERN	1
SOUTH AFRICAN	1
OTHER	4

STOCKLAND WORKFORCE BY REGION



NSW	816
QLD	279
VIC	187
WA	84
SA	1

OUR PEOPLE **METRICS****Gender diversity****STOCKLAND WORKFORCE – GENDER**

Job Band	Men FY11	Women FY11	Total FY11	Men FY10	Women FY10	Total FY10	Men FY09	Women FY09	Total FY09	Men FY08	Women FY08	Total FY08
Executive Management	6	1	7	5	2	7	5	2	7	5	2	7
Leadership Team	20	7	27	22	6	28	24	5	29	34	6	40
Senior Management	95	41	136	88	36	124	88	30	118	95	27	122
Management	200	143	343	187	118	305	164	110	274	222	120	342
Professional/Technical	231	265	496	225	234	459	240	203	443	233	226	459
Employee	69	289	358	80	285	365	79	286	365	85	349	434
Total	621	746	1,367	607	681	1,288	600	636	1,236	974	730	1,404

**OVERALL PROPORTION OF WOMEN
IN MANAGEMENT**

FY11	FY10	FY09	FY08
37%	35%	34%	30%

* Note: Our five year target is 40 per cent of women in management roles by 2015.

WOMEN IN MANAGEMENT – BUSINESS UNIT (%)

	FY11	FY10	FY09
Commercial Property	41	37	38
Corporate Services	49	48	51
Residential	25	24	20
Retirement Living	43	41	33

AVERAGE FIXED REMUNERATION RATIO – GENDER AND JOB BAND

Job Band	Ratio FY11		Ratio FY10		Ratio FY09		Ratio FY08	
	Women	Men	Women	Men	Women	Men	Women	Men
Executive Management	1.00	1.95	1.00	2.35	1.00	2.67	1.00	2.57
Leadership Team	1.00	1.13	1.00	1.15	1.00	1.25	1.00	1.36
Senior Management	1.00	1.27	1.00	1.28	1.00	1.30	1.00	1.23
Management	1.00	1.25	1.00	1.23	1.00	1.24	1.00	1.18
Professional/Technical	1.00	1.16	1.00	1.12	1.00	1.12	1.00	1.11
Employee	1.00	1.04	1.00	1.06	1.00	1.06	1.00	1.01

* Remuneration comparison data includes fixed pay only and does not include incentives. These figures exclude casual employees and those who received a sales commission or bonus during FY11.

OUR PEOPLE **METRICS****In 2011**

We remain committed to promoting the alignment of behaviours with our values

Turnover

The employee initiated turnover rate for FY11 was 14.5 per cent (against a target of 10 per cent). This is deterioration from 10.5 per cent in FY10, but a slight improvement on 15.5 per cent in FY09. While employees leave for many reasons, our reduced strategic focus on some business areas contributed to this outcome. As our 3-R growth strategy will see us reduce our presence in the Office and Industrial sectors over time, during the past year some employees opted to pursue career opportunities outside Stockland, despite our best endeavours to transition them into challenging roles internally where applicable. Likewise, the gradual completion of our Apartments projects also prompted some employees with a career interest in this area to pursue external opportunities, contributing to a higher level of employee initiated turnover.

To obtain feedback from our employees throughout the entire employee life cycle we have put in place a number of processes. Feedback is sought from new employees within the first three months of their employment, existing employees via the annual employee opinion survey, and departing employees through exit interviews. Our exit interview analysis confirms that the top three reasons for employees resigning from Stockland are: no appropriate opportunities available for career advancement; not enough interest in or enjoyment of the type of work; and not enough challenge or stretch in the job. Over the next 12 months we will continue to use information captured in these surveys to support our managers in developing the necessary skills to more effectively lead their teams and maximise employee retention.

Where significant operational or structural changes are required within the business, we consult with employees impacted by such changes and adopt a consistent approach in managing restructures. We do however, have a consistent approach in place for managing restructures. All Stockland employees are engaged under individual employment contracts, rather than via collective agreements. If significant operational or structural changes are required within the business, we consult with employees impacted by the changes. Our Redundancy Policy outlines our approach to restructuring, notification, redeployment and redundancy.

We remain committed to promoting the alignment of behaviours with our values. Our Code of Conduct and Ethical Behaviour sets out the standards of behaviour and conduct with which all our employees are expected to comply. All employees complete online compliance training in Equal Employment Opportunity, Competition & Consumer Law and Privacy, which are areas referred to in our Code of Conduct and Ethical Behaviour. Employees must undertake this online compliance training every 18 months. In FY11, the employment of three people was terminated due to breaches of this code.

OVERALL TURNOVER

	FY11	FY10	FY09
No. Exits	239	178	369
Headcount	1,284	1,215	1,198
Turnover rate (%)	18.6	14.7	30.8

ROLLING TURNOVER (%)

	FY11	FY10	FY09
Employee initiated	14.5	10.5	15.5
Stockland initiated	4.1	4.2	14.3
Total	18.6	14.7	30.8

OUR PEOPLE **METRICS****TURNOVER – GENDER**

	Men FY11	Women FY11	Men FY10	Women FY10	Men FY09	Women FY09	Men FY08	Women FY08
No. exits	119	120	89	89	162	202	172	187
Headcount	592	692	579	636	586	612	665	697
Turnover rate (%)	20	17	15	14	28	33	26	27

TURNOVER – AGE GROUP

	<30	30–39	40–49	50–60	>60	Total
No. exits FY11	75	83	68	7	6	239
No. exits FY10	48	67	44	15	4	178
No. exits FY09	99	153	79	34	4	369
No. exits FY08	89	141	87	31	11	359
Headcount FY11	299	548	267	141	29	1,284
Headcount FY10	331	488	245	120	31	1,215
Headcount FY09	346	477	234	115	26	1,198
Headcount FY08	395	564	246	132	25	1,362
Turnover rate FY11 (%)	25	15	25	5	21	18.6
Turnover rate FY10 (%)	15	14	18	13	13	14.7
Turnover rate FY09 (%)	29	32	34	30	13	30.8
Turnover rate FY08 (%)	23	25	35	23	44	26.4

* All turnover data (including headcount) excludes those employed on a casual or fixed term basis. Headcount is based on FY11 end of period data at 30 June 2011.

OUR PEOPLE **TURNOVER**

TURNOVER – BY TENURE

	< 1 Yr	1–<3 Yrs	3–<5 Yrs	5–<10 Yrs	10 Yrs +	Total
No. exits FY11	46	69	72	48	4	239
No. exits FY10	25	90	39	24	0	178
No. exits FY09	67	172	67	51	12	369
Headcount FY11	206	302	408	293	75	1,284
Headcount FY10	158	396	348	248	65	1,215
Headcount FY09	145	573	228	199	53	1,198
Turnover rate FY11 (%)	3.6	5.4	5.6	3.7	0.3	18.6
Turnover rate FY10 (%)	2.1	7.4	3.2	2	0	14.7
Turnover rate FY09 (%)	5.6	14.4	5.6	4.3	1	30.8

* All turnover data (including headcount) excludes those employed on a casual or fixed term basis. Headcount is based on FY11 end of period data at 30 June 2011.

TURNOVER – BY REGION

State	Metric	FY11
NSW	No. exits	121
	Headcount	757
	Turnover rate (%)	16
VIC	No. exits	52
	Headcount	179
	Turnover rate (%)	29.1
QLD	No. exits	55
	Headcount	268
	Turnover rate (%)	20.5
WA	No. exits	11
	Headcount	79
	Turnover rate (%)	13.9

* All turnover data (including headcount) excludes those employed on a casual or fixed term basis.
Headcount is based on FY11 end of period data at 30 June 2011.

Our marketplace



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Our marketplace comprises our relationships with those stakeholders we do business with and the governance of this environment.

Our marketplace – progress and priorities

LAST YEAR **WE SAID WE WOULD**

Past

OUR CUSTOMERS

Affordability

Develop an organisation-wide methodology to examine our contribution to local employment.

Engage with government on the benefits of creating smaller and more affordable housing lots.

Establish targets for lower-cost housing (relative to the local area) in each of our residential communities.

Continue to pilot and replicate innovative low-cost housing product with our partner builders.

Customer engagement

Continue to improve our customer understanding, satisfaction, retention and performance particularly through ongoing and wider surveying of customers.

Accessibility

Commence retrofitting to improve access for people with disabilities, starting with high priority sites.

Design and build all new Retirement Living dwellings to meet the National Dialogue on Universal Housing Design Strategic Plan's silver standard in FY11. 25 per cent of our new residential community homes are to meet the silver standard by 2013.

OUR SUPPLIERS

Responsible supply chain management

Continue to refine and expand our responsible supply chain management policies and practices, including:

- Embedding expectations in our contracts,
- Engaging with our suppliers to raise our combined performance,
- Improving how we measure and report our suppliers' performance.

THIS PAST YEAR **WE HAVE**

Present

Made a significant change to the profile of the stock we have developed with an overall increase in the proportion of affordable lots.

Developed a simple process for defining affordability in the catchments of our communities and tracking the current level of affordability of our land offerings.

In Retirement Living, all new development projects set a weekly levy that is equal to or less than 25 per cent of the weekly pension.

Established a customer satisfaction tracking program in our Commercial Property business.

Maintained a high level of resident satisfaction in our Retirement Living villages.

Customer satisfaction remained high for Residential, with nine in 10 inquiries rating the experience as excellent/very good/good.

Commenced retrofitting our assets to improve access for people with disabilities.

Formalised our Livable Housing Design Policy outlining our commitment to:

- Retirement Living, all new Independent Living Units will be designed to meet or exceed the silver level Livable Housing Design Guidelines,
- Residential homes built by Stockland Residential Communities on any of our sites, we will target for 25 per cent of them per annum to comply to the silver level Livable Housing Design Guidelines.

Strengthened our commitment to diversity, sustainability and supplier engagement by joining the Australian Indigenous Minority Supplier Council (AIMSC) pilot program.

Further embedded sustainability clauses into contracts, particularly Green Star requirements.

Improved and expanded the rigour of the tracking and measurement of supplier performance.

RESULTS

ONGOING 

FY12 PRIORITY 

FY12 PRIORITY 

ONGOING 

IN THE COMING YEAR **OUR PRIORITIES ARE**

Future

Use our new processes to shape our product initiatives in FY12.

Continue to uphold the positive customer experience across our business units.

Address key areas of feedback to better meet our customers' needs and improve/maintain our customer satisfaction ratings.

We will incorporate a relevant metric into State Sales Managers' KPIs to meet the requirements of our Livable Housing Design Policy.

Achieve the specified annual level of procurement from AIMSC-certified suppliers.

Continue to engage with suppliers, making clear our expectations of social and environmental sustainability in their offering of services and products.

Continue to refine and expand our responsible supply chain management policies and practices.

Continue to rollout Cm3 to all of our contractors in risk priority order.

Continue to rollout Cm3 communication workshops to our relevant employee work groups.

Continue to review and improve our online Contractor Induction process across other business functions.

Review and improve our Contractor risk management processes to align with the new WHS Harmonisation Laws.

Implement the Contractor Management Module in IRIS.

Our marketplace – progress and priorities (continued)

LAST YEAR WE SAID WE WOULD

Past

Supplier health and safety

Conduct HSE development forums with senior contractor and HSE personnel.

Review mechanisms for evaluating contractor HSE performance and audit results.

Roll out online contractor induction program to our Residential business.

Release the module and develop training and guidance on its use.

Evaluate the feasibility of developing a Contractor Module for IRIS.

Improve the functionality of IRIS by developing and releasing IRIS reports based on business needs.

OUR INVESTORS

Revise our investor communications strategy at least every three years to capture the preferences of our typical shareholder demographics.

OUR INDUSTRY AND GOVERNMENT

Continue to contribute to the discussions and development of market-based mechanisms that encourage low carbon, sustainable property.

Participate in developing the Green Building Council of Australia's Green Star Community Rating Tool.

THIS PAST YEAR WE HAVE

Present

Implemented the first phase of our new online Contractor OH&S Pre-Qualification system, Cm3. It will help us meet our legislative duty of care by requiring that all our contractors provide upfront evidence they have adequate safety systems and insurances in place. The Cm3 pre-qualification process includes an assessment of contractor OHS management systems, insurances and indemnities, licensing and training, as well as continuous monitoring of critical documents and notification of pending expiries.

Implemented an online General Contractor OH&S Induction and a Site-Specific OHS Induction that all contractors engaged to work on our Residential Projects are now required to complete

Continued to refine our retail securityholder communications in line with the insights we gained from our 2009 securityholder research including reducing jargon, improving ease of access, and educating securityholders about our business.

Trialled and provided feedback on the effectiveness of the NABERS Retail tool.

Advocated complementary measures to accelerate eco-efficiency in the built environment.

Actively contributed to the development of Green Star Communities through workshop and committee participation and nomination of projects for BETA testing of indicators.

RESULTS

ONGOING 

ONGOING 

ONGOING 

ONGOING 

IN THE COMING YEAR OUR PRIORITIES ARE

Future

Continue to improve online communications offerings to improve ease of access to information and two-way channels for investors.

Improve our capacity to communicate the value of eco-efficient buildings and continue to contribute to effective and pragmatic policy.

Contribute to the completion of the Green Star PILOT tool, participate in trials and promote the tool to peers, government and customers.

OUR MARKETPLACE **OUR CUSTOMERS**

Our marketplace comprises our relationships with those stakeholders we do business with and the governance of this environment. Our marketplace is defined by our value chain – those customers we sell products and services to, our suppliers who sell products and services to us, and our investors who provide capital. Our marketplace environment is regulated by government.

Our responsible interactions in the marketplace with our customers, suppliers, investors and government include:

- Improving our understanding of the needs of our customers throughout their journey,
- Setting clear performance expectations with our new and existing suppliers,
- Responding to the issue of housing affordability, and
- Engaging with government to inform policy development and attain project approvals.

Our Customers**Customer engagement****Residential – customer engagement**

Residential business continues to place great emphasis on undertaking research to better understand our customers' needs. To track changes in the desires and experiences of our customers we use tracking research called Stockland Customer Pulse. Conducted by a third party, this research uncovers feedback from people who inquire or purchase at 39 Stockland residential communities via weekly telephone interviews. In FY11 more than 4,600 interviews were conducted with customers, giving us valuable insights into their experience and desires.

The survey data is integrated with internal information to paint a picture of our likely customer mix. On the whole, the customer profile for FY11 was very similar to the previous year, which is a mix of first home buyers, upgraders, and to a lesser extent investors. As a result we continue to develop and market a mix of products for this wide range of customers.

In addition to this research, we use an online system that provides information on what customers are requesting and actually buying. The system has increased the efficiency of the design approval process and enabled us to work more closely with our builder partners in three ways:

1. We are able to understand customers' needs today, and so are able to promote those housing solutions which best meet the needs of today's customers.
2. We are also able to track trends in new house development, such as the growing demand for smaller homes, so that we can work towards satisfying tomorrow's customers.

3. We are able to focus new development on those parts of the market that may not have many housing solutions provided by major builders, and increase the choice in that segment to better address the specific needs of a wider range of segments.

Retirement Living – customer engagement

In our Retirement Living business we conduct an annual Residents' Voice survey to find out how our residents feel about life in a Stockland retirement village.

Introduced in 2008, the Residents' Voice survey asks residents to rate their happiness from one to 10 on aspects such as overall happiness with the village, the Village Manager, Senior Nurse, social activities and outdoor areas. The third survey was expanded to include the 30 newly acquired Aevum villages and achieved a 60 per cent response rate.

This survey has given us very useful insights into how the new villages are operating and how satisfied residents are. This has enabled us to very quickly determine key focus areas for operational improvement in these villages.

Overall, the most recent results show a continued high level of resident satisfaction in our villages. While the former Aevum villages performed slightly below our previous average, the overall results were still very strong:

- 87 per cent are satisfied with their community centre,
- 86 per cent are satisfied with their village, and
- 90 per cent are happy with their home.

See our case study on customer satisfaction to discover why our residents are so happy.

In last year's report we identified a key focus area being the improvement of the Stockland representative score in the villages. Over the last 12 months we have refined the role of the Stockland representative to ensure that they are more visible and available in the villages. As a result, the average score out of 10 for the Stockland representative improved by 12 per cent to 7.67 (this includes the pre acquisition villages only to allow a like-for-like comparison). This represented a statistically significant improvement.

We have identified two key areas for improvement over the coming year:

- Identifying a consistent services offering that is aligned to our resident's service requirements,
- Refining the Village Manager (VM) role and establishing clear VM systems, procedures and training.

In 2011

More than 4,600 interviews were conducted with Residential customers giving us valuable insights about their experience and desires

—

We conducted our third annual Residents' Voice Survey to find out how our residents feel about life in a Stockland retirement village

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Mary Scott – Retirement Living customer service

For many of our Retirement Living customers, making the move from their family home to a retirement village is a stressful and emotional time. It often means leaving familiar surroundings, selling their home and reducing their possessions. For this reason, our Retirement Living team recognises that we're here to do much more than selling a unit. We work closely with our customers to guide them along the entire journey from first point of contact, to moving in and settling into village life.

This approach involves connecting with local real estate agents, removalists and solicitors to build a trusted network to refer our customers to should they need assistance with legal or conveyancing matters. And through this ongoing engagement with local professionals we emphasise the need for sensitivity when dealing with our customers.

Wherever possible, we encourage prospective and incoming residents to attend village activities such as morning teas and open days prior to moving in. These events give them the opportunity to meet other residents and establish friendships even before they move into the village.

We listen to our customer's concerns and fears by conducting thorough client inspections with our residents before they move in and begin the next phase of their lives. Our move-in managers walk through all the ins and outs of their units and discuss any issues or needs our residents may have. We show residents how to use items such as roller doors and electrical appliances, and explain how phone and security systems work. Small modifications, if needed, can often be made with minimal cost and make a huge difference to our resident's comfort and happiness in their new community.

This commitment to customer service is an important way that we create a better way to live for our retirement village residents – even through the difficult time before they are happily settled in their new home.

"Quite often what we do starts with a tissue box. When people come to us they don't always come on a positive note, as events in their life such as the death of a partner or health concerns have forced them to consider life in a Stockland Village. So not only do we have to listen to our customers, but actually hear what they're saying. We do a lot of hand-holding, but also heart holding. And quite often, our customers become our friends". Mary Scott – Sales Professional, Highlands Retirement Village.

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Quite often what we do starts with a tissue box. When people come to us they don't always come on a positive note, as events in their life such as the death of a partner or health concerns have forced them to consider life in a Stockland Village. So not only do we have to listen to our customers, but actually hear what they're saying. We do a lot of hand-holding, but also heart holding. And quite often, our customers become our friends

”

Mary Scott

Sales Professional, Highlands Retirement Village



Mary Scott introducing a new customer to one of the residents

Focus on the need for

sensitivity in customer service.



OUR MARKETPLACE **BLUE CUSTOMERS****In 2011**

68,503 surveys were completed by our shoppers in FY11 through the customer feedback touch pads located in our centres

Shoppers have told us they see an important and ongoing role for shopping centres as social hubs, offering things to see, feel, touch and taste

Commercial Property – customer engagement

In Commercial Property, while shoppers are very important, our primary customers are the almost 3,200 retail, office and industrial tenants who collectively pay us circa \$850 million rent per annum.

Recognising this, in FY11 we established an annual customer satisfaction tracking program. The first stage involved interviews and group discussions with our major retailers, national specialty chains and independent retailers. This qualitative research provided us with valuable insights into how we are perceived in the marketplace relative to industry peers. The second stage was an online survey of 314 retailers across 33 Stockland shopping centres. In addition, 194 Stockland employees responded to a similar survey to understand if there were gaps between how retailers rated our performance and how we rate ourselves.

Retailers rated us number two in terms of market leadership. Given the size of our portfolio relative to competitors, this is a credible result. However, we were disappointed to learn that only 54 per cent of retailers involved in leasing negotiations were either satisfied or very satisfied with the service that they receive from Stockland. We also learnt that there is a correlation between the size of retailer and their satisfaction with major and national retailers overall more satisfied than independent retailers. We now know how important various business and relationship drivers are in our retailers' leasing decisions.

While there were many areas where Stockland performed above expectations, we have also identified key areas that we need to address in order to better meet our tenants' needs and improve our customer satisfaction rating. A number of initiatives are being implemented, in particular:

- Specific KPIs will be set at a divisional, functional and individual level to ensure all employees are accountable for customer satisfaction.
- Responsibility for the renewal of independent retailers' leases has moved to Centre Managers who are generally their key relationship managers and in a better position to meet these retailers' needs.
- Leasing and Marketing functions have been brought together under the one team and General Manager to ensure we deliver better results for our customers.
- Key insights will be communicated to the Board and across Commercial Property employees.
- We have targeted our investment in Learning and Development for our employees.
- We are building on our existing retailer relationship communications program.
- Progress is being made on the development of a more robust CRM system to provide one source of truth on the customer.
- We will repeat the customer satisfaction research and will expand to include our Office and Industrial tenants. In addition, we will conduct ongoing move in and exit interviews to further improve our understanding of tenants and our ability to respond to issues and opportunities as they arise.

Shoppers

Our mystery shopper program has now been running for three years. This year our overall score was 91 per cent, a 1 per cent increase from last year's score and a 9 per cent increase on FY09.

In FY11, all categories rated above the 85 per cent benchmark. Shoppers rated the interaction and visual impact of our casual leasing sites at 99 per cent. The lowest rating areas were related to car park maintenance. Our customers rated our customer service at 90 per cent, the maintenance of our facilities such as parents rooms and toilets scored 90 per cent with the main centre upkeep scoring 96 per cent. The chart below shows how the mystery shoppers compared Stockland against our local competitors in FY11:

Focus Area	Competitor %	Stockland %
A. Car park signage visibility	91	93
*A. Car park maintenance	86	87
B. Centre signage visibility 2	86	94
C. Customer service	86	90
D. Centre facilities maintenance	88	90
E. Centre common area upkeep	97	96
F. Casual leasing experience	99	99
Grand Total	88	91

* Additional questions asked compared to FY10 forming additional category to ensure like-for-like scoring comparison

68,503 surveys were completed by our shoppers in FY11 through the **customer feedback touch pads** located in our centres. These surveys provide our centre management teams with centre-specific feedback to help them to make customer-focused decisions. The consistent question asked across all centres "Would you recommend this centre to family/friends" rated at 62 per cent, a 2.5 per cent drop compared to last year. We know redevelopment can affect a customer's experience during construction, and removing centres under redevelopment from this calculation shows stability, with only a 0.3 per cent decrease.

Online retailing

Over the last year, we made a significant investment in consumer and retailer research to help us better understand the short and longer-term impact of online retailing on our shopping centres. This comprehensive quantitative and qualitative work revealed online retailing is currently small but growing and building towards an alternative shopping channel.** While there is risk, we are confident we can adapt to the shifts in consumer behaviour. Shoppers have told us they see an important and ongoing role for shopping centres as social hubs, offering things to see, feel, touch and taste. Our centres provide tangible experiences that virtual shopping is unable to match. Importantly, the impact of online retailing is not linear and our response will vary by trade area. We need to remain flexible and have committed to continual monitoring so we can respond accordingly.

** Online retailing currently represents around 5 per cent of total Australian retail sales. Source: Quantum Research 2011.

OUR MARKETPLACE **AFFORDABLE AND ACCESSIBLE COMMUNITIES****Affordable and accessible communities****Livable Housing Design**

In June 2011, Stockland established a policy for livable housing design, confirming its support for the national dialogue on Universal Housing Design and Livable Housing Design. The policy is forward looking for our Residential Communities. It applies to any house or display villages committed to (or allocated) after 1 July 2011 and applies to all of our Retirement Living Independent Living Units committed to after 1 July 2011.

We support the principle of building a significant number of homes in our communities that are adaptable for multiple living purposes. In FY12 we will pilot several initiatives to encourage the appetite of customers and our partner builders for adaptable housing, in support of the Government's voluntary targets. Stockland will also lead by example.

Stockland Retirement Living has undertaken extensive consultation with our team, partner builders and our residents to produce our Independent Living Units – Design Principles. These principles focus on creating a better way to live for our customers and, for new homes in our Retirement Living Portfolio, establishes the Silver level of Livable Housing Design Guidelines as our benchmark. The Principles also identify certain elements to exceed Livable Housing Silver level and meet the specific needs of our residents. The key is to deliver affordable homes that are responsive to the changing needs of the resident, so as they grow older they can enjoy living independently in their home and community.

Stockland Residential will also lead by example. In the rare instances where we control the exact dwelling outcome, we will achieve the agreed Silver level targets for 2013. Furthermore, Stockland will continue to participate in the development of the national dialogue on Universal Housing Design's Strategic Plan and Livable Housing Design Guidelines.

While Stockland is a developer and not a builder, our Residential business is committed to finding a pragmatic and equitable way to identify the 25 per cent of new dwellings in our communities that would be selected to meet the 2013 voluntary compliance target. Using covenants would potentially have an inequitable financial impact. Nevertheless, Stockland will promote the benefits of moving to Livable Housing design with both builders and customers, with a view to achieving the 25 per cent Silver target across our residential communities.

Stockland will review its approach to Livable Housing on an annual basis. This will include a qualitative review of our initiatives and their success. We will continue to contribute to government policy formation in this area through the work of Universal Housing Australia and the Federal Department of Families, Housing, Community Services and Indigenous Affairs.

Universal access

In May 2011, new accessibility standards were introduced via the Building Code of Australia. To prepare for this introduction and to better understand the level of accessibility in our commercial property portfolio, an assessment was undertaken of 35 shopping centres and 29 office buildings during 2010.

As part of this assessment, an Accessibility Checklist was created to assess how Stockland accommodates people with mobility, hearing, vision and dexterity impairments. The information collected helped establish an inventory of facilities that currently exist and identified what may be easily provided in the short-term, and what was needed to inform decision-making and planning for access upgrades in the long-term. Following the assessment, a report and action plan was presented summarising the key findings and recommendations for immediate and short-term actions.

We are seeking to improve the quality of our public amenities, including facilities for those with accessibility needs, through capital upgrades and whenever redevelopments and refurbishments are undertaken. Work is being undertaken to update our standard signage, with a view to improving the quality of way-finding within our assets.

Housing affordability

Housing affordability remains a key focus for the Residential Communities business, particularly as broader economic pressures weigh negatively on the Australian housing market. We have made good progress in understanding and addressing this critical issue in FY11.

During the year our focus has been to:

- Better understand and measure affordability,
- Include more affordable land products broadly across our portfolio, and
- Undertake new initiatives to achieve a significant improvement in affordability for entry level housing.

Measuring affordability

We have developed a simple process for defining affordability in the catchments of our communities and tracking the current level of affordability of our land offerings. The first results of this analysis were completed in late FY11 and will be used to shape our product initiatives in FY12.

The process involves three phases:

- Identifying the typical land budget of each of our five buyer segments (based on household segmentation),
- Identifying the core land product which each of these segments most typically demands,
- Comparing the current land price against the budget to the average price.

We determine household land budgets using a proprietary in-house method which includes:

- Calculating average household income by household type, based on various ABS data series,
- Determining average serviceable loans based on these incomes,
- Adding the average equity/deposit base which applies to each household type, and
- Using our knowledge of the land customers buy and the houses they build on these to estimate customer land budget by segment.

We identify the land product which each of these segments of buyers most typically demand by:

- Determining the current inquiry base of particular customer segments from our Customer Insights tools,
- Identifying the most common land size purchased by each customer segment,
- Understanding the house product needs of each customer segment and the characteristics of different land sizes.

This process enables us to reconcile the aspirational wishes of customers with the realities of their budgets and practicalities of their housing demands.

OUR MARKETPLACE OUR CUSTOMERS

Improving average affordability

FY11 saw significant change in the profile of the stock we have developed with an overall increase in the proportion of affordable lots. Projects in all the states where we operate were reconfigured to ensure a higher proportion of affordable lots were included in the mix of developed lots.

The following table shows the change in the mix of lot types developed nationally between FY10 and FY11.

Land Size (sqm)	FY11	FY10
Under 300	10.5%	5.2%
300–450	38.7%	36.9%
450–600	31.8%	35.7%
600+	19.0%	22.2%

Significantly, the proportion of lots under 450sqm has increased from 42 to 49 per cent while the proportion of lots over 450sqm has decreased from 58 to 51 per cent. We expect to achieve a further shift towards lots under 450sqms in FY12.

New affordability initiatives

The increased proportion of lots under 300 square metres is the result of our strong focus on working with our partner builders to innovate and create new housing forms to suit these smaller block sizes. This has enabled us to deliver products specifically designed to be affordable for first home buyers.

Since 2007, across our communities, we have seen new house sizes reduced by 20 per cent for four bedroom houses, and 26 per cent for three bedroom houses. At \$800-\$1,000 per square metre, reducing house sizes is presenting our customers with potential savings of \$40,000 – \$60,000 in purchase cost, and further cost savings through lower energy costs. Decline in customer preferences for larger five bedroom houses has been replaced by increased demand for more efficient three bedroom houses. In turn this will also lead to lower energy costs.

House size	FY11	FY07
Five bedroom	2%	10%
Four bedroom	64%	69%
Three bedroom	34%	21%

For example, following the success of our smaller lot housing product trialled at the Highlands project in Victoria in FY10, we rolled this out to other Victorian Communities (Mernda, Eucalypt) and are working with other councils to have this product approved for FY12. Our project team at North Lakes in Queensland has secured approval for these 8.5 metre frontage lots within a particular precinct adjoining the Town Centre and has begun detailed design work with builder partners on suitable product to take to the market in FY12.

At Newhaven in WA we used a combination of government funding, engagement with builders, and efficient planning to create 50 house and land packages that were sold in FY11 at price points well below the previous entry level price for the project.

Similarly, we have begun delivering house and land product to the markets of the Sunshine Coast, western Brisbane and eastern Melbourne.

In 2011

The affordable price points were achieved through working collaboratively with two leading builders to create affordable and market-leading products that included floor coverings, landscaping and fencing – meaning no hidden expenses for buyers

Retailer Reference Groups

Tenant value

Affordability extends beyond our Residential business as we aim to provide good quality space and good value services to our tenants throughout our retail, office and industrial assets. The significant customer research that has been conducted will assist us in this key focus area.

For many years we have worked with a variety of external agents, such as marketing experts, financial planners and merchandising specialists, to help our tenants facing financial difficulties. A key initiative has been a partnership with Westpac to provide financial literacy training for tenants. This training provides skills in business management and financial understanding and links to our community development focus on Learning and Economic Development.

We also provide low cost or free casual leasing space to not-for-profit and community groups in our retail centres. We see this as a tangible way to support community organisations (see Our community for more information).

Sometimes improving relationships and business outcomes is a simple as starting a discussion. And that's what we're doing with our shopping centres tenants through our new Retailer Reference Groups.

The idea for the group came about as a result of discussions with our retailers in 2010 aimed at identifying ways to improve the way we communicate with each other.

Retailer Reference Groups are face-to-face forums designed to encourage open discussion of issues such as marketing campaigns and centre improvements. The group includes a rotation of retailers representing different parts of the centre and the centre management team. Meetings are held regularly and increase in frequency if a centre is under development.

So far the groups have been introduced at two centres and thanks to the positive response from retailers we'll be setting up more over the coming year.

For those who have had the opportunity to be involved, the groups have proven a great opportunity to keep up to date with what's going on and interact with management and other tenants.

Of course Retailer Reference Groups are just one way we communicate with our tenants. We regularly communicate one-on-one on the centre floor and use newsletters, memos and updates to keep tenants informed and invite feedback.

Retailer Reference Groups are face-to-face forums designed to encourage open discussion of issues such as marketing campaigns and centre improvements

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Improving
retailer
engagement
means

**better
business
outcomes.**

Stockland, Townsville



OUR MARKETPLACE **OUR SUPPLIERS****Our suppliers****Engaging our suppliers
Supplier engagement**

Stockland continues to engage with and guide our suppliers in setting clear and concise CR&S objectives and targets, relevant to their specific supply and/or service agreement.

We provide all tenderers with the opportunity to comment on the form of proposed contracts through the use of a standard pro forma contract. This forms the basis for any commercial negotiation of terms.

In FY11, we conducted a number of in-depth interviews with some of our major suppliers spanning across all three business units. These discussions help us understand these suppliers' approach to CR&S and highlight areas that both parties can focus on in future projects.

Our major supplier engagement projects in FY11 were:

Supplier Relationship Management program

The Project Management division within Commercial Property commenced a Supplier Relationship Management (SRM) program with our major builders engaged in the development of our Retail and Retirement Living assets. As part of the SRM program our senior management and project execution teams conducted site visits at our shopping centres at Shellharbour and Merrylands and participated in interactive workshops with our major builders. Through this process we gained a good understanding of our suppliers' capabilities and shared Stockland's CR&S approach.

Group Procurement Strategy

A strategic review of Group Procurement was presented to the Board in March 2011. The strategy addresses aspects related to procurement procedural compliance, performance monitoring and ongoing governance, including fair contracting, risk management, and aligning our corporate values and procurement practices.

Responsible Supply Chain Management

Suppliers expect Stockland to provide clear CR&S objectives and targets as they relate to their policies. Throughout FY11, we continued our focus on the area of Sustainable Supply Chain Management (SSCM) by working closely with 20 of our key suppliers to review their current practices and assist our suppliers to improve their SSCM outcomes, systems and processes.

Stockland has taken a pragmatic approach to setting deliverable CR&S targets and incorporating them in contractual agreements with suppliers. These include, but are not limited to, waste diversion targets, energy and water usage reduction targets, and creating employment opportunities for local Indigenous and non-Indigenous communities.

Waste diversion targets are being reported monthly by the waste service providers and audited when required. Trends are noted and actions taken when targets are not met. Energy and water usage reduction targets are monitored through smart meters. Where applicable, suppliers are required to provide reports in accordance with National Greenhouse and Energy Reporting Act requirements.

Stockland requires all contractors to report on OH&S objectives in accordance with contractual guidelines. This is discussed in detail in the Supplier Safety and Performance section.

Throughout FY11, we partnered with specialist providers such as the Salvation Army and Australian Indigenous Minority Supplier Council to create training and employment opportunities around our projects.

Australian Indigenous Minority Supplier Council

Stockland is now a member of the Australian Indigenous Minority Supplier Council (AIMSC). AIMSC provides a direct business-to-business purchasing link between corporate Australia and Indigenous-owned businesses. As part of our membership we aim to achieve a specified annual level of procurement from AIMSC-certified suppliers in FY12.

The Salvation Army

The Salvation Army Employment Plus (TSAEP) initiative at Stockland Shellharbour clearly demonstrates our commitment to creating local employment strategies and Indigenous contracting opportunities. TSAEP provides training to local Indigenous workers with the aim of increasing their chances of finding jobs. Eighteen trainees are currently completing a four-week carpentry training course at The Salvation Army Training Centre at Stockland Shellharbour. We envision this will help the trainees gain employment with our principal contractor at Shellharbour, Brookfield Multiplex and other sub-contractors locally.

In the coming year, Stockland will work with major suppliers across key spend categories such as civil contractors and builders, cleaners, and waste contractors. We will focus on delivering targeted outcomes in the areas of sustainable raw material sourcing, waste management, and driving innovation through our facilities management service providers. We will work with our suppliers to establish contractual obligations that, where appropriate, require contractors to meet or exceed Stockland CR&S targets.

In FY11 we improved and expanded the rigour of the tracking and measurement of supplier performance and will continue to improve our approach to monitoring supplier CR&S performance.

TOTAL SPEND OF SUPPLIERS WHO COMPLETED OUR CR&S QUESTIONNAIRE FY11

Business unit	FY11 – Spend (\$million)	FY10 – Spend (\$million)	FY09 – Spend (\$million)
Commercial Property	188.2	58.7	62.4
Corporate	10.1	2.8	11.9
Residential & Retirement Living	377.7	260.1	126.1
Total	576.08	321.6	200.4

In 2011

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In the coming year, Stockland will work with major suppliers across key spend categories such as civil contractors and builders, cleaners and waste contractors

OUR MARKETPLACE **OUR SUPPLIERS**

Safety and performance

This year we have renewed our approach to Occupational Health and Safety (OH&S) and focused on engaging contractors to improve how we manage safety performance at Stockland. We implemented a number of initiatives in FY11, including:

Establishing a National OH&S Strategy

- This Strategy is our roadmap for the next two years to reassess key risks and align with the new Work, Health and Safety Harmonisation Laws.

Implementing our new online contractor OH&S pre-qualification system, Cm3

- The OH&S and Procurement teams have worked together to incorporate Cm3 into our contractor management processes.
- Cm3 is an externally developed and managed online system that assists organisations to meet their legislative duty of care by requiring that contractors provide upfront evidence that they have adequate safety systems and insurances in place.
- Cm3 registration and pre-qualification is used to assess contractor OH&S management systems, insurances and indemnities, licensing and training, as well as the ongoing monitoring of critical documents and notifications of pending expiries.

- All contractors engaged by Stockland must satisfy Cm3 requirements before commencing work, to ensure that contractors have OH&S and risk management systems in place.
- The Cm3 project has three rollout phases that will continue to capture all contractor groups, in risk priority order, throughout FY12.

We have also implemented an online general contractor OH&S induction, as well as site specific OHS inductions across our residential business in all states. All contractors engaged to work on our Residential projects are now required to complete these inductions.

Contractor OH&S performance

We have begun to capture our contractor lost time and serious incidents through a monthly contractor report that all contractors on major residential projects are required to complete. These incidents are also reported to our Executive Committee and Board of Directors.

In FY12 we will automate this process by creating a new contractor module in IRIS, our online incident reporting management system. Contractors will be required to enter their data directly into IRIS, and online notification controls will allow us to monitor the frequency of incidents.

Where entries show any repeatedly unmanaged risks, contractors will be required to formally review their work methods and supervision, to ensure the risks are controlled in the future. We have also continued to engage with contractors to highlight the importance of proactive OH&S efforts with their people.

In 2011

We have implemented an online general contractor OH&S induction as well as site specific OHS inductions across our residential business in all states

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Our investors**Investor relations**

We have close to 50,000 securityholders in Australia and overseas. We aim to keep them well-informed of major developments and business events that are likely to affect our operations, financial standing and the market price of our securities. We communicate with our securityholders through our annual and half year financial reports, announcements of market-sensitive and other information, results, and analyst presentations. These documents are lodged with the ASX and are available electronically on our website at www.stockland.com.au. In addition, the annual and half year financial reports are made available to all securityholders. Securityholders are encouraged to engage with senior management and our Board of Directors at our Annual General Meeting. Copies of addresses by the Chairman and Managing Director and the minutes of the Annual General Meeting are also lodged with the ASX and are available electronically on our website.

We also communicate with the investment community through regular group and one-on-one management meetings with institutional investors and analysts, site visits and presentations by senior management and participate in domestic and offshore investor conferences and roadshows. Group briefings are webcast over the internet and telecast.

Over the past year we have continued to refine our communications using the insights we gained from our 2009 securityholder research. We have focused on removing jargon from our Shareholder Review, making the information securityholders have requested easy to find, providing appealing easy access to information online, and continuing to utilise the AGM to educate shareholders more broadly about our business through information displays.

A copy of our policy on our communication to securityholders is provided in our Annual Report and is available on our website (www.stockland.com.au), in accordance with Principle 6 of the ASX Corporate Governance Principles and Recommendations.

In 2011

We communicate with our securityholders through our annual and half year financial reports, announcements of market-sensitive and other information, results, and analyst presentations

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In 2011

We did not make direct or indirect transfers of money to political parties or politicians at any level of government

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We seek to reinforce our long-standing view that our projects be judged solely on their merits

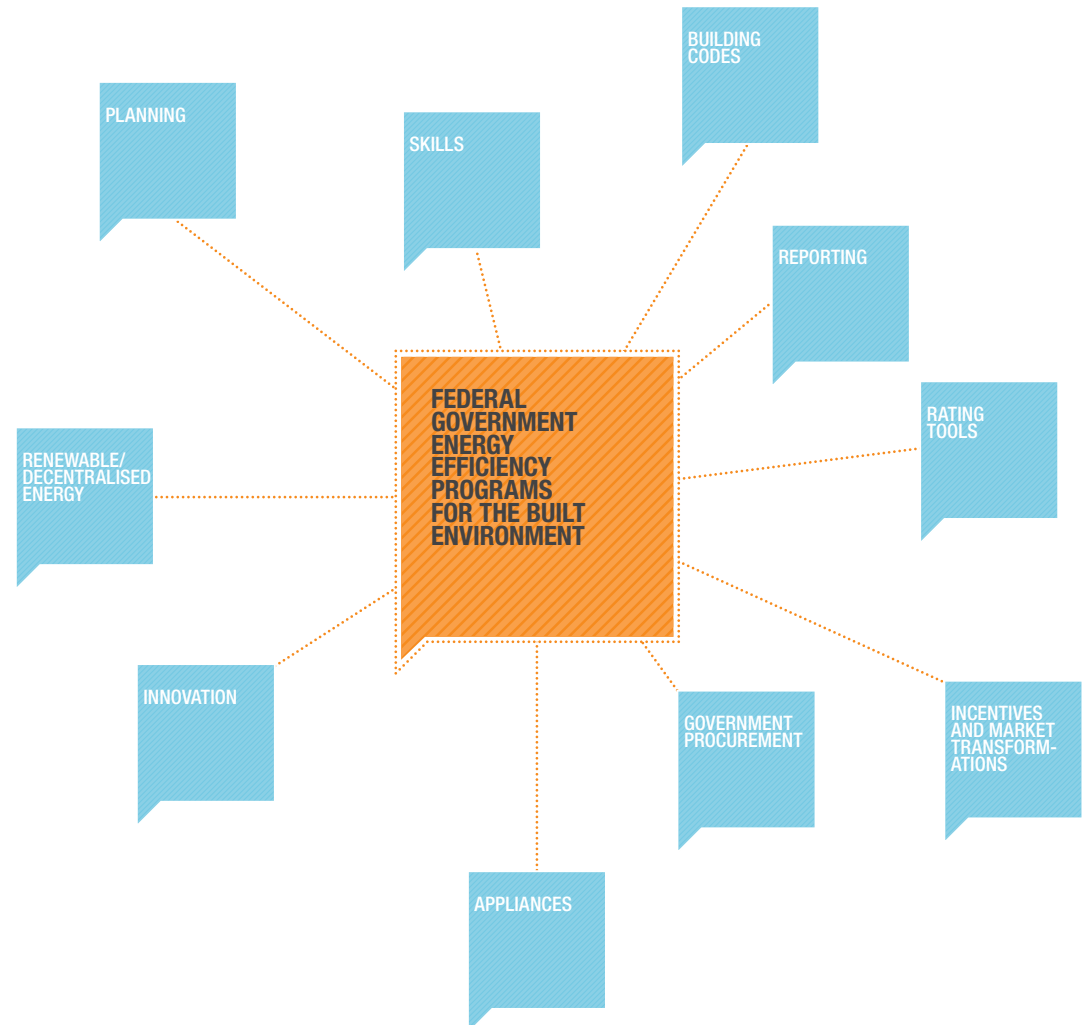
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Our industry and government**Government relations**

Second only to market conditions, government regulations have the most substantial impact on the profitability of our businesses. By necessity we actively engage with governments, public servants, regulators and our industry bodies with respect to policy decisions in general and those that affect our many properties. This engagement is governed by a Board-endorsed government and stakeholder engagement policy that applies to all our people and covers donations, consultants, access to our properties, gifts and personal political participation. The policy is updated annually and communicated to our people through our Executive Committee.

Stakeholders take great interest in our stance on political donations. In July 2008, as part of our annual review, our Board moved from a bi-partisan donations policy to implement a zero political donations policy. We do not make direct or indirect transfers of money to political parties or politicians at any level of government. In adopting this policy we seek to reinforce our longstanding view that our projects be judged solely on their merits.

We actively monitor legislative and regulatory change directly through our businesses and the corporate affairs team, as well as via key industry bodies. The Property Council of Australia (PCA), Green Building Council of Australia (GBCA) and Shopping Centre Council of Australia continue to be our primary representative bodies at both federal and state levels.

GOVERNMENT ENERGY EFFICIENCY PROGRAMS

OUR MARKETPLACE OUR INDUSTRY AND GOVERNMENT

Emerging regulation

The most significant areas of policy that will inform our business decisions in the coming years are policies about population levels and land use planning. We believe that population growth and both brownfield and greenfield development are sustainable in the long-term if governments engage in significant infrastructure and planning reform. We have engaged in this discussion with every level of government and many other stakeholders in Australia over the past year.

This year there were many state regulations and policy announcements that had substantial influences on our business. These include regulations relating to the introduction of health and safety harmonisation, planning panels, land tax valuation changes, industrial land zoning, developer levies, urban boundary extensions and competition policy. Both in response to governments' actions and proactively, we have made many proposals and submissions to governments on matters such as planning, taxation and environmental regulation.

The government has continued to increase its focus on energy efficiency as a means to reduce greenhouse gas emissions. Regulators recognise that buildings represent a key opportunity in realising significant improvements in energy efficiency. As a consequence, our sector has encountered increasing regulatory requirements. Areas of strengthening regulation include:

- Emissions and energy efficiency disclosure – particularly for buildings,
- Identification of opportunities to improve energy efficiency,
- Adaptation to the physical impacts of climate change,
- Increasingly stringent building code requirements.

In general, regulation related to environmental sustainability performance has become increasingly complex with different layers of government seeking to take action. Through the Property Council of Australia and the Green Building Council of Australia we have advocated for the harmonisation and streamlining of reporting and regulatory requirements. Over the year, we have also engaged with government on urban planning, energy, climate change and wider environmental policy development.

Specific engagement in relation to a range of sustainability matters has included:

- Tax Breaks for Green Buildings: specifically that the provision \$1 billion of funds to accelerate green retrofits of commercial buildings will not be available to real estate investment trusts such as Stockland,
- Commercial Building Disclosure – Tenancy Lighting Energy Efficiency Assessment: an inefficient tool that is unlikely to provide reliable information nor drive significant improvements in energy efficiency performance,

- Review of *Energy Efficiency Opportunities Act*: proposed to become more complex, principally focused large major-emitting industrial plants, and not tailored to the complexities of a diverse property portfolio and contractor activities across a large array of sites,
- NABERS Rating Scale Expansion: supporting NABERS expansion to 6 Star aligning with Green Star,
- Sustainable Population Strategy Issues Paper, and
- National Urban Policy Discussion Paper *Our Cities*.

Specific federal government reporting requirements over the past year have included:

- *Energy Efficiency Opportunities (EEO) Act*,
- National Greenhouse and Energy Reporting System (NGERS),
- Commercial Building Disclosure (CBD),

Key pieces of government policy that have affected our business in FY11 include:

Council of Australian Governments (COAG) – National Strategy on Energy Efficiency (NSEE).

The National Strategy on Energy Efficiency was released by COAG on 2 July 2009. The strategy addresses a vast range of topics including: proposed increases in building code requirements, reporting legislation, rating tool harmonisation, green building incentives, government procurement policies, appliance labelling regulation, innovation programs, renewable/decentralised energy programs and targets, skills programs and market transformation.

Aspects of the strategy with significant implications for us include:

- Improving consistency in energy-efficiency standard setting and performance assessment frameworks,
- Introducing mandatory disclosure of energy performance in existing commercial buildings (CBD),
- Introducing mandatory disclosure of eco-efficiency performance of residential buildings at point of lease or sale,
- Increasing energy-efficiency standards for residential buildings to 6 Stars nationally.

Release of a revised NSEE is imminent and is expected to address revised timelines, tool harmonisation, a road map for emissions reductions in buildings and reference the government's proposed national energy efficiency trading scheme.

In 2011

This year there were many state regulations and policy announcements that had substantial influences on our business

The government has continued to increase its focus on energy efficiency as a means to reduce greenhouse gas emissions

OUR MARKETPLACE OUR INDUSTRY AND GOVERNMENT

Commercial Building Disclosure

Stage One of the federal government's Commercial Building Disclosure (CBD, also commonly referred to as mandatory disclosure of energy efficiency) program began 1 November 2010. The scheme requires owners and lessors of commercial office space with a net lettable area of 2,000 square metres or more to disclose the energy efficiency rating to prospective purchasers and tenants when the space is to be sold, leased or subleased.

We contributed to industry feedback in relation to the initial design of the regulation. In response, the government made a number of significant changes to the program including phasing-in disclosure requirements and initially narrowing disclosure to buildings that are principally office buildings. Other changes included reducing the maximum penalties and introducing transitional provisions.

We have rated and disclosed the energy and water performance of office buildings through application of the National Australian Built Environment Rating System (NABERS) since 2006, and commenced rating retail assets in 2010.

Commencing November 2011, Building Energy Efficiency Certificates (BEECs) will be required to be registered online for all office buildings. BEECs will comprise:

- A NABERS Energy rating,
- A tenancy lighting assessment,
- Energy efficiency guidance (a simple energy efficiency check list for tenancies).

It is intended that the CBD program be extended to other building types, with retail centres likely to be next.

Low Carbon Australia

We have engaged with Low Carbon Australia in a bid to secure financial assistance to accelerate energy efficiency outcomes across our retail portfolio.

Green Building Fund

We have been successful in attaining funding through the federal government's Green Building Fund (refer to Climate change and energy section) to accelerate a number of low carbon and renewable technology initiatives across our Commercial Property portfolio.

Environmental Upgrade Agreements Act

In November 2010 the New South Wales Government passed legislation to provide easier access to finance for building upgrades. Modelled on the US system PACE (Property Assessed Clean Energy) funding, this Bill helps to overcome two key barriers to retrofitting large commercial buildings:

- Access to low-cost loan funds – The environmental upgrade loan is directly attached to the property, and is then repaid via an agreed extra Council rate. This means loans can be secured more readily and at a lower interest rate, and
- Split incentives – Presently we are unable to pass through the cost of undertaking energy efficiency projects that directly benefit tenants (by lowering their energy bills). As the loan repayment will be via a Council rate charge, the portion of the project cost that will benefit the tenant can be passed through to the tenant.

The success of the Bill is reliant upon willing and sufficiently resourced Councils as well as building owners. The New South Wales Government is looking to pilot this program in late 2011. We are presently exploring opportunities in the Sydney and North Sydney LGAs.

Carbon price announcement

The government's intention to put a price on carbon emissions has been the focus of intense media scrutiny throughout FY11. For an overview of the implications this will have for Stockland, and our response to this announcement, please see our section on Climate Change in this report.

Industry engagement

We are an active member of the Property Council of Australia (PCA), the Green Building Council of Australia (GBCA) and the Shopping Centre Council of Australia. We also engage in the work of the Urban Development Institute of Australia and increasingly the Housing Industry Association. Additionally, we are an active member of the Investor Group on Climate Change and an Organisational Stakeholder in the Global Reporting Initiative. Over the past year, our employees have been active in groups such as the Australian Institute of Architects, the Planning Institute of Australia, the Australian Building Codes Board and the Federal Government's Built Environment Industry Innovation Council and Built Environment Roundtable.

Our key areas of engagement are:

- Promoting dialogue between our sector and government, through both direct discussion and involvement in the many industry body forums that involve elected representatives and public servants,
- Continuing to take a key role in the development of voluntary tools, most notably the National Australian Built Environment Rating System (NABERS) Retail Energy and Water tools and the GBCA's Green Star Communities Framework,
- Working with sector peers through the PCA to take a collaborative approach in creating a more eco-efficient built environment,
- On state regulations relating to the introduction of planning panels, land tax valuation changes, industrial land zoning, bans on covenants, developer levies, urban boundary extensions and greater strictures relating to moth populations.

Over the past year this engagement has led to more balanced outcomes regarding key federal and state regulations.

Delivering affordable and diverse products

Delivering Housing Affordability Fund (HAF)-supported affordable housing at our Newhaven estate in Western Australia required more than government funding. And as the only non-government applicant in Western Australia to receive such a grant last year, we were keen to ensure we delivered a quality affordable product for our customers.

The grant, which was the result of a joint application with the city of Armadale, enabled us to create 50 two and three bedroom house and land packages starting from \$295,000. This is around a 15 per cent discount on the current market. Armadale Mayor Linton Reynolds summarised the outcome: "Many people currently unable to break into the housing market will now have access to quality homes with a high environmental rating in a developing part of our region, which is great news."

The affordable price points were achieved through working collaboratively with two leading builders to create affordable and market-leading products that included floor coverings, landscaping and fencing – meaning no hidden expenses for buyers.

As identified last year, Stockland has also been shortlisted for an additional \$1.5m grant for the Baldivis Town Centre at Settlers Hills to create 50 affordable dwellings. Discussions are underway with the relevant Government departments to reach a potential agreement. We are hoping for a positive outcome to help us continue to increase housing diversity and affordability in Baldivis.

Continued search for innovative and sustainable housing solutions

Grants are certainly not the only way to create affordable products, and like in the example above, innovation is the key. We are working on lots of ideas including:

- The use of modular and prefabricated housing – researched overseas by a small team thanks to our Peter Daly Fellowship,
- Product-focused working groups across the business to identify and pilot new housing concepts and learn from them (the 8.5 metre lot home in Highlands came from one of these), and
- Piloting innovative construction materials and in-house environmental solutions to improve the efficiency of the household e.g. solar panels, alternative building materials and customer education programs.

“
Many people currently unable to break into the housing market will now have access to quality homes with a high environmental rating in a developing part of our region, which is great news
”

Armadale Mayor
Linton Reynolds



Housing Affordability Fund Live
Ballot event, Newhaven, WA


Our community



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We contribute to and participate in communities where we have a presence.

Our community – progress and priorities

LAST YEAR WE SAID WE WOULD Past	THIS PAST YEAR WE HAVE Present	RESULTS	IN THE COMING YEAR OUR PRIORITIES ARE Future
Progressing our organisation-wide Community strategy. Integrate community development into business plans.	Prepared Community development plans, including setting out standards and targets for all active residential and commercial property projects. Commenced scoping a community partnership strategy to better prioritise and link our organisation-wide giving and volunteering activities with our project-focused community development activities. Locked in Community development budgets for all active residential projects.	FY12 PRIORITY 	Develop an organisation-wide local employment strategy. Develop an organisation-wide approach to understand and respond to the interests of young people in our communities. Complete and implement a community partnership strategy.
Identify core not-for-profit partners to address shared material issues.	Designed pilot projects with a number of not-for-profit partners, some of which have already commenced.	ONGOING 	Improve our capacity to better measure the success of community development initiatives across our projects. Build tools and systems to aid easy sharing of information, ideas and case studies between our national community development team and more broadly to all engaged employees.
Commence measuring the success of key community development initiatives at priority projects.	Researched livability metrics with the goal of better understanding the social attributes of our communities and how we can help create better places to live, and communities to thrive. Continued to track our community contributions through the use of the London Benchmarking Group tool.	FY12 PRIORITY 	Pilot, confirm and roll out Stockland livability metrics for residential communities and retail centres.
Pilot a Community development toolkit in our Commercial Property business.	Commercial Property and Residential Community development toolkits have been developed and training undertaken with Asset Managers and Development Managers.	ACHIEVED OUTCOME 	
Establish metrics to quantify our community outcomes.	Commenced research into the development of metrics on job creation and livability.	ONGOING 	

In 2011

We engaged a consultant to work with Our Corporate Sustainability and Community Development teams to develop metrics to enable us to better understand, benchmark and measure livability

Community development

Contributing to and participating in communities where we have a presence is increasingly a core part of how we operate. Responding to the needs of our local communities presents us with rich opportunities to be more embedded within those communities, helping us generate shared value.

Our community activities started with our employee giving and volunteering programs and now includes strategic community partnerships that contribute to the long-term success of the communities where we operate. Now, in addition to nearly three-quarters of all employees volunteering their time in our local communities, in each of our projects and assets we aim to understand and address the core issues for that local area – be it strained relationships with young people in our shopping centres, or the challenges of long-term unemployment in regional locations, or the specific needs of migrants in other locations. Together with local partners, we develop tailored approaches to improve local community resilience.

Community development approach

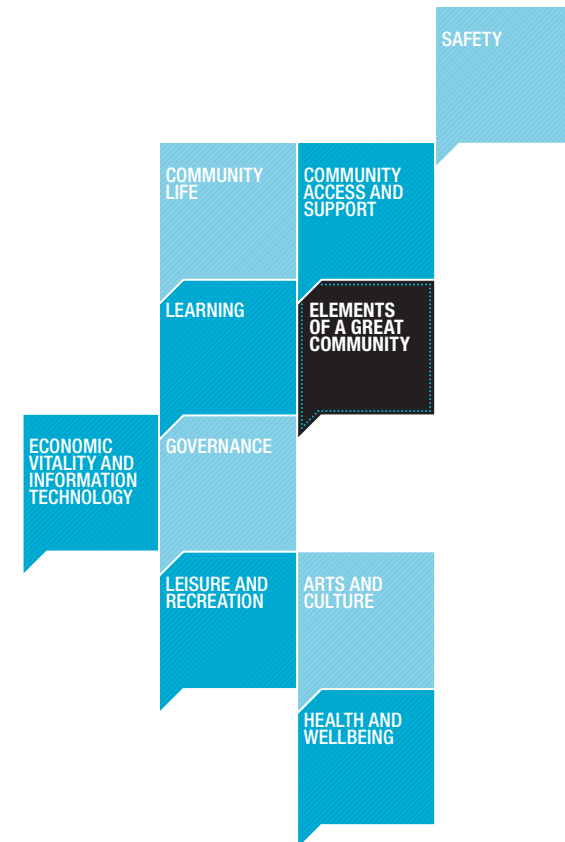
Community development is a key way that we create a better way to live. Our four-step community development process enables us to deliver a consistent quality community experience for our residents, tenants and customers.

We recognise that it is our role to provide through our residential communities, commercial properties and retirement villages:

- A place to live,
- A major contribution to our local economies,
- Community hubs and places to meet and gather,
- A safe and active place to work and learn,
- Places to recreate, and
- Accessible services and facilities.

Each of our residential communities and commercial properties have community development plans in place.

We have a consistent approach across our businesses, tailored to our residential communities, retirement village residents and shoppers, retailers and the surrounding community of our shopping centres. Over the coming year we will strengthen our focus on stages of life of our customers – now and in the future, especially youth and aging as well as continuing to explore how we can best partner with others to tackle the challenges of local unemployment.

**ELEMENTS OF
A GREAT COMMUNITY**

OUR COMMUNITY **COMMUNITY DEVELOPMENT****In Commercial Property our plans focus on three key areas:**

- Health, wellbeing and safety,
- Learning and economic contribution, and
- Community vitality.

Our Residential community development plans cover:

- Health and wellbeing,
- Leisure and recreation,
- Economic vitality and information technology,
- Environmental sustainability,
- Arts and culture,
- Safety,
- Community access and support,
- Learning,
- Governance, and
- Community life.

Livable communities

Over the past five years Stockland has developed a series of robust environmental metrics, making clear the environmental performance of assets and projects. Communicating the social performance of our communities, assets and projects has been more challenging.

We know that when people buy into a residential community they are purchasing more than land and a house – they are buying into a lifestyle shaped by the people, activities and environment around them. These attributes contribute to the livability of a community – and increasingly this is valued by our residents (and shoppers and tenants) and is fundamental to the long-term success of our business.

Livability metrics for communities

In mid-FY11, Stockland engaged a consultant to work with our Corporate Sustainability and Community development teams to develop livability metrics to enable us to better understand, benchmark and measure livability.

It is intended that applying the metrics will help build our knowledge and approach to community development – enabling us to improve the comparable livability of our communities.

The metrics have been drafted around six key themes – with metrics addressing both outputs and objectives (sitting alongside our current environmental indicators):

- **Affordable living and working:** that our projects/assets/communities are accessible to a diverse range of people,
- **Economic prosperity:** that our projects/assets/communities are integrated with or have access to employment opportunities so that communities are self-sustaining and resilient,
- **Access and connectivity:** that our projects/assets/communities are interconnected with other communities so that people can access jobs, services, education and training, open spaces, cultural and recreational facilities,
- **Sense of belonging and identity:** that our projects/assets/communities foster a strong sense of public belonging and identity,
- **Wellbeing and healthy living:** that our projects/assets/communities promote wellbeing,
- **Governance and engagement:** that our projects/assets/communities support community capacity, participation and engagement.

The metrics are intended to be applied at key phases in the life of a project, community or asset:

- Acquisition phase,
 - Structure plan/masterplan development phase,
 - Neighbourhood urban design phase, and
 - Post-occupancy evaluation phases.
- We are now in the piloting phase and anticipate finalising the piloting project, and communicating our first version of a series of livability metrics, in early FY12.

Embedding community development Residential

In FY11, we increased our community development resourcing with representatives in our New South Wales, Queensland, Victoria and Western Australia offices. This provided a clear focus and central point of contact for community development in each state. The Community development Managers, together with the project teams, are responsible for facilitating the development and implementation of residential community development plans on all active residential projects. These plans have been developed following our consistent four-step approach which includes identifying the key hard and soft infrastructure in each community. The community development plans are customised to each project and include key actions, timelines, project owners and budget. Community development budgets have been approved for all states where we do business.

In FY11 the Residential Communities business approved 20 Community development Essentials, or inclusions, for all new residential communities. These are the minimum standards that all Stockland communities will meet. These inclusions create a consistent standard across the country for designing and developing sustainable communities.

Commercial Property

In FY11 Commercial Property developed a Community development Toolkit, utilising a similar approach to our Residential Communities business. The toolkit identifies key built and social initiatives for our commercial assets.

Built initiatives create a sense of place by:

- Providing places to meet and connect (e.g. community rooms, plazas, etc.),
- Servicing the needs of our tenants, customers and wider community, and
- Creating local destinations and identity.

Social initiatives connect our communities together by:

- Developing activities that will be owned by our customers and communities,
- Creating opportunities and programs for our communities to interact and connect.

To build our employee engagement around this process, workshops were undertaken with our development and centre management teams in New South Wales, Queensland, Victoria and Western Australia to outline the three key community development elements and share initiatives currently underway.

Retirement Living Community development

Community development is a critical component of the product offering for our Retirement Living business. This was confirmed by our FY11 Residents Voice survey, which found aspects of the community other than the house people live in had a greater than 50 per cent influence on happiness.

The business has developed an Asset Management Plan process and template and all villages are now required to include a list of current and future Community development Initiatives. As of 30 June 2011, 65 per cent of villages had included plans for Community development Initiatives and the remaining villages will develop their asset plans in FY12.

The Community development strategy for Retirement Living includes a focus on developing a national platform for common initiatives. While it is still important to support local programs, we believe villages can benefit from our scale by accessing opportunities delivered by partnerships with community and service delivery organisations. We are engaging with Time Help to explore the feasibility of undertaking a joint partnership. The proposal is to deliver volunteering opportunities at local schools for residents at our villages at Templestowe and Cameron Close in Melbourne.

Projects/assets with a community development plan (%)

	FY11	FY10
Residential	100	23
Retirement Living	65*	25
Commercial	95**	0

* Percentage of Stockland-managed Retirement Living Villages that have included Community development initiatives in their Asset Management Plans as of 30 June 2011.

** Commercial Property Joint Ventures and asset being sold are not included.

Our local contribution

In some of our communities we provide a significant source of local employment through our operations and developments. With our community partners, contractors and tenants, Stockland has developed vocational employment programs, construction training and employment programs, migrant education programs and sustainability training programs.

For example, the Stockland Shellharbour development has partnered with the Salvation Army's Employment Plus and Brookfield Multiplex to address youth unemployment in the Shellharbour and Illawarra area. Our office assets are involved in working with local schools and employing social enterprises run by people with a disability. Our industrial assets have partnered with migrant community employment services and WorkVentures to provide education, training and employment to new migrants in western Sydney.

Selandra Rise – a blueprint is born

A focus on health and engagement, employment and housing diversity is what makes Selandra Rise a new type of residential community. Born out of a partnership between Stockland, the Planning Institute of Australia, Growth Areas Authority and the City of Casey, Selandra Rise is a 115 hectare residential development located south-east of Melbourne, Victoria. It was launched to market in May 2011, and already nearly 50 per cent of the eventual 1,200 lots have been sold.

Health and engagement

A number of initiatives have been employed to create a healthy and engaged community at Selandra Rise. A community engagement program is in place that has seen the community shape such things as the project name, the first and largest park at Selandra Rise, and the programs that will operate from the future Community Place.

Selandra Community Place will open its doors later this year, before the first resident even moves in. The Community Place will provide a central meeting point for the Selandra Rise and broader Casey community, as well as acting as a key educational resource. Well-located walking and bike paths, playgrounds, parks, sports facilities, wide footpaths and pedestrian-friendly local streets encouraging recreation and non-motorised travel are set for delivery in the coming months.

Diverse and affordable housing

It's crucial that Selandra Rise offers an affordable and diverse range of housing options. The community has been planned from the outset to provide living options for all ages from young couples to retirees and aged care. Stockland and the City of Casey have worked together to drive innovation in housing solutions with the recent introduction of a family home for less than \$310,000. We are now in the final stages of releasing another innovative product that addresses the needs of young couples, families and lone person households.

Employment

By providing a supportive environment for local business opportunities to flourish, Selandra Rise has been planned to minimise the need for residents to spend extensive time away from their families while travelling to work.

We know there is a high proportion of small businesses operating from home in the City of Casey so we are working through an extensive research study to ensure we develop product solutions that suit the needs of today's small businesses. The City of Casey incubator network will also be up and running with early phases operational from the Community Place later this year. As part of our early delivery plan, the future town centre will also deliver nearly 1,000 square metres of commercial space to facilitate local employment.

The community has been planned from the outset to provide living options for all ages from young couples to retirees and aged care



Living and working from home, Selandra Rise

Measuring success

Along with our project partners, RMIT and VicHealth, we have appointed a research practice fellow to commence a five-year longitudinal study in August 2011. Residents will be able to have a say in the shape of their community, and together we'll work to improve and enhance Selandra Rise as it evolves. We will measure the success of all the initiatives employed at Selandra Rise across our three objectives, and then transfer the skills learnt.

OUR COMMUNITY **COMMUNITY INVOLVEMENT****Community involvement****Giving and volunteering**

Stockland's Giving and Volunteering program continues to evolve as we seek to identify opportunities for our employees to make a positive contribution to the communities in which we operate and as we develop new and exciting partnerships with community groups.

Team and personal volunteering opportunities have remained a key part of our FY11 Giving and Volunteering Program, including our Workplace Giving Program and student mentoring programs. However, this year we have refreshed our strategy by clearly defining our core areas of focus, our guiding principles for employee-community partnerships and how to better align our investment in the community with our business purpose.

Key guiding principles include that our community partnerships and projects:

- Address our material sustainability issues,
- Are focused within or close to communities where we have a presence, and
- Actively involve our people.

Our employees continue to embrace opportunities to participate in volunteering and mentoring programs and over this past financial year 70 per cent of our employees have volunteered their time – an increase from 62 per cent in FY10. Additionally 29 teams participated in a dedicated team volunteering day compared to 18 teams in FY10. We seek opportunities for our teams to volunteer in our communities in activities that are valued by the charity/community group and that have a clear and positive impact.

We have maintained our support for programs offered by the Australian Business and Community Network (ABCN), and in the past financial year introduced RISE to our Sydney-based employees. RISE is a new program from the ABCN that helps refugee students improve their conversational English skills.

We have expanded our volunteering program to include skilled mentoring/volunteering opportunities for our employees and we have identified a number of innovative community partnerships that we are piloting in FY12. These include Timehelp, the Beacon Foundation, Inspire and Work Ventures.

In 2011

Our employees continued to embrace opportunities to participate in volunteering and mentoring programs

EMPLOYEES WHO VOLUNTEERED DURING STOCKLAND TIME HOURS

782

DEDICATED TEAM VOLUNTEERING DAYS

29

EMPLOYEES ACTIVE IN TEAM VOLUNTEERING	DAYS
FY11	782
FY10	650
FY09	338
FY08	272

Our Faces Our Stories

Since 2008, Stockland employees have participated in Our Faces Our Stories – a unique mentoring program with students from Fairfield High in Sydney's West.

The students, many of whom are refugees, have often endured enormous hardships and challenges to reach their new adopted homeland.

Stockland employees spend time with the students, getting to know them and hearing of their childhoods and journeys. They then help the students express their experiences by creating both written and visual interpretations of their journey to Australia.

Fred Bira, Maintenance Officer at Stockland Wetherill Park, has been involved in the Our Faces Our Stories program since it began.

"I was born in Baghdad, Iraq in 1950 and my family immigrated to Australia in 1964. When I meet students from the Middle East and other countries, I can feel, I know. I see eyes that have seen and experienced the most horrendous, unimaginable cruelty and deprivation.

For me, the chance to offer support and guidance to some of these young students is both an enormous privilege and a great responsibility. I am always humbled by the courage and character shown by the teenagers we work with.

Some students have witnessed family members being beaten or killed. Others have spent many years in limbo living in refugee camps. Every student's journey is unique but they share similarities such as leaving a homeland, overcoming difficulties and above all, hope for the future.

When I meet these students I feel showing that you are there to help and to guide hopefully makes their journey easier.

We are truly lucky to live in Australia and I hope programs such as this will go a small way to showing the human face of refugees and help people to embrace our newest Australians."

“
For me, the chance to offer support and guidance to some of these young students is both an enormous privilege and a great responsibility
”

Fred Bira

Maintenance Officer at
Stockland Wetherill Park



Mathew Quinn and a mentored student, Fairfield High

Giving and volunteering – Victorian bushfires

Tackling this practical problem head on, from 5 to 7 October 2010 the entire Victorian office volunteered for one day each to support two families



Over three days in October 2010, Stockland's entire Victorian team volunteered their time and energy to support two families affected by the 2009 Black Saturday bushfires.

Both families lost their homes when devastating bushfires swept through the small town of Clonbinane (near Flowerdale). Tragically, eight people were killed in the small community, and many more families were left homeless.

Although in the aftermath of the bushfires support in the form of money, time and equipment poured into these communities, many families are still struggling to rebuild their homes, facing the ongoing challenge of clearing their land of debris before they will be granted approval to begin building.

Tackling this practical problem head on, from 5 to 7 October 2010 the entire Victorian office volunteered for one day each to support two families.

The team worked hard re-planting native trees and clearing fallen trees, logs, bush and twigs.

During the months that followed the volunteer efforts, we leveraged our relationships with companies in the construction supply chain to finish the job at no cost to the families.



The companies we worked with provided structural drawings of the new home, cleared the remainder of the undergrowth on the site, provided energy ratings for the new house and offered assistance in getting the building permits through.

In the next few months our Victorian team will once again visit the Clonbinane community to volunteer their time. We will also arrange for water tanks to be placed on the sites and a couple of shipping containers which they can use to store everything until their homes are rebuilt. Hopefully our support will show these families that they are not alone and their plight has not been forgotten.

OUR COMMUNITY **COMMUNITY INVOLVEMENT****In 2011**

Our long-term objectives are to identify and tackle key social issues in our communities and to partner with organisations that are driving structural change around these areas

HOURS
EMPLOYEES
CONTRIBUTED
TO COMMUNITY
ACTIVITIES

9,786

EMPLOYEES
WHO VOLUNTEERED
DURING
STOCKLAND
TIME
%

70

Measuring community investment

Over the past Financial Year we have engaged with both internal and external stakeholders to refresh our Giving and Volunteering program. Our objectives were to ensure our program is aligned with our Community development activities, to provide meaningful opportunities for our employees to support the communities in which we operate and to link our community involvement with identified core business concerns.

During this time we have worked with representatives from the Centre for Social Impact to grow and develop Stockland's Giving and Volunteering Program. By working with our Community development peers across our Residential, Commercial Property and Retirement Living businesses we have identified the following areas of focus: Affordable Housing; Disadvantaged Youth; and Creating Pathways to Employment through Training and Development.

Our long-term objectives are to identify and tackle key social issues in our communities and to partner with organisations that are driving structural change around these areas. With this in mind we have identified several potential flagship programs that seek to support disadvantaged youth in our communities, while also providing potential opportunities for our employees, residents, tenants and suppliers to connect with young Australians in a positive way. Over the new Financial Year, in coordination with our Residential, Retirement Living and Commercial Property businesses we will implement the following pilot programs:

Timehelp – Timehelp delivers education and social benefits to young people in schools by recruiting retirees who volunteer to help out in schools each week. Tasks include literacy and numeracy support and guidance around activities such as gardening.

WorkVentures – WorkVentures recognises that employment is the key to overcoming the fundamental causes of disadvantage. They work with people at risk of social and economic exclusion who are seeking to improve their lives, and assist them by providing new skills and access to technology in order to improve their employability. The program, *I Settle with IT* helps migrants and refugees to learn both computer and English skills. Stockland will offer space at our Yennora Distribution Centre for the training program to take place and will engage IT employees to act as Mentors in the program. We will also work with our local partner schools, Fairfield High and Merrylands High to offer this program to the parents of refugee students.

The Beacon Foundation – The Beacon Foundation supports over 120 schools in each state and territory and seeks to address youth unemployment by providing meaningful opportunities for students to connect with industry representatives and to provide new skills and experiences to increase their employability. The Foundation runs a number of programs including *Mock interviews* where employees and tenants can work directly with students to help improve their interview skills; *Business Blackboard* – partnering industry representatives with teachers to highlight the relevance of learning and *Polish* – programs based on presentation skills.

Inspire – Mental health difficulties in our youth is a critical issue facing Australia. Inspire is behind the leading online youth mental health service – reachout.com and works with Australian youth to create awareness of mental health issues and engagement through activities and providing information in appealing, non-intrusive ways. By intercepting mental health issues at an early age we can prevent much of the negative lifestyle choices that may come with them at later ages (e.g. crime, unemployment, depression). Giving and Volunteering, in partnership with Commercial Property, will run a pilot program in the Hunter region with local high schools. This program will provide information sessions, teaching kits/ tools for teachers and programs to engage teenagers either at school, in community facilities or in our centres.

Stockland continues to report to the London Benchmarking Group to measure and benchmark our community involvement.

VALUE OF COMMUNITY INVOLVEMENT	\$M
FY11	3.275
FY10	3.2
FY09	3.4
FY08	1.7

HOURS EMPLOYEES CONTRIBUTED TO COMMUNITY ACTIVITIES	
FY11	9,786
FY10	11,469
FY09	4,800
FY08	3,500










Climate and our environment



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We are serious about protecting and enhancing the natural, built and human environment.

Climate and our environment – progress and priorities

LAST YEAR WE SAID WE WOULD	THIS PAST YEAR WE HAVE	RESULTS	IN THE COMING YEAR OUR PRIORITIES ARE
Past	Present		Future
<p>Climate change and energy</p> <p>Make progressive capital expenditures across our office portfolio towards our greenhouse gas emissions and energy efficiency targets:</p> <ul style="list-style-type: none"> reducing our greenhouse gas emissions and energy use across our Commercial Property portfolio by 20 per cent from FY09 to FY14, attaining a 4.5 Star average NABERS Office Energy rating for our Office portfolio by FY14. <p>Continue to test the NABERS Retail tool.</p> <p>Consider broader application of LED lighting. Commence building tuning on several assets.</p> <p>Expand the capability of our Climate Change Action Plan (CCAP) tool to track the eco-efficiency performance of assets against our target FY14 target.</p> <p>Continue to contribute to the discussions and development of market-based mechanisms that encourage low carbon, sustainable property.</p> <p>Provide energy efficiency training to our retail tenants.</p> <p>Expand and strengthen our green lease clauses in standard leasing contracts across our Commercial Property portfolio.</p> <p>Develop a Distributed Energy Strategy addressing the supply and generation of low carbon and renewable energy for our operational and development sites.</p>	<p>Achieved a NABERS Office Energy weighted average across the portfolio of 3.9 – an increase of 0.3 from the previous year.</p> <p>Assessed two retail centres – Wetherill Park and Forster using the NABERS Retail Energy tool:</p> <ul style="list-style-type: none"> Stockland Wetherill Park: 3.5 Stars Stockland Forster: 6 Stars – the first 6 Star NABERS Retail Energy rating. <p>Identified shortcomings in the recently developed NABERS retail tool. Stockland continues to work with the New South Wales government and other industry peers to improve the rigour of this tool.</p> <p>Commenced installation of LED lights, achieving significant energy reductions at Stockland Nowra. Assessment indicates that the same quick payback and energy efficiency are not certain across the portfolio.</p> <p>The CCAP tool has been amended to provide the business with monthly reporting on an asset-by-asset basis. This tool provides clear reporting metrics and images to assist in informing senior management of performance.</p> <p>Established a position statement on carbon and climate change.</p> <p>Commenced the roll out of energy efficiency training for retail tenants – in conjunction with New South Wales government and an external training provider.</p> <p>Amended all standard leases templates to include green lease clauses across all asset classes.</p> <p>Developed pilot programs to trial new energy supply and management technologies.</p> <p>Developed partnerships with a number of energy providers to pilot alternative energy solutions.</p> <p>Developed asset marginal abatement cost curves work to assess the most cost-effective methods by which we can reduce emissions across our retail and office assets.</p>	<p>ONGOING </p> <p>ONGOING </p> <p>ACHIEVED OUTCOME </p> <p>ACHIEVED OUTCOME </p> <p>ACHIEVED OUTCOME </p> <p>ACHIEVED OUTCOME </p> <p>ACHIEVED OUTCOME </p> <p>ONGOING </p> <p>ACHIEVED OUTCOME </p>	<p>Significantly reduce greenhouse gas emissions and energy use, particularly across our retail portfolio, towards our five year targets:</p> <ul style="list-style-type: none"> reducing our greenhouse gas emissions and energy use across our Commercial Property portfolio by 20 per cent from FY09 to FY14, attaining a 4.5 Star average NABERS Office Energy rating for our Office portfolio by FY14. <p>This is to be largely achieved through rolling out sub-metering, LED lighting and mechanical upgrades of existing retail assets.</p> <p>Following refinement of the retail NABERS tool, Stockland will commence a national roll-out of assessment of all retail centres – scheduled for finalisation in 2013.</p> <p>Roll out LED lights in retail centres where the payback is viable to do so.</p> <p>Further expand the application of the CCAP tool to assist asset managers in understanding the monthly energy and water performance of each retail and office asset.</p> <p>Analyse the results of our energy efficiency training for retail tenants.</p> <p>Work on a program to ensure and assist in the implementation of requirements set out in the clauses.</p> <p>Develop a Distributed Energy Strategy addressing the supply and generation of low carbon and renewable energy for our operational and development sites where this is commercially viable.</p> <p>Continue to pilot alternative energy solutions in our projects.</p> <p>Engage and train our Development Managers in the use of tools to improve decision-making on eco-efficiency projects, including investment in cost-effective low carbon and renewable energy technology.</p> <p>Benchmark our existing projects using the CCAP PRECINCT Design tool and establish targets on new pilot projects.</p> <p>Continue to pilot our high-performance low carbon homes initiative.</p> <p>Pilot sustainable living behaviour change initiatives.</p> <p>Develop a Residential case study in response to Energy Efficiency Opportunities legislation.</p>

CLIMATE AND OUR ENVIRONMENT – PROGRESS AND PRIORITIES (CONTINUED)

LAST YEAR WE SAID WE WOULD

Past

Continue to review our energy and carbon metrics in response to feedback from our business, analysts and other stakeholders, reflecting current and emerging regulatory reporting requirements and improving our capacity to better monitor and manage our assets.

Develop climate change management action plans for relevant projects in our Residential and Retirement Living businesses.

Water

Make progressive capital expenditures across our office portfolio towards our water efficiency targets of:

- reducing our water intensity across our Commercial Property portfolio by 10 per cent by FY14,
- attain a 4.0 Star average NABERS Office Water rating for our Office portfolio by FY14.

Focus on operational efficiencies and maintain minimum standards as set out in Commercial Property's sustainability policy.

Develop best practice case studies to help our Project and Development Managers to continue to improve their capabilities.

Test the feasibility of, and aim to trial, a significantly innovative Water Sensitive Urban Design initiative on at least one project. We will research and set metrics which will then be trialled on a number of projects.

Waste

Improve office waste recycling through engagement with our Facility Managers.

Increase our recycling rate target to 30 per cent in our retail assets. The target for recycling at our office assets is 70 per cent.

Maintain reporting standards established in FY09 and implement further waste auditing in line with the NABERS Waste protocol.

Biodiversity

Review our biodiversity approach and build best practice case studies of biodiversity management to improve the capability of our Development Managers.

THIS PAST YEAR WE HAVE

Present

Piloted provision of solar PV systems at no cost to new land purchasers on three projects. Twenty-five systems were taken up by customers during the pilot.

Updated our residential sustainability policy to include requirements for 7 Star housing to be considered for inclusion in our display villages.

Partnered with builders to build high-performance low carbon homes that have the capacity to produce more energy than they consume, in both Queensland and Victoria.

Piloted the CCAP PRECINCT Sustainability design tool and prepared case study to inform project teams of the initiative.

Completed an organisation-wide climate adaptation strategy.

Completed a climate change adaptation case study assessment of an asset, with actions being considered for adoption.

Reduced water use across our office portfolio by 11 per cent and our retail portfolio by 10 per cent.

Our Office NABERS Water rating has dropped by 0.2 to 3.4 Stars.

Moved towards an outsourced water sub-metering provider with the majority of our sites, and all of these sites have a 10 per cent water reduction target.

Developed Water Sensitive Urban Design guidance and case studies.

Achieved a small improvement in diversion of office waste from landfill of 67 per cent (up from 66 per cent), and retail waste from landfill of 28 per cent (up from 26 per cent), however we fell short of our targets.

Prepared a best practice case study of our response to biodiversity management at Brightwater.

Commenced a pilot partnership with national provider to develop and deliver biodiversity restoration and community education program.

RESULTS

FY12 PRIORITY ACHIEVED OUTCOME ACHIEVED OUTCOME ONGOING ONGOING ACHIEVED OUTCOME ONGOING ONGOING 

IN THE COMING YEAR OUR PRIORITIES ARE

Future

Building on our group adaptation strategy, undertake specific analysis and prepare adaptation plans for those assets likely to be most at risk to impact from weather and a changing climate.

Continue to reduce water use across our Commercial Property portfolio towards our five year targets:

- reducing our water intensity across our Commercial Property portfolio by 10 per cent by FY14,
 - attaining a 4.0 Star average NABERS Office Water rating for our Office portfolio by FY14.
- Continue to roll out NABERS Water ratings for our retail assets.

Improve our water usage through capital expenditure on water efficient devices and through closer monitoring and regular internal reporting on water usage

Pilot innovative water management practices and develop water usage and quality targets for residential developments.

Develop asset specific targets for poor performing buildings.

Undertake a study to assess biodiversity impacts of previous restoration activities.

Continue to build case studies of best practice biodiversity initiatives from across the business.

Deepen our understanding of the impacts of greenfield development, with the goal of further minimising negative effects and optimising benefits for both the environment and society.

In 2011

Stockland has a proactive approach to climate change, developing policies and implementing action plans over a number of years

—

The business is also working with the CSIRO to investigate low carbon, renewable energy and distributed energy technologies in retail centres and residential communities

—

We are serious about protecting and enhancing the natural, built and human environment. The success of our business depends on the sustainability of the environments, communities and economies in which we operate.

We are committed to better understanding our environmental impacts, and identifying and mitigating the potential risks associated with climate change. Improved understanding of our environmental risks and impacts informs and benefits all areas of our business, from project design to investment decision making.

Over the past 12 months we have focused on:

- Mitigating and adapting to perceived climate change risk,
- Minimising carbon emissions,
- Improving energy and water efficiency,
- Improving diversion of waste from landfill, and
- Managing our use of, and impact on, natural resources.

Climate change and energy**Climate change**

The risks associated with climate change affect the way in which our organisation, governments, communities and other key stakeholders view the built environment. Stockland has a proactive approach to climate change, developing policies and implementing action plans over a number of years. We have made a commitment to better understanding these risks and the opportunities for mitigation and adaptation.

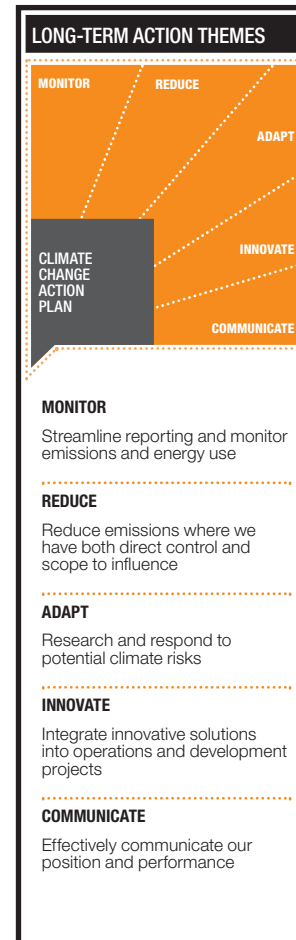
The Intergovernmental Panel on Climate Change's Fourth Assessment report predicts that likely impacts on property will include more hot days, more frequent heavy precipitation and increased incidence of extreme high sea level. If realised, these impacts would place greater demands on the built environment.

In 2009, we developed a clear and dedicated strategy to guide our climate change actions – Climate Change Action Plan. Over the past 12 months we have continued to prioritise these action areas and have significantly expanded our knowledge on climate change and implemented the appropriate business responses.

Our strategic approach – Climate Change Action Plan

Our Climate Change Action Plan covers five themes – improve how we **monitor** our emissions, continue to **reduce** our greenhouse gas emissions, **adapt** to a changing environment, **innovate** through low-carbon and renewable technology and **communicate** our position and performance.

Our actions and achievements in FY11 are detailed against these five action themes.

CLIMATE CHANGE ACTION PLAN

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****Monitor: streamline reporting and monitor emissions and energy targets**

Reflecting our commitment to embed carbon and energy reporting as a standard business practice, we have completed phase one (Residential and Retirement Living) of the transfer of responsibility for greenhouse gas data collection from our Sustainability teams to our Group and Business Unit finance teams. We will begin phase two (Commercial Property) in FY12 and when complete all greenhouse gas data collection will sit with our finance teams.

Over the last 12 months we have significantly improved our collection of contractor data in our Residential and Retirement Living businesses (as required under the National Greenhouse and Energy Reporting System). As a result our scope 1 emissions have increased due to the inclusion of contractor fuel consumption, particularly diesel. We will develop a case study in FY12 to try and identify opportunities to reduce our direct emissions and influence our contractors' emissions.

We have continued to improve how we set and monitor energy efficiency and emissions targets for our businesses through our carbon abatement cost curve work. Please refer to our Stockland Nowra case study.

Reduce: reduce emissions where we have both direct control and scope to influence

We continue to seek opportunities to cut our emissions, however this will become progressively harder as the easier, low-cost initiatives are completed. Over the coming year Stockland expects to achieve significant cuts by rolling out sub-metering and undertaking mechanical equipment upgrades in shopping centres.

Our Commercial Property GHG emissions intensity results for FY12 were pleasing as our office portfolio continued to minimise their emission intensity by 7 per cent. Our retail portfolio also had a modest reduction in emissions intensity of 2 per cent.

Energy efficiency is the most cost-effective way for our organisation to reduce emissions – please refer to the energy efficiency section for more details.

Adapt: research and respond to potential climate risks

Earlier this year Stockland made a significant investment in expanding its understanding of climate risks and developed an organisation-wide climate adaptation strategy. The strategy helps us determine the type of action, timing and specific assessments needed for our organisation to prepare for changes in the climate. This work builds on previous bushfire, sea level rise and flooding assessments undertaken by parts of the organisation.

Our climate adaptation strategy examines primary climate effects such as temperature, precipitation and sea level rise, as well as secondary climate effects such as bushfires, flooding and drought, cyclones, wind and relative humidity in regions/corridors where Stockland has a presence.

Our strategy focuses on:

- An understanding of future climate system changes to set a context for our organisation and business units,
- Prioritising the exposure of our assets to climate effects,
- Minimising increased operation and maintenance costs,
- Enabling informed decisions to be made on future investments,
- Reducing liabilities and insurance premiums by ensuring assets are appropriately climate prepared,
- Increasing occupant and customer comfort levels within buildings,
- Avoiding early retirement of assets within our portfolio, and
- Complementing our CR&S commitments and mitigation efforts in reducing carbon emissions.

In FY12 our Commercial Property business will complete an assessment of each retail asset's climate risk parameters and suggested modifications to assist in climate resilience. This supports previous work in our North Queensland sites that reviewed roof structures and reinforcements. This work proved its worth when Cyclone Yasi went through the area and the Stockland Cairns centre provided safe and secure refuge for the community (please refer to the Queensland flood case study).

Our Residential and Retirement Living businesses will respond to the strategy through the refresh of their minimum sustainability standards and design guidelines.

Innovate: integrate innovative solutions into operations and development projects

In the last 12 months we have made significant progress toward embedding innovative solutions into our operations and development projects. Three project examples are included throughout the report: Shellharbour, Nowra and Amberton.

The business is also working with the CSIRO to investigate the viability of low carbon, renewable energy and distributed energy technologies in retail centres and residential communities.

Communicate: effectively communicate our position and performance

We engage with all levels of government and our peers to share our learnings and partner in research projects. We also engage with ESG (environment, social and governance) analysts and participate in the development of a global common carbon metric for property. This engagement ensures that our response to climate change remains relevant and provides sector leadership.

One area of significant stakeholder attention and public debate in the last 12 months has been the Federal Government's proposal to introduce a carbon price. In April 2011, we publicly released our Climate Change Position Paper highlighting our in-principle support for a price on carbon.

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****Supporting a low-carbon future**

We have taken a proactive approach to change, developing policies and implementing action plans over a number of years. We have scrutinised the organisation's opportunities to reduce our carbon emissions and are well into the implementation phase.

Our approach has seen us achieve significant greenhouse gas emission reductions across our Commercial Property portfolio and has seen Stockland achieve significant greenhouse gas emissions intensity reductions across its Commercial Property portfolio over the last six years. Continuing to cut emissions will become progressively more difficult as the easier, low-cost initiatives are completed. However, we recognise that we have a role to play in developing sustainable communities for the future and our Climate Change Action Plan reflects our position.

Over the coming year we expect to achieve significant cuts through rolling out sub-metering and undertaking mechanical equipment upgrades in shopping centres. The business is also working with the CSIRO to investigate the application of low carbon and renewable energy technologies in retail centres and residential communities.

We recognise that placing a price on carbon is important to encourage a shift to lower carbon and renewable energy alternatives, and needs to be achieved in a manner that is timely, and globally in step, sustaining overall national economic stability.

On 10 July the Prime Minister released details of the proposed carbon price scheme. If legislated, the price of carbon emissions will be set initially at \$23/tonne and will commence 1 July 2012, transitioning to an emissions trading scheme in 2015. We are modelling the detailed impacts on our business – in particular the complexities of cost impacts on construction.

The direct impact of a carbon price on Stockland is anticipated to be relatively small compared to other large Australian organisations as our per site emissions fall well below the required threshold. Under the proposed scheme Stockland won't be required to purchase credits. Our reported emissions are mostly indirect emissions (Scope 2 emissions) associated with energy consumption in our office buildings and shopping centres.

We can expect our energy costs to go up. We expect the carbon price to add a maximum of \$4m p.a. in electricity and gas costs from FY13, and our emissions at around 150,000 tonnes per annum. We expect to be able to recover approximately half of these costs from our tenants. At the same time, increased energy costs will make Stockland's energy efficient office and retail spaces more attractive to tenants and new energy efficient houses more attractive to customers who are keen to keep their costs down. With an average NABERS Energy rating of 3.9 stars our office spaces are typically much more efficient than the average, and with BASIX and 5 Star (soon to be 6 Star) housing requirements introduced over the past seven years, new housing is significantly more energy efficient than older housing

stock. We have a great opportunity to share these benefits of a better way to live with our customers.

Our modelling of the cost impact of carbon price on construction costs indicates a modest increase in the cost of construction:

- Additional cost of a new house and land package circa \$2,500, 0.6% of average project home cost
- Additional cost per retirement living home circa \$1,800, 0.6% of average home cost
- Modelling of retail pipeline indicates average increase of 0.4% in retail development costs

In addition, we support the important role of complementary mechanisms, in particularly programs in the property sector that will:

- Accelerate energy efficiency, such as a national white certificate scheme building on absorbing the NSW Energy Savings Scheme (in which we already participate); and
- Encourage the trialling and take up of low carbon and renewable technologies.

Creating a sustainable community hub

During FY11, work commenced on a major redevelopment of our shopping centre at Shellharbour, 21 kilometres south of Wollongong on the NSW south coast. The project will see Stockland Shellharbour nearly double in size with the addition of 125 new specialty stores and two majors, Myer and Woolworths.

With the goal of evolving Stockland Shellharbour to be the region's leading shopping destination and community hub, we have actively engaged with the local community and suppliers with a strong focus on three areas:

- Improving environmental outcomes,
- Partnering to deliver local employment, and
- Supporting our local community.

Improving environmental outcomes

Our Shellharbour redevelopment is a good example of how seeking better environmental outcomes can also make good financial sense. The development has been designed to achieve a 4 Star Green Star (GBCA) rating, which is the target for all Stockland developments as outlined in the Commercial Property Sustainability Policy. It combines elements of good practice sustainable design in the areas of air-conditioning, lighting, tenant design guidelines, enhanced commissioning and best practice water design and management. Our financial model has shown that in the office environment these elements are cost-effective additions that have been shown to deliver operational outcomes (refer to our Trinité case study).

Taking this development to another level, Shellharbour also includes tri-generation and 7,000 square metres of solar panels. To ensure that the environmental outcomes meet our financial hurdles significant work was done to model the returns and costs. Energy price escalations were included in the modelling and a potential cost of carbon was factored in. Early investigations showed that solar and tri-generation would provide solid environmental outcomes for a far smaller cost than initially considered.

Once Stockland has delivered on more Green Star retail developments we will be able to apply the same analysis that we applied to our office assets and determine the premium required to deliver good environmental outcomes.

These initiatives will benefit customers and tenants by creating a better working and shopping environment and result in lower outgoings for retailers.

Partnering to deliver local employment

We have been working closely with our builder partner, Brookfield Multiplex, to ensure that local employment and using local suppliers is a key focus for the project.

By July 2011, 213 people from the local Illawarra area had been employed on the project through 39 local companies.

In addition to this, the Salvation Army Employment Plus Connectivity Centre is now operating on the site and working with Brookfield Multiplex. The program has already placed nine unemployed people with companies working on the project. Formal construction training of the first group of 18 trainees has been completed.

"The training received through the initiative was invaluable and motivating." Nathan Merret, Brookfield Multiplex's first employee from the program.

We have been working closely with our builder partner, Brookfield Multiplex, to ensure that local employment and using local suppliers is a key focus for the project



Local employment, Shellharbour



Supporting our local community

Like all Stockland assets Shellharbour has strong connections with the local community, which have strengthened throughout this development.

During construction, 13 high school students who were studying construction attended the site to gain some first-hand experience of the processes on a building site. The students were interested in site management and Occupational Health and Safety, including inductions, accident procedures, rain and dewatering. They also learnt about the project program, penalties/bonuses, employment opportunities, recycling and sustainability.

We have also maintained our strong support for local community organisations including:

- *i98 FM Camp Quality Convoy* – raising money for Camp Quality to assist local sick children,
- *The KidzWish Foundation* – a non-profit organisation benefiting sick, disabled and disadvantaged children in the Illawarra region,
- *Stockland Rock School Breakfasts on Wave FM* – activities designed to be fun for the children, while boosting confidence and providing an opportunity to perform in front of peers.

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****Energy efficiency**

Energy efficiency remains the most cost-effective way for our organisation to reduce greenhouse gas emissions. Over the past year we have continued to improve how we set and monitor energy efficiency targets across our businesses. We have undertaken a number of energy efficiency projects and have continued to apply minimum standards for energy efficiency in our operations and developments.

Commercial Property energy efficiency

In FY09 our Commercial Property business committed to a 20 per cent energy intensity reduction by FY14 and a NABERS Office Energy portfolio average rating of 4.5 Stars by FY14.

Our office portfolio has continued to deliver energy efficiency within existing and new buildings through capital investment in high-efficiency chillers, building management systems, lighting controls and variable speed drives. We extended our commitment to sub-metering, with new sub-metering to an additional four office buildings and energy upgrades to 10 existing office sub-metering sites.

We have made a modest improvement in our energy performance in our retail portfolio, achieving a turnaround in FY11 as compared to our poor energy results in FY10. Over the past year we have been working hard to find the balance between upgrading existing assets whilst achieving energy savings. We remain committed to our FY14 target and have focused on the following initiatives to improve our results:

- Delivered 21 new retail sub-metering sites which have committed to achieve a 10 per cent intensity reduction across the portfolio which will start to be realised in FY12,

- Completed a retail air-conditioning efficiency study to provide solutions for deep energy cuts, and we will complete several of these projects in FY12,
- Focused on the energy intensity of our developments, as historically our enhanced operational standards, extended retailer trade and central servicing solutions have been driving energy intensity increases,
- Joined the Retail NABERS Technical Advisory Group to work through some detailed issues on the NABERS Retail tool prior to implementing this across the portfolio,
- We will use over \$1 million awarded to us in co-funding from the Federal Government's Green Building Fund to implement energy efficiency initiatives such as building tuning, sub-metering, lighting upgrades and solar installation on three projects.

Retirement Living energy efficiency

The acquisition of Aevum has almost doubled the size of our Retirement Living portfolio. While an assessment of energy infrastructure and usage was undertaken in FY10, the release and implementation of this work was delayed to ensure the new villages were considered in the process. This was particularly relevant as Stockland has operational control for all of the villages acquired from Aevum.

A review of the legislative obligations arising from the acquisition identified a need to capture and report energy and greenhouse gas data under the National Greenhouse and Energy Reporting Act. A considerable amount of work has been done to ensure data is captured for all new villages for compliance with FY11 reporting. A new data collection system has also been built for FY12 that will ensure energy and GHG usage is captured via invoicing through the accounts payable process.

The review also identified the need to undertake Energy Opportunity Assessments under the Energy Efficiency Opportunities Act. Energy assessments have been completed for four villages: Cardinal Freeman, Lourdes, Salford Park and Gillin Park.

We will use the results of these assessments to identify energy efficiency and saving initiatives for these four villages but will also identify initiatives that can be rolled out to other villages.

Residential energy efficiency

As a residential community is established, greenhouse gas emissions are generated via the use of different energy sources. Our control over these energy sources varies considerably through each stage. We have direct control over the amount of electricity used to operate sales suites or water pumps in lakes. We do however recognise that the biggest impact we can have is through our influence rather than our direct control.

Over the past 12 months, we have focused on how we can influence greenhouse gas reduction on our sites and begin to help our customers to understand the impacts of energy on their ongoing costs.

We have established a number of pilot and demonstration projects across the country that will help us to better understand how we can best combine technical and capacity building solutions:

- Pilot project in partnership with energy providers to offer 1.5kW solar photovoltaic (PV) to customers at no cost,
- Demonstration project in partnership with our builders showcasing high performance homes capable of producing more energy than they will use,

- Partnership with Ergon Energy at our North Shore (Queensland) community to develop a range of energy efficiency initiatives including: a Green Living guide, electric vehicle use on-site, and trials for smart meters, household battery packs,
- Updated our requirements to ensure 7 Star display homes are considered for inclusion in all new display villages and all sales centres include solar PV,
- Piloted the CCAP PRECINCT Sustainability design tool (see our Amberton case study).

Over the next 12 months we will undertake the following initiatives:

- Prepare a case study of the direct and indirect energy efficiency opportunities on our projects in response to the Energy Efficiency Opportunities Act,
- Develop a distributed energy strategy for the business and pilot distributed energy initiatives,
- Benchmark energy use on our projects and pilot energy targets on new projects, and
- Continue to apply alternative energy supply technologies on our projects.

AVERAGE NABERS OFFICE ENERGY RATING	STARS
2011	3.9
2010	3.6
2009	3.6
2008	3.4
2007	2.9
2006	2.9

In 2011

Our office portfolio has continued to deliver energy efficiency within existing and new buildings through capital investment in high-efficiency chillers, building management systems, lighting controls and variable speed drives

Over the past 12 months, we have focused on how we can influence greenhouse gas reduction on our sites and begin to help our customers to understand the impacts of energy on their ongoing costs

AVERAGE
NABERS OFFICE
ENERGY RATING
STARS

3.9

Stockland Nowra – energy trade-offs

The project was completed in April 2011 and has demonstrated excellent results, with a substantial increase in lighting level and a 35 per cent reduction in energy use compared to the prior corresponding period

Stockland Nowra presented us with a challenge – how to balance the need to upgrade shopping facilities with our desire to achieve energy savings. The centre had been experiencing higher energy usage in FY10 as a result of Kmart moving to round-the-clock trading at the centre. In addition, the building was due for additional air-conditioning and upgraded lighting, all of which pointed to expected increases in energy use.

The first challenge was the lighting. The level of lighting in the centre needed to be lifted from the existing poor level (approximately 180 lux) to our new design standard (320 lux), while reducing the overall energy usage. A feasibility study was conducted to compare different lighting options and found that we could achieve an excellent financial return by undertaking an LED upgrade. The project consists of:

- A ceiling redesign,
- Lighting controls,
- New lighting level standards, and
- LEDs (light-emitting diodes).

The different energy trade-offs of improving amenity whilst reducing energy are shown in the graph below. We view this as a blended financial return which met Commercial Property's financial requirements for the project to proceed.



Stockland Nowra



Achieving energy savings

creating better indoor environments.

The project was completed in April 2011 and has demonstrated excellent results with a substantial increase in lighting level and a 35 per cent reduction in energy use compared to the prior corresponding period.

Following the success of this project we have committed to extending our LED program in FY12 and are currently completing detailed feasibilities for different assets. Interestingly, we have found that different sites require different solutions. Our detailed analysis will help us identify the best way to improve energy usage taking into account the specific circumstances at each site.



Figure 1

Process

- Apply demand management (switched zoning) to existing lights
- Levelise amenity by modelling increasing illumination using the existing lights
- Increase lamp efficiency

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****Our energy and greenhouse gas emissions metrics****Our boundary and methodology**

All figures relate to our Australian operations.

Scope 1 emissions comprise direct emissions. That is, emissions from fuels that are combusted on-site (including natural gas and diesel) as well as refrigerant leakage. Scope 1 also includes emissions reported by contractors where we have operational control (typically

residential communities projects) as required by the National Greenhouse and Energy Reporting Act (2007) (NGERA). Contractors are required to supply their energy consumption data as part of monthly reporting and we then use this supplied data for our greenhouse gas emissions reporting. Our emissions boundary also includes a decommissioned coal seam mine that produces an estimated 12.4 tCO₂-e per annum.

Scope 2 emissions comprise indirect emissions from the consumption of electricity only.

We report our Scope 1 and 2 emissions according to our operational control boundary under the NGERA. We voluntarily report select **Scope 3** emissions in accordance with the GHG Protocol Corporate Standard.

We report greenhouse gas emissions comprising base-building electricity (Scope 2) and gas consumption (Scope 1) for our office, retail, industrial, residential and retirement living assets for which we have operational control. Tenant usage is not included, except where we are the tenant. For those assets that have missing invoices estimates are provided.

In FY11, we improved the data collection for our Retirement Living and Residential businesses. This has enabled us to shift from reporting estimates based on sampling to reporting actual performance data across all Retirement Living and Residential sites within our operational control.

This has led to an increase in our greenhouse gas emissions profile. An increase in civil works activity on our Residential projects has also contributed to this increase.

Prior to FY09 we reported emissions where we had financial control (essentially where we purchased energy including electricity,

gas and fuel). Following the introduction of the NGERA we now report emissions where we have operational control. This means extending our reporting boundary to include emissions associated with contractors working on our residential communities and some retirement living sites. Our operation control boundary is confirmed each year by Group Legal with advice from Gadens Lawyers.

Intensities: The greenhouse gas emissions and electricity consumption of our office and retail businesses are divided by the floor area of those assets. We use the same operational control boundary for our total figures, excluding our tenancies.

Our greenhouse gas emissions**TOTAL GREENHOUSE GAS EMISSIONS (kgCO₂-e)**

	FY11	FY10	FY09	FY08	FY07	FY06
Scope 1 + Scope 2	155,742,244	146,273,971	145,326,882*	132,439,692	139,385,591	139,279,841
Scope 1	27,459,144	14,904,868	3,016,281	3,201,338	3,323,881	3,500,090
Scope 2	128,283,100	131,369,103	120,000,601	129,238,354	136,061,710	135,779,751

Notes: Residential and Retirement Living data was not reported for FY06–09 individual scopes.

* In FY09 scope 1 and 2 emissions for Residential and Retirement Living were estimated and included in our total greenhouse gas emission.

TOTAL SCOPE 1 EMISSIONS (kgCO₂-e)

	FY11	FY10	FY09	FY08	FY07	FY06
Office gas	1,827,474	1,574,047	1,759,961	1,937,412	2,489,555	2,549,324
Industrial gas	7,540	36,037	20,597	Not recorded	Not recorded	Not recorded
Retail gas	52,558	29,216	40,455	262,380	262,932	517,766
Vehicle fleet	166,538	178,083	287,548	1,001,546	571,395	433,000
Refrigerants	1,094,926	1,108,671	907,720	Not recorded	Not recorded	Not recorded
Residential gas (including coal seam mine)	157,816	50,778	Not recorded	Not recorded	Not recorded	Not recorded
Residential contractors	22,357,767	11,669,158	Not recorded	Not recorded	Not recorded	Not recorded
Retirement Living gas	332,065	2,930	Not recorded	Not recorded	Not recorded	Not recorded
Retirement Living contractors	1,462,460	255,948	Not recorded	Not recorded	Not recorded	Not recorded
Total	27,459,144	14,904,868	3,016,281	3,201,338	3,323,881	3,500,090

Notes: Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

GREENHOUSE GAS EMISSIONS		kgCO ₂ -e
FY11		155,742,244
FY10		146,273,971
FY09		145,326,882*
FY08		132,439,692
FY07		139,385,591
FY06		139,279,841

Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

* In FY09 scope 1 and 2 emissions for Residential and Retirement Living were estimated and included in our total greenhouse gas emission.

TOTAL EMISSIONS (NGERA BOUNDARY) FY11 (kgCO₂-e)
155,742,244

SCOPE 1 GREENHOUSE GAS EMISSIONS		kgCO ₂ -e
FY11		27,459,144
FY10		14,904,868
FY09		3,016,281
FY08		3,201,338
FY07		3,323,881
FY06		3,500,090

Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****TOTAL SCOPE 2 EMISSIONS (kgCO₂-e)**

	FY11	FY10	FY09	FY08	FY07	FY06
Corporate tenancies	1,818,240	1,511,979	1,558,899	Not reported	Not reported	Not reported
Office	53,052,082	56,761,064	62,487,006	66,238,591	69,544,494	68,134,207
Industrial	3,088,275	3,261,711	99,391	2,878,686	5,223,895	5,030,872
Retail	61,702,581	63,205,479	55,855,304	60,121,076	61,293,321	62,312,820
Residential	2,668,804	4,435,837	Not reported	Not reported	Not reported	Not reported
Residential contractors	252,821	96,149	Not reported	Not reported	Not reported	Not reported
Retirement Living	5,689,929	2,096,884	Not reported	Not reported	Not reported	Not reported
Retirement Living contractors	10,368	–	Not reported	Not reported	Not reported	Not reported
Total	128,283,100	131,369,103	120,000,601	129,238,354	136,061,710	135,779,751

Note: Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

TOTAL SCOPE 3 (kgCO₂-e)

	FY11	FY10	FY09	FY08	FY07	FY06
Total transmission and production losses from purchased electricity and gas and fuel fleet	21,275,232	23,159,819	19,718,223	21,248,048	22,702,571	23,090,218
Car hire	79,475	65,048	42,105	79,460	66,572	65,048
Air travel	1,859,621	1,241,197	1,070,393	1,078,377	1,099,714	1,241,197
Total	23,214,328	24,466,064	20,830,721	22,405,885	23,868,857	24,396,463

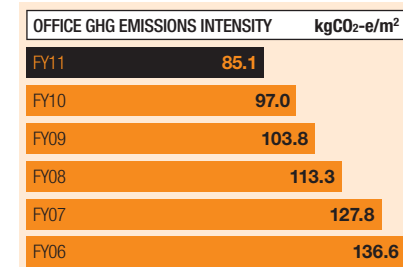
SCOPE 2 GREENHOUSE GAS EMISSIONS	kgCO ₂ -e
FY11	128,283,100
FY10	131,369,103
FY09	120,000,601
FY08	129,238,354
FY07	136,061,710
FY06	135,779,751

Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

SCOPE 3 GREENHOUSE GAS EMISSIONS	kgCO ₂ -e
FY11	23,214,328
FY10	24,466,064
FY09	20,830,721
FY08	22,405,885
FY07	23,868,857
FY06	24,396,463

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY**GREENHOUSE GAS EMISSIONS INTENSITY (kgCO₂-e)

	FY11	FY10	FY09	FY08	FY07	FY06
Office	85.1	97.0	103.8	113.3	127.8	136.6
Floor area (NLA) of buildings in intensity metric (m ²)	642,279	600,788	508,342	527,511	570,091	524,618
% floor area in intensity metric	100%	100%	76%			
Retail	73.0	76.0	74.6	77.2	82.2	88.6
Floor area (GLA) of buildings in intensity metric (m ²)	852,108	831,821	735,733	784,846	748,437	709,490
% floor area in intensity metric	100%	99%	97%			

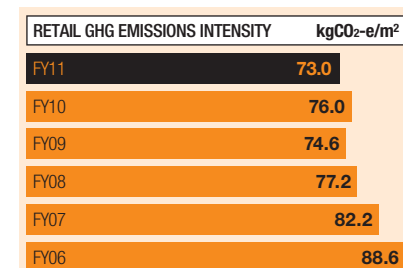


OFFICE GHG
EMISSIONS
INTENSITY
FY06–11
%
38▼

Greenhouse gas emissions for office assets divided by the leased floor area of these assets.

GHG INTENSITY % REDUCTION

	FY06–11	FY09–11	FY10–11	FY09–10	FY08–09	FY07–08	FY06–07
Office	38%	18%	12%	7%	8%	11%	6%
Retail	18%	2%	4%	–2%	3%	6%	7%



RETAIL GHG
EMISSIONS
INTENSITY
FY06–11
%
18▼

Greenhouse gas emissions for retail assets divided by the leased floor area of these assets.

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY****Our energy consumption****PURCHASED ELECTRICITY – kWh**

	FY11	FY10	FY09	FY08	FY07	FY06
Corporate tenancies	1,924,901	1,622,297	1,655,224	Not reported	Not reported	Not reported
Office	60,025,840	63,370,687	68,639,145	73,337,524	77,526,965	75,460,030
Industrial	3,442,690	3,622,030	108,900	2,715,742	4,928,202	5,030,872
Retail	66,771,363	69,030,062	60,110,466	64,762,680	66,085,690	67,071,111
Residential	2,764,084	4,724,216	Not reported	Not reported	Not reported	Not reported
Residential contractors	249,272	89,785	Not reported	Not reported	Not reported	Not reported
Retirement Living	5,548,781	1,725,830	Not reported	Not reported	Not reported	Not reported
Retirement Living contractors	8,493	7	Not reported	Not reported	Not reported	Not reported
Total	140,735,424	144,224,914	130,513,736	140,815,946	148,540,858	147,562,013

PURCHASED ELECTRICITY	kWh
FY11	140,735,424
FY10	144,224,914
FY09	130,513,736
FY08	140,815,946
FY07	148,540,858
FY06	147,562,013

Base building electricity for office, industrial and retail assets and corporate tenancies.

Residential and Retirement Living data was not reported for FY06–09 purchased electricity.

ELECTRICITY INTENSITY (kWh/M²)

	FY11	FY10	FY09	FY08	FY07	FY06
Office	93.1	104.8	109.8	121.8	135.9	144.0
Floor area (NLA) of buildings in intensity metric (m ²)	646,279	600,788	508,342	527,511	570,091	524,618
% of portfolio covered in intensity metric	100%	100%	76%			
Retail	78.9	83.0	80.1	82.8	88.3	94.5
Floor area (GLA) of buildings in intensity metric (m ²)	852,108	831,821	735,733	784,846	748,437	709,490
% of portfolio covered in intensity metric	100%	99%	97%			

OFFICE ELECTRICITY INTENSITY	kWh/m ²
FY11	93.1
FY10	104.8
FY09	109.8
FY08	121.8
FY07	135.9
FY06	144.0

OFFICE
ELECTRICITY
INTENSITY
FY06–11
%
35▼

Floor area (NLA) of buildings in intensity metric (m²).

CLIMATE AND OUR ENVIRONMENT **CLIMATE CHANGE AND ENERGY**

ELECTRICITY INTENSITY % REDUCTION

	FY06–11	FY10–11	FY09–10	FY08–09	FY07–08	FY06–07
Office	35%	11%	5%	10%	10%	6%
Retail	17%	5%	–4%	3%	6%	7%

RETAIL ELECTRICITY INTENSITY	kWh/m ²
FY11	78.9
FY10	83.0
FY09	80.1
FY08	82.8
FY07	88.3
FY06	94.5

RETAIL
ELECTRICITY
INTENSITY
FY06–11
%
17▼

GAS CONSUMPTION – TOTAL AUSTRALIAN MJ

	FY11	FY10	FY09	FY08	FY07	FY06
Office	35,602,367	30,665,244	34,287,190	38,766,323	48,300,919	49,278,237
Industrial	146,890	702,056	401,271	Not reported	Not reported	Not reported
Retail	1,023,893	569,172	788,136	5,114,614	5,114,614	9,977,497
Residential	2,832,885	747,679	Not reported	Not reported	Not reported	Not reported
Residential contractors	1,189	0	Not reported	Not reported	Not reported	Not reported
Retirement Living	6,002,361	57,082	Not reported	Not reported	Not reported	Not reported
Total	45,609,585	32,741,233	35,476,597	42,880,937	53,415,533	59,255,734

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

GAS CONSUMPTION	MJ
FY11	45,609,585
FY10	32,741,233
FY09	35,476,597
FY08	42,880,937
FY07	53,415,533
FY06	59,255,734

FUEL CONSUMPTION – BY TYPE

	FY11 Total	Residential Contractors	Retirement Living Contractors	Fleet
Diesel (L)	8,406,045	7,865,518	519,456	21,111
Bio-diesel (L)	301,821	301,821	–	–
Petrol (L)	293,004	226,595	21,118	45,291
Ethanol (L)	8,688	5,190	590	2,908
LPG (L)	178	178	–	–
Oil (L)	73,421	70,203	3,218	–
Grease (kg)	20,168	20,168	–	–

Residential and Retirement Living data was not reported for FY06–09 consumed gas.

Notes: This is the first year we have provided a breakdown of fuel consumption in litres.

In 2011

We firmly believe that when good biodiversity conservation outcomes can be achieved it improves the resilience of our local landscapes, as well as our relationships with local communities and regulatory authorities, enhances our approval prospects and improves the overall amenity of our communities

Our natural environment**Biodiversity**

We know that most developments have some impact on biodiversity, typically through the removal of native vegetation. Our aim is to actively manage and reduce our impacts to preserve and enhance areas of biodiversity value on the sites we develop.

In cases where we are developing a greenfield site, or a site with ecological value, we produce an Environmental Impact Assessment. These assessments improve our knowledge of the plants, animals and ecosystems that are part of, or adjacent to, our sites and help us identify impacts and opportunities.

The biodiversity value of the land we develop varies from project to project. In our Residential business we develop greenfield sites and take care to conserve and, where possible, positively enhance the ecological value of those sites. In our Commercial Property business, however, our projects are typically located on sites that are already heavily degraded or have little ecological value.

Commercial Property

We have committed to using the Green Star environmental rating tool on new developments and major redevelopments. Under the Land Use and Ecology category, for example, we look to protect topsoil from degradation during construction and maintain topsoil volume on site wherever possible. And where land is contaminated, we undertake remediation works and landscaping to enhance the ecological value of the site.

When purchasing a new site, we undertake a thorough environmental assessment of the site and the surrounding sites including proximity to areas of ecological significance, threatened and endangered

THREATENED OR ENDANGERED SPECIES OR COMMUNITIES IMPACTED BY PROJECTS

	Percentage of projects that impact threatened or endangered species (%)	Total area of land that impacts species habitat or makes up community (hectares)	Total area of land that has been cleared (hectares)*	Total area of land that has been regenerated, revegetated, restored or rehabilitated (hectares)*	Projects with a biodiversity plan approved by relevant approval authority (%)	Total projects that partnered with or involved community and non-government organisations in natural resource management
Residential Communities FY11	41	2,030	181	167	26	13
Residential Communities FY10	40	852	170	55	30	11
Residential Communities FY09	33	1,077	N/A	N/A	33	7

Boundary: All projects are assessed by either local, and/or state and/or federal approval authorities. Our residential communities' biodiversity results are representative of all of our residential projects as at 30 June 2011. Projects may be in planning or preapproval, design or delivery. This means decisions on the amount of significant species to be conserved may not yet have been made on all projects represented in our results.

* We only began collecting data for these metrics in FY10.

species, climate change risk and soil contamination. As well, historical uses of the site are examined to ensure that minimal risks are present from a land use perspective. These assessments are undertaken as part of our Commercial Property Sustainability Guidelines Asset Acquisitions. A recent example of this occurred with the purchases of Centro Hervey Bay in Queensland and the Point Cook Town Centre in Victoria. Through due diligence we examined granular information such as how chemicals are disposed of on site from dry-cleaners and car cleaning operators.

Residential and Retirement Living

We believe biodiversity conservation is most effective when large parcels of good quality, intact ecological communities and threatened species habitat are placed into public ownership for ongoing management. Given the many competing interests of new greenfields developments such as design requirements, increased density, housing located close to schools, shops and public transport facilities, optimal conservation outcomes can become compromised. The best conservation outcomes can sometimes be found by looking beyond project site boundaries, for catchment-based landscape planning solutions.

For example:

- Private or community ownership,
- Restoration activities,
- Education,
- Conservation of migration and foraging corridors, and
- Landscape for amenity integration.

Independent Environmental Impact Assessments are conducted for all of our projects to help our project teams, the local regulatory authorities and the local community, understand any biodiversity we have on our site. Our Residential Sustainability policy ensures that we look for the best conservation opportunities as part of our urban design approach. We firmly believe that when good biodiversity conservation outcomes can be achieved it improves the resilience of our local landscapes, as well as our relationships with local communities and regulatory authorities, enhances our approval prospects and improves the overall amenity of our communities.

Our work over the last two years has helped us build a better picture of our impacts on a site-by-site basis and nationally. We document case studies to help educate development teams around opportunities to deliver better biodiversity outcomes. We have also commenced a pilot partnership with national vegetation management provider Greening Australia,

to provide restoration activities and community education on our Glenmore Ridge (New South Wales) project. The pilot will build a model for community engagement that can be taken to other projects across the country. We will continue this work over the next 12 months with new case studies and education on our national biodiversity footprint. We will also review the impact of previous restoration works on our North Lakes project in Queensland to understand how our restoration works have affected local biodiversity on that project.

As of end FY11, none of our Retirement Living projects contained significant species habitat as defined by state and federal legislation.

Greenfield development

Greenfield development refers to sites that have not previously been developed. Typically greenfield sites are former rural sites, located close to the urban growth boundary. The strategy for our residential communities business is to develop greenfield sites, as this is where our expertise lies. We are mindful however that some stakeholders have concerns with the relative impact of developing greenfield sites over infill sites. It is our goal to minimise environmental effects and optimise social benefits.

Amberton – greenfield development

We also know that greenfield sites can provide people with affordable housing solutions. Our challenge is to ensure that we develop close to education, employment and public transport, as well as other social and civic infrastructure. Increasingly we recognise that we have the opportunity to influence and help deliver these elements early in the life of a new community.

We are committed to measuring our impact in developing greenfield sites, and have commenced trialling use of the Kinesis CCAP Precinct tool. We are also a gold sponsor of the Green Building Council's Green Star Communities tool, intended to inform the planning, design and delivery of more sustainable communities, including those developed on greenfield sites.

The outcome is a greenfield development that will outperform its contemporaries in all five elements and by more than 30 per cent in terms of embodied CO₂e, energy and water consumption



We are committed to innovative and eco-efficient greenfield development at our newest residential community in Western Australia, with the aim of creating homes that will be more affordable for residents to live in. Amberton, located on Perth's northern beaches, is a masterplanned community that will ultimately include more than 2,000 houses, schools, shops and parks, in a coastal setting.

What makes this project different is our use of a specialised sustainability planning and design tool to measure the performance of different sustainability initiatives to determine which ones will deliver the return on investment in terms of cost savings to home owners (up to \$800 per annum for some homes).

The Kinesis CCAP Precinct tool uses current price data from service providers such as Synergy and Water Corporation to quantify the sustainability of a precinct using the available data, location and design parameters and comprehensive mathematical calculations across five inter related elements:

- Land use and transport,
- Embodied CO₂e,
- Energy consumption,
- Water usage,
- Financial analysis and affordability.

A comparison example that represented business as usual energy, water and transport features in a new residential development was also developed. These two sets of results were then compared to the Perth metropolitan average.



Amberton site, Western Australia

Using specialised tools

measuring the environmental performance of our residential projects.

With this approach we have been able to select the sustainability initiatives that will be most effective for Amberton's climatic conditions, surrounding transportation infrastructure, power sources, water consumption behaviours, built-form composition and spatial design elements. For example, the CCAP Precinct tool has shown water efficient appliances such as front load washing machines at Amberton will deliver almost twice the water savings for a lower cost than small to medium-sized rainwater tanks.

The outcome is a greenfield development that will outperform its contemporaries in all five elements and by more than 30 per cent in terms of embodied CO₂e, energy and water consumption. We are now looking to apply the Kinesis CCAP Precinct tool to other projects nationally. And Amberton's future homeowners will enjoy the benefits of reduced energy and water use through reduced household operating costs.

Trinita – a green premium

Trinita is a 28,000 square metre office campus located in Macquarie Park, Sydney. The project integrates three high quality buildings into a shared environment of landscaped outdoor public space.

The entire campus is in the process of achieving Green Star certification, with buildings 1 and 2 having been awarded 5 Star Green Star ratings under the Green Star – Office As Built v2 in 2009. Building 3 is also targeting a 5 Star Green Star Office As Built rating.

“The campus encourages and enables outstanding corporate responsibility, sustainability and strong business performance through leading environmental initiatives.” Stephen Bull, General Manager for Development and Design, Commercial Property.

The Green Star premium

In 2007, we signed up to the Green Business Partnership. The Trinita development was in a unique position where the contract had been priced without Green Star initiatives and then was enhanced with Green Star initiatives. In doing so we were able to provide an accurate breakdown of the Green Star cost premium compared to an equivalent office project.

To raise the Trinita buildings up to Green Star standards, the project team worked with the contractor to identify which extra features would be needed and the additional costs they would incur. These sustainability features increased costs by 2.2 per cent, with the bulk of the green premium being spent on further commissioning, metering and more efficient electric lighting.

For a minimal increase in costs, the project team was able to deliver an entire 5 Star Green Star business campus – demonstrating that 5 Star Green Star buildings can be delivered without exceeding traditional commercial premiums.

This exceeds the initial intention of achieving 4 Star Green Star ratings for the entire campus. 4 Star benchmarks were chosen to allow for a significant buffer. However, as the project has achieved almost every Green Star point it targeted, 5 Star ratings have been the result.

Michael Yiend, Development Manager Stockland, explains: “It is amazing what can be achieved when Stockland works with our project teams, builders and customers. We are very proud of Trinita’s outcomes.”

NABERS 5 Star

The performance benefits of Trinita’s sustainability features are obvious: Building 1 has achieved a 5 Star NABERS Energy and Water rating, and while buildings 2 and 3 have not yet been operational for the full year required to achieve ratings, we are anticipating an equally impressive result.

The 5 Star result represents a 50 per cent reduction in energy use over a standard 2.5 Star NABERS Energy-rated building and a 60 per cent reduction in water use over a standard 2.5 Star NABERS Water rated building.

This translates into a saving of more than \$10 per square metre per annum in reduced energy costs and over \$1.50 per square metre each year in reduced water costs. This will translate into savings on energy and water costs for Trinita’s tenants.

Green Star tenants

Research has shown that there are real advantages for businesses operating in Green Star buildings – and these benefits extend well beyond the carbon footprint. Tenants are increasingly demanding sustainable buildings to future proof their businesses against escalating energy and water prices, to attract and retain top talent and to demonstrate that corporate social responsibility starts at home.

Trinita has a range of features which benefit both tenants and the environment. All buildings within the campus feature floor flexibility enabling tenants to split and isolate half floors down to 700 square metres. The campus also features easy public transport access, bicycle and changeroom facility, together with an emphasis on excellent Indoor Environment Quality.

With such a sustainability showcase on offer, we were able to lease Trinita earlier than industry practice – which meant the campus reached 100 per cent occupancy sooner. The fact that other buildings around the Trinita campus still lay vacant speaks volumes about the shift to sustainability.

In a vote of confidence in the building, Baulderstone, the main contractor on the project, has moved in as the major tenant. “We are very pleased to be a major tenant in North Ryde’s first 5 Star Green Star office building, as it represents Baulderstone’s commitment to creating what matters in a sustainable way,” says Baulderstone’s NSW General Manager, David Lougher.

CSR is another tenant that chose Trinita due to its sustainability features. The company recently achieved a 5 Star Green Star certification for its own fitout within Trinita under the Office Interiors v1.1 rating tool.



Trinita building

“We are proud of our achievements at Trinita,” Stockland’s Stephen Bull says. “Achieving the Green Star rating is a testament to our ongoing relationship with tenants and corporate commitment to the environment.”

Other ESD initiatives featured in the project:

- High performance full height double glazing,
- Energy efficient T5 lighting,
- Motion sensors for out of hours lighting control,
- Lighting in 100 metres squared zones with switches clearly labelled and accessible by building occupants.
- Energy and water sub-metering to monitor consumption and check for leaks,

- 80 per cent of construction waste either re-used or recycled.
- High levels of natural daylight and access to external views,
- Low Volatile Organic Compound paints and carpets,
- Tenant exhaust risers to remove pollutants from printing and photocopy areas.
- On-site rainwater collection for landscape irrigation,
- Water efficient cooling towers.
- On-site storage for tenant office waste and recycling.

CLIMATE AND OUR ENVIRONMENT **OUR NATURAL ENVIRONMENT****Water**

Effectively managing our water use is a priority for our business. We aim to actively reduce our water consumption and improve our water efficiency.

Each of our business units has minimum performance standards for water management and conservation. These range from applying water sensitive urban design principles and water efficient landscaping, to installing water-efficiency fixtures and fittings for our built dwellings, and minimising irrigation using potable water.

Commercial Property water consumption

Our office portfolio has continued to deliver improvements in water efficiency through a strong focus on management and upgrade of water metering systems as required. This year we achieved a NABERS Office Water portfolio average rating of 3.4 Stars and an 11 per cent reduction in the water intensity of our office portfolio. In FY09 we committed to a 10 per cent reduction in water intensity by FY14 and a NABERS Office Water portfolio average rating of 4.0 Stars by FY14. Although we have already exceeded the water intensity target for FY14 in our office portfolio, this target was set for the whole Commercial Property portfolio, which has achieved a 5 per cent reduction. Until Commercial Property exceeds the overall target, we will not reset this.

AVERAGE NABERS OFFICE WATER RATING	STARS
FY10	3.4
FY09	3.6
FY08	3.6
FY07	3.0
FY06	2.2
FY05	1.2

We worked very hard on the operational management of water in our Retail centres this year and turned our disappointing water results from FY10 around. Overall we saw a 10 per cent change. For the majority of our sites, we are moving to an outsourced water sub-metering provider, and all of these sites have a 10 per cent water reduction target. In FY12 we will work to improve our water usage both through capital expenditure on water efficient devices and through closer monitoring and regular internal reporting on water usage. Stockland has joined the Retail NABERS Technical Advisory Group to work through some detailed issues on the NABERS Retail tool prior to implementing this across the Stockland portfolio.

Commercial Property water metrics**WATER CONSUMPTION (kL)**

	FY11	FY10	FY09	FY08	FY07	FY06
Office and Industrial	478,646	502,191	552,248	683,964	772,048	695,217
Retail	807,636	880,490	746,485	788,304	864,647	863,491
Total	1,286,282	1,382,681	1,298,733	1,472,267	1,636,695	1,558,708

Boundary: We report according to our operational control boundary under the National Greenhouse and Energy Reporting Act (NGERA). FY06 figures exclude our industrial site at Yennora.

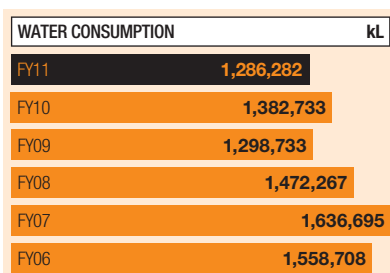
WATER INTENSITY REDUCTIONS (%)

	FY06–FY11	FY10–FY11	FY09–FY10	FY08–FY09	FY07–FY08	FY06–FY07
Office	36%	11%	9%	0%	15%	6%
Retail	21%	10%	–13%	7%	14%	4%

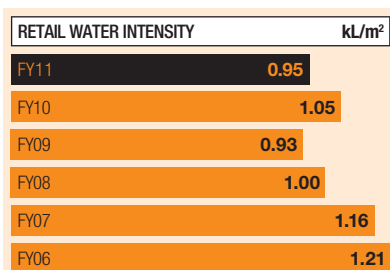
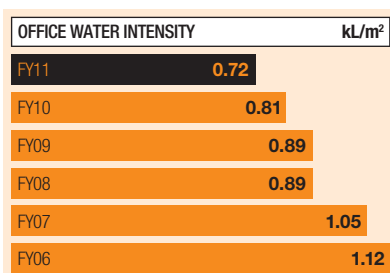
INTENSITY (kL/m²)

	FY11	FY10	FY09	FY08	FY07	FY06
Office	0.72	0.81	0.89	0.89	1.05	1.12
Floor area (Net Lettable Area) of buildings in intensity metric (m ²)	646,279	593,603	343,348	592,723	556,710	522,621
Percentage portfolio covered (%)	100	100	49	80	77	93
Retail	0.95	1.05	0.93	1.00	1.16	1.21
Floor area (Gross Lettable Area) of buildings in intensity metric (m ²)	856,875	841,297	775,565	790,064	748,520	714,700
Percentage portfolio covered (%)	100	100	100	100	97	92

Boundary: We report according to our operational control boundary under the National Greenhouse and Energy Reporting Act (NGERA). Intensity figures are derived from the total water consumption for each asset class over the year divided by the total floor area. Retail and office assets without a full 12 months of data include estimates for the missing months.

CLIMATE AND OUR ENVIRONMENT **OUR NATURAL ENVIRONMENT**

Water consumption of office, industrial and retail assets.

**In 2011**

In FY09 we committed to a 10 per cent reduction in water intensity by FY14 and a NABERS Office Water portfolio average rating of 4.0 Stars by FY14

Over the next 12 months we will continue to work with our contractor partners to refine our data collection processes to ensure we continue to build confidence in our reporting

OFFICE WATER INTENSITY
FY06-11
%

11 ▼

RETAIL WATER INTENSITY
FY06-11
%

10 ▼

Residential and Retirement Living water consumption

Water is a major influence on how we design and construct our residential and retirement communities. In particular, decisions on how we supply, use, treat and dispose of waste water all impact the natural and urban environments in which we operate. Water is used by us directly, for example in our sales suites and landscape maintenance, and indirectly through our contractors. Contractors use water for dust suppression, road construction, to establish landscaping and concreting. The amount of water we use is heavily influenced by climatic conditions. More water is used during low rainfall but very little during periods of rain. Our water use also depends on the location of the project and the types of soil on site.

We prefer to use non-potable water on our projects, but where required for drinking, not available or too costly to supply, we use potable water from reticulated local water supplies.

We have observed significant variations in our water data over the past three years which can mostly be attributed to two factors. Climatic and site conditions significantly influence the amount of water used by our contractors. More significantly though, we believe that while our data accuracy is improving each year with better systems integration and education of our employees and contractors, it is difficult to achieve 100 per cent complete and accurate data from third parties. Over the next 12 months we will continue to work with our contractor partners to refine our data collection processes to ensure we continue to build confidence in our reporting.

In FY12, we will also commence work on a Residential water strategy which will establish water benchmarks in our corridors and pilot water targets on our projects. The strategy will extend to include design of our communities and our efforts to improve the quality of water draining from our projects to local waterways.

RESIDENTIAL AND RETIREMENT LIVING WATER CONSUMPTION (kL)

	Total FY11	Potable FY11	Non-potable FY11
Residential	25,586	22,836	2,750
Retirement Living	4,156	3,956	200
Contractors – Residential	348,637	157,716	190,921
Contractors – Retirement Living	12,308	12,256	52
Total	390,687	196,764	193,923

Boundary: Residential Communities, Apartments and Retirement Living water consumption results are provided by collecting and collating water use from invoices. Where invoices are unavailable or extend across financial years, estimates are provided for relevant periods. Water consumption by contractors operating on our development sites is compiled using invoice data and estimates, supplied by contractors through monthly Health, Safety and Environment reports. Data has been reported for 98 per cent of properties this year. These figures are based on a combination of contractor estimates and invoice data.

CLIMATE AND OUR ENVIRONMENT **OUR NATURAL ENVIRONMENT****Waste and materials**

We are committed to managing our waste efficiently and aim to reduce and reuse, rather than send to landfill. We have set minimum waste recycling targets for our operating businesses. These are particularly important for our Commercial Property business where we have a high degree of influence to help reduce waste and manage the use of materials.

Waste**Commercial Property waste**

This year we have continued to engage with our tenants, retailers and customers to further improve the levels of recycling at our sites. Some of the waste initiatives implemented this year are:

- We increased our minimum recycling target for our retail assets to 30 per cent diversion from landfill, up from 20 per cent the previous year. This year we achieved 28 per cent diversion from landfill for retail. While this is up 2 per cent on last year, it falls 2 per cent below our new target.
- Specific diversion from landfill KPIs have been set for FY12 for all Commercial Property sites to ensure that our overall waste and recycling goals are being achieved each year.

- We set minimum standards for construction waste recycling for all office, retail and industrial development projects. A minimum of 60 per cent construction waste must be recycled in retail and industrial projects, and a minimum of 80 per cent in office development projects.
- All our retail projects this year are now reporting on their development waste, up from only 50 per cent in FY10.
- We encourage and support retailers undertaking a tenancy fitout in our shopping centres to recycle as much of their construction waste as possible. We have worked in partnership with the New South Wales Office of Environment and Heritage to monitor construction, fitout and packaging waste and we recently completed a study on one of our major redevelopment projects at Merrylands in Sydney.
- We increased the number of recycling facilities in our office and retail sites, and improved the take up of existing services.
- We continued to work closely with our waste management contractors to optimise our waste and recycling services to achieve better diversion from landfill figures.
- We are working towards partnering with key stakeholders and getting more of our sites to recycle organic waste in FY12.

OPERATIONAL WASTE (TONNES)

	Office FY11	Office FY10	Office FY09	Retail FY11	Retail FY10	Retail FY09
Total waste	3,644	2,781	4,038	12,907	12,058	8,546
Total waste to landfill	1,189	947	1,401	9,275	8,956	7,203
Total waste recycled	2,455	1,834	2,637	3,632	3,101	1,343
Diversion from landfill (%)	67	66	65	28	26	15
Percentage of portfolio reporting (%)	100	100	90	95*	100	81

Boundary: We are reporting against the same National Greenhouse and Energy Reporting Act (NGERA) operational control boundary that we use for energy and water. We report on all properties within this boundary, with the exception of some properties where our tenants run their own waste contracts. We also report on a small number of additional properties that fall out of our NGERA boundary, but where we manage the waste contract for service provision purposes. Data provided by waste contractors is based on estimates (bin volumes converted to tonnes rather than weighed).

* The decrease in retail centres reporting on their waste and recycling is due to the acquisition of Hervey Bay (where the previous owner was not collecting data) and another site in Queensland where the local Council collects the waste and has not supplied metrics this year.

DEVELOPMENT WASTE (TONNES)

	Office FY11	Office FY10	Office FY09	Retail FY11	Retail FY10	Retail FY09
Total waste	144.81	291	12,120	58,558	663	1,146
Waste recycled	129.95	242	10,580.9	52,322	552	994
Waste to landfill	14.86	49	1,884	6,236	111	152
Diversion from landfill (%)	90	83	87	89	83	87
Percentage of the developments included (%)	100	100	100	100	50	20

Boundary: Calculated based on total number of projects for which Stockland is the developer. Active waste is tracked through the builders, as for these sites the principal contractor has active control.

Residential waste

We continue to collect data from our residential development contractors. This year, 93 per cent of waste collected from our projects was recycled either on site or through waste recycling facilities. This is down on last year's figure of 97 per cent, most likely due to an increase in non-recyclable or hazardous waste. We continue to work with our contractors to improve the accuracy of the waste data they provide.

CONTRACTOR WASTE (TONNES)

	FY11	FY10
Total waste	334,899	112,884
Waste diverted from landfill	311,811	109,887
Waste sent to landfill	23,088	2,957

Boundary: All Residential and Retirement Living waste data was provided by contractors operating on Stockland sites during the reporting period. Data is estimated by contractors or obtained from waste receipts and invoices. Data is manually collected from monthly Health, Safety and Environment reports submitted to Stockland by our contractors.

Materials

Commercial Property materials

Materials selection in development projects is guided by the Green Building Council's Green Star tool, which covers materials such as timber, steel, concrete and PVC. For office and retail tenancy fitouts, we have specific guidelines for materials selection, set out in our Green Office Fitout Guide and the Retail Design and Fitout Guide. In addition, our office, industrial and retail leases all now contain clauses which encourage tenants to implement fitouts which utilise materials recommended in their respective tenancy fitout guides.

Residential materials

Our residential development contractors regularly recycle and reuse materials on site.

Some examples of the use of recycled materials on our sites are:

- Earthworks are generally 100 per cent recycled and topsoil is often stockpiled for later use in parks and gardens.
- If good quality shale or sandstone is found on-site, it is often reused or recycled for retaining wall construction or road pavement subgrade improvement.
- For road construction, blended material including fine crushed recycled concrete is often used for the base course.
- For drainage construction, blended material fine crushed recycled concrete is often used for the trench backfill.
- Similarly for retaining walls, water and sewer reticulation, blended material fine crushed recycled concrete is often used for bedding and as granular backfill.

Materials selection guidelines

Working with the Building Products Innovation Council, our Commercial Property, Residential, and Retirement Living businesses, as well as Group Procurement, have sought to better understand the life cycle impacts of some of the construction materials we use, and their alternatives. The Council's research addresses a range of environmental impacts involved in the manufacturing of building products. This work, with input from our project and development management teams, will help us develop guidelines for sustainable materials selection. The project will consider the embodied energy from the creation and transport of products to their destination, as well as the relative advantages that various products have in improving the sustainability of our buildings.

Key deliverables for the project include:

- Developing a suite of key metrics for sustainable design,
- Developing a suite of metrics for environmental material credentials, and
- Communicating the impacts of this work in sustainable design using quantitative and qualitative references.

In 2011

93 per cent of waste from our Residential and Retirement Living contractors was recycled

We sought to better understand the life cycle impacts of some of the construction materials we use, and their alternatives

Merrylands – waste initiatives

The study shed new light on the waste cycle of our shopping centres and highlights areas where we can increase efficiency and recycling rates



The tenancy fitout of retail stores in our shopping centres can generate large quantities of packaging waste such as cardboard, plastic and polystyrene.

This year, we partnered with the New South Wales Office of Environment and Heritage, our construction contractors and retailers to conduct a study at our Merrylands Shopping Centre to gain a better understanding of waste generation in the tenancy fitout stage of a redevelopment. The study shed new light on the waste cycle of our shopping centres and highlights areas where we can increase efficiency and recycling rates.

Those opportunities include areas where we can reduce material generation, increase recycling rates and improve our data collection systems. For example, engaging with our retailers prior to fitout would minimise waste generation and reduce the cost of managing excess waste. Retailers would also benefit from staff spending less time unpacking stock and disposing of waste material.

The study will help us develop a KPI for stock out waste generation, based on gross floor area and retailer types. We will also look to improve our communication with waste contractors to better understand how data is collected and reported.

We will continue working with our stakeholders to explore further the opportunities identified by the Merrylands study, with a view to implementing them on future development projects.



Stockland Merrylands

NABERS RATINGS

NABERS ratings

PROPERTY	NLA	Energy Rating 2010	Energy Rating 2009	Energy Rating 2008	Energy Rating 2007	Energy Rating 2006	Water rating 2010	Water Rating 2009	Water Rating 2008	Water Rating 2007	Water Rating 2006
NSW											
110 Walker St, North Sydney	4,532	4.0	4.5	4.0	3.5	3.5	3.0	3.5	4.0	3.5	3.0
118–120 Pacific Hwy, St Leonards	5,131	4.0	4.0	3.5	3.0	3.0	4.0	4.0	4.5	4.0	3.5
Picadilly Tower, 133 Castlereagh St, Sydney	29,876	4.5	4.5	3.5	4.0	N/A	4.0	4.0	4.0	3.0	N/A
Picadilly Court, 222 Pitt St, Sydney	9,724	3.5	4.0	4.0	4.5	4.0	3.5	3.5	3.5	4.0	3.5
135 King St, Sydney	27,056	3.0	2.0	2.0	N/A	1.5	2.5	2.5	2.5	1.5	N/A
175 Castlereagh St, Sydney	11,984	4.5	4.0	4.0	2.5	3.5	3.5	3.5	3.5	3.0	1.0
9 Castlereagh Street, Sydney	21,185	3.0	3.0	3.0	N/A	N/A	3.0	3.5	3.0	N/A	N/A
52 Martin Place, Sydney	39,071	4.5	4.0	3.0	N/A	N/A	3.0	2.5	1.5	N/A	N/A
601 Pacific Hwy, St Leonards	12,690	4.5	4.0	4.0	3.5	2.0	3.5	3.5	3.5	3.5	2.0
7 Macquarie Place, Sydney	13,641	4.0	3.5	3.0	N/A	N/A	3.5	3.0	1.0	N/A	N/A
75 George St, Parramatta	9,545	3.5	3.5	2.5	3.0	1.5	N/A	2.5	N/A	0.0	N/A
77 Pacific Hwy, North Sydney	9,337	4.0	3.5	N/A	2.5	2.0	2.5	2.5	N/A	3.5	2.5
16 Giffnock Ave, North Ryde	11,701	2.0	2.0	2.0	1.5	N/A	2.5	2.0	1.5	2.0	N/A
66 Waterloo Road, North Ryde	10,082	5.0	5.0	5.0	N/A	N/A	4.5	TBC	4.0	N/A	N/A
11–17 Khartoum Road, North Ryde	4,212	3.5	4.0	4.5	4.0	N/A	N/A	3.5	4.0	N/A	N/A
33–39 Talavera Road, North Ryde	10,931	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trinity, 39 Delhi Road, Building A	7,761	5.0					4.5				
Trinity, 39 Delhi Road, Building B	8,194	5.0					4.0				
Trinity, 39 Delhi Road, Building C		TBC					TBC				
CentreCourt Estate, North Ryde	84,194	U/R	U/R	N/A	N/A	N/A	U/R	U/R	N/A	N/A	N/A
ACT											
15 Mort Street, Cox Building, Canberra	3,701	U/R	U/R	4.0	3.0	3.0	U/R	U/R	4.5	3.5	4.0
17 Mort Street, Todd Building, Canberra	1,765	U/R	3.0	3.0	3.0	N/A	U/R	U/R	N/A	N/A	N/A
68 Northbourne Ave, Canberra	9,786	U/R	U/R	1.5	0.0	N/A	U/R	U/R	2.0	1.0	N/A
70 Northbourne Ave, Drakeford Building	3,811	U/R	U/R	3.5	3.0	3.0	U/R	U/R	N/A	2.5	0.0
72 Northbourne Ave, Trace Building, Canberra	5,196	U/R	2.5	3.0	2.5	2.5	U/R	U/R	N/A	N/A	N/A
Edmund Barton Building, Canberra (Under development)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
40 Cameron Street, Belconnen	15,506	2.0	TBC	2.5	3.5	N/A	1.5	TBC	N/A	N/A	N/A

NABERS RATINGS

PROPERTY	NLA	Energy Rating 2010	Energy Rating 2009	Energy Rating 2008	Energy Rating 2007	Energy Rating 2006	Water rating 2010	Water Rating 2009	Water Rating 2008	Water Rating 2007	Water Rating 2006
VIC											
452 Flinders St, Melbourne	38,496	4.0	3.5	3.5	2.0	2.0	3.5	3.5	3.0	3.0	3.0
541 St Kilda Rd, Melbourne	8,208	2.5	U/R	4.0	4.0	4.0	2.0	U/R	3.5	4.5	2.5
QLD											
Waterfront Place, 1 Eagle St, Brisbane	59,166	4.5	4.0	4.0	3.5	3.0	4.0	4.0	4.0	3.5	3.5
Garden Square, 643 Kessels Rd, Upper Mount Gravatt	12,681	3.5	3.0	1.0	1.0	N/A	4.0	4.0	4.0	4.0	N/A
80–88 Jephson Street, Toowong	6,397	2.0	2.0	1.5	1.5	N/A	4.5	4.5	4.5	4.5	N/A
WA											
Exchange Plaza, 2 The Esplanade, Perth	34,178	4.5	4.5	4.5	N/A	N/A	3.5	N/A	N/A	N/A	N/A
Durack Centre, 263 Adelaide Terrace, Perth	17,312	4.0	3.0	N/A	3.0	N/A	N/A	N/A	N/A	2.0	N/A
45 St Georges Terrace, Perth	9,876	N/A	3.0	N/A	3.0	N/A	N/A	N/A	N/A	2.5	N/A
267 St Georges Terrace, Perth	3,484	2.5	3.0	N/A	N/A	N/A	4.0	3.0	N/A	N/A	N/A
255 St Georges Terrace, Perth	590	3.0	1.0	N/A	N/A	N/A	4.0	1.5	N/A	N/A	N/A
2 Victoria Avenue, Perth		5.0					N/A				

N/A – Unable to be rated due to not being classified as an office building, development site or bills are controlled by the tenant

U/R – Documentation for NABERS rating not sufficient for NABERS rating

TBC – Rating to be confirmed

GLOBAL REPORTING INITIATIVE INDEX

Global Reporting Initiative index

Indicators refer to the Global Reporting Initiative (GRI) framework and draft Construction and Real Estate Sector Supplement (CRE).

GRI indicator	Responded to in FY11	Position in report
1. Strategy and Analysis		
1.1 Statement from the most senior decision-maker of the organisation	Yes	Message from the CR&S board committee
1.2 Description of key impacts, risks, and opportunities.	Yes	Message from the CR&S board committee Our approach – Our corporate responsibility and sustainability strategy Progress and Priorities – Our people, our marketplace, our community, climate and our environment.
2. Organisational Profile		
2.1 Name of the organisation.	Yes	Contact us
2.2 Primary brands, products, and/or services.	Yes	About Stockland – What we do, Value chain
2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Yes	About Stockland – What we do
2.4 Location of organisation's headquarters.	Yes	Contact us
2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Yes	About Stockland – Where we operate
2.6 Nature of ownership and legal form.	Yes	About Stockland – What we do, Where we operate
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Yes	About Stockland – What we do, Where we operate, Our approach – Our stakeholders
2.8 Scale of the reporting organisation.	Yes	About Stockland – What we do, Key financial results Our approach – Aevum, Stockland UK Our people – Our people metrics
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	Yes	About Stockland – What we do Our approach – Aevum, Stockland UK
2.10 Awards received in the reporting period.	Yes	FY11 Key Achievements and Priorities – Awards
3. Reporting Parameters		
3.1 Reporting period (e.g. fiscal/calendar year) for information provided.	Yes	Our approach – Our reporting approach
3.2 Date of most recent previous report (if any).	Yes	Our approach – Our reporting approach
3.3 Reporting cycle (annual, biennial, etc.)	Yes	Our approach – Our reporting approach
3.4 Contact point for questions.	Yes	Contact Us
3.5 Process for defining report content.	Yes	Our approach – Our reporting approach
3.6 Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Yes	Our approach – Our reporting approach
3.7 State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	Yes	Our approach – Our reporting approach
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Yes	Our approach – Our reporting approach

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Yes	Our approach – Aevum Our people – Our people metrics Climate and our Environment – Energy and greenhouse gas emissions metrics, Water, Waste and materials
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Yes	There have been no re-statements of information.
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Yes	There have been no significant changes in the scope, boundary and measurement methods applied in the report.
3.12 Table identifying the location of the Standard Disclosures in the report.	Yes	GRI Index
3.13 Policy and current practice with regard to seeking external assurance for the report.	Yes	Independent assurance statements – CR&S report assurance and greenhouse gas and energy assurance
4. Governance, commitments and engagement: Governance		
4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Yes	About Stockland – Governance Our approach Shareholder Review 2011 Financial Report 2011
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	Yes	Shareholder Review 2011
4.3 For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Yes	Shareholder Review 2011
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Yes	Our approach – CR&S employee committee Our marketplace – Investor relations
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives.	Yes	Financial Report 2011
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Yes	Financial Report 2011
4.7 Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Yes	Financial Report 2011 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.
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Yes	Available on our website http://www.stockland.com.au/about/about-stockland2_vision-and-values.htm http://www.stockland.com.au
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Yes	About Stockland – Governance, Risk management Our approach – Our corporate responsibility and sustainability strategy
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Yes	Financial Report 2011
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Yes	Climate and our environment

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Yes	FY11 Key Performance and priorities – Membership Our marketplace – Industry engagement
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	Yes	FY11 Key Performance and priorities – Membership Our marketplace – Industry engagement
Stakeholder Engagement		
4.14 List of stakeholder groups engaged by the organisation.	Yes	Our approach – Our stakeholders
4.15 Basis for identification and selection of stakeholders with whom to engage.	Yes	Our approach – Our stakeholders (Stakeholders are listed in priority order in our Stakeholder Engagement plans)
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Yes	Our approach – Our stakeholders Our people – Employee engagement Our marketplace – Our customers, Our Investors, Our Suppliers, Our Industry and government
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Yes	Our approach – Our stakeholders Our people – Employee engagement Our marketplace – Our customers, Our Investors, Our Suppliers, Our Industry and Government
Disclosures on management approach		
Economic	Yes	Message from CR&S board committee About Stockland – Key financial results Financial Report 2011 Shareholder Review 2011
Environmental	Yes	Climate and our environment
Labour practices	Yes	Our people
Human rights	Yes	Our people Our suppliers – Responsible supply chain management
Society	Yes	About Stockland – Governance Our community Our marketplace – Government relations, Emerging regulation
Product responsibility	Yes	Our marketplace
Economic Performance Indicators		
Economic Performance		
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)	Yes	About Stockland – Key financial results, Value chain Our community – Community involvement Financial Report 2011
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change. (Core)	Yes	Climate and our environment – Climate change Our marketplace – Emerging regulation
EC3 Coverage of the organisation's defined benefit plan obligations. (Core)	Yes	We do not have defined benefit plans. Superannuation contributions are made in accordance with legislative requirements, mandatory 9 per cent contribution.
EC4 Significant financial assistance received from government. (Core)	Yes	Our marketplace – case study – product innovation Climate and our environment – energy efficiency

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
Market Presence		
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. (Core)	Yes	Our community – Local contribution As part of our community development plans we have started examining our contribution to the local community, including local employment.
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)	Yes	We recruit on merit and not on the location of a prospective employee.
Indirect economic impacts		
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)	Yes	Our projects deliver varying levels of infrastructure and services. Needs assessments are conducted for each project. Impacts will be explored further in: Our approach – Stakeholder engagement Our marketplace – Affordable and accessible communities Our community – Community development and community involvement
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.	Yes	About Stockland – Value chain Our marketplace – Housing affordability Our community – Community development, community involvement, livable communities, Selandra Rise case study. Climate and our environment – climate change, energy efficiency, developing sustainable greenfield precincts case study.
Environmental Performance Indicators		
Materials		
EN1 Materials used by weight or volume. (Core)	Not material	We do not have operational control over materials used by weight or volume. About Stockland – Value chain
EN2 Percentage of materials used that are recycled input materials. (Core)	Not material	Climate and our Environment – waste and materials, materials selection guidelines We do not have operational control over material selection. We aim to increase our influence on the materials selection of our supply chain.
Energy		
EN3 Direct energy consumption by primary energy source. (Core)	Yes	Climate and our environment – Energy and greenhouse gas emissions metrics
EN4 Indirect energy consumption by primary source. (Core)	Yes	Climate and our environment – Energy and greenhouse gas emissions metrics
CRE1 Building energy intensity	Yes	Climate and our environment – Energy and greenhouse gas emissions metrics
EN5 Energy saved due to conservation and efficiency improvements.	Yes	Climate and our environment – Energy efficiency Climate and our environment – Energy and greenhouse gas emissions metrics
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Yes	Climate and our environment – Energy efficiency Climate and our environment – Triniti – a green premium, case study, Nowra energy efficient retrofitting, case study
Water		
EN8 Total water withdrawal by source. (Core)	Yes	Climate and our environment – Water
CRE2 Building water intensity	Yes	Climate and our environment – Water

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
Biodiversity		
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	Partial	Climate and our environment – Biodiversity We do not publicly report this data yet. We will determine how best to report this data in the near future.
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	Yes	Climate and our environment – Biodiversity
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	Yes	Climate and our environment – Biodiversity
Emissions, Effluents and Waste		
EN16 Total direct and indirect greenhouse gas emissions by weight. (Core)	Yes	Climate and our environment – Energy and Greenhouse gas emissions metrics
EN17 Other relevant indirect greenhouse gas emissions by weight. (Core)	Yes	Climate and our environment – Energy and Greenhouse gas emissions metrics
CRE3 Greenhouse gas intensity from building energy	Yes	Climate and our environment – Energy and Greenhouse gas emissions metrics
CRE4 Greenhouse gas intensity from construction activity	Yes	Climate and our environment – Energy and Greenhouse gas emissions metrics
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Yes	Climate and our environment – Energy and Greenhouse gas emissions metrics
EN19 Emissions of ozone-depleting substances by weight. (Core)	Not material	Our emissions of ozone-depleting substances are minimal and are not material.
EN20 NOx, SOx, and other significant air emissions by type and weight. (Core)	Not material	Our emissions of Montreal gases are minimal and are not material.
EN21 Total water discharge by quality and destination. (Core)	No	We do not have the data collection systems in place to report on this indicator in FY11 but plan to do so in the medium term.
EN22 Total weight of waste by type and disposal method. (Core)	Yes	Climate and our Environment – waste and materials
EN23 Total number and volume of significant spills. (Core)	Yes	There were no significant spills in FY11
Products and Services		
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	Yes	Climate and our environment – Climate change, Energy efficiency, Water, Waste and Materials Climate and our environment – Trinitri – a green premium, case study, Nowra energy efficient retrofitting, case study
EN27 Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	Not material	As a diversified property company, this indicator is not relevant for our business as we are not a product manufacturer or builder. We however seek to influence this process. Climate and our Environment – Merrylands – Waste Initiatives
Compliance		
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	Yes	There were no significant fines in FY11.
Labour practices and decent work indicators		
LA1 Total workforce by employment type, employment contract, and region broken down by gender. (Core)	Yes	Our people – Our people metrics
LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region. (Core)	Yes	Our people – Our people metrics
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Partial	Our people – Employee benefits

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
Labour management/relations		
LA4 Percentage of employees covered by collective bargaining agreements. (Core)	Partial	Before the acquisition of Aevum in late 2010 all our employees were on individually negotiated contracts. With the acquisition on Aevum we now have some employees on collective bargaining agreements. We have not reported on this in FY11 because our systems did not track this information but we plan to track this information in FY12.
LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements. (Core)	Partial	Our people – Our people metrics Minimum notice periods are determined in individual contracts. See comment in LA4. (Above).
Occupational Health and Safety		
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender. (Core)	Yes	Our people – Health, safety and wellness
LA8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	Yes	Our people – Health, safety and wellness
Training and Education		
LA10 Average hours of training per year per employee by gender, and by employee category. (Core)	Yes	Our people – Capability development We do not collect training data by employee category at present. We plan to do so in the short-term future.
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Yes	Our people – Capability development Our approach – Stockland UK
LA12 Percentage of employees receiving regular performance and career development reviews, by gender.	Yes	Our people – Capability development
Diversity and Equal Opportunity		
LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	Yes	Our people – Diversity and inclusion Our people – Our people metrics Financial Report 2011
LA14 Return to work and retention rates after parental leave, by gender	Yes	Our people – Our people metrics
Equal Remuneration for Women and Men		
LA15 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. (Core)	Yes	Our people – Our people metrics
Human Rights Indicators		
Investment and Procurement Practices		
HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening. (Core)	Yes	Our investment agreements do not include human rights clauses or screening.
HR2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken. (Core)	Partial.	Our marketplace – Engaging our suppliers As part of our Procurement strategy, human rights screening and performance will be assessed and data will be collected in the near future.
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (CORE)	Yes	Our people – Diversity and inclusion, Capability development

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
Non-Discrimination		
HR4 Total number of incidents of discrimination and corrective actions taken. (Core)	Yes	Our people – Our people metrics We continue to report on the number of terminations due to breaches of our Code of Conduct. We do not presently publicly report on the number of incidents of discrimination.
Freedom of Association and Collective Bargaining		
HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. (Core)	Yes	Our anti-discrimination and harassment policy aims to make sure that no employee, job applicant, customer or supplier is discriminated against because of any irrelevant factor, this includes the right to exercise freedom of association. To deliver on this, all Stockland employees have a responsibility to treat all people with whom they work (including other employees, customers and suppliers) with respect, and avoid making judgements and decisions based on prejudice or assumption.
Child Labour		
HR6 Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. (Core)	Yes	We comply with Australian laws relating to the deployment of child labour and do not use child labour.
Forced and Compulsory Labour		
HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. (Core)	Yes	There are no operations within Stockland that have a significant risk (or any risk) of forced or compulsory labour.
Assessment		
HR01 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. (Core)	Yes	Nil.
Remediation		
HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. (Core)	Yes	Nil.
Society Indicators		
Local Communities		
SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs. (Core)	Yes	Our approach – Our stakeholder engagement approach Our community – Our community development approach Climate and our environment – Biodiversity
SO9 Operations with significant potential or actual negative impacts on local communities. (Core)	Yes	About Stockland – What we do Our approach – Our stakeholder engagement approach Our community – Our community development approach
CRE6 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Yes	No people were physically or economically displaced in the reporting period.
SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. (Core)	Yes	About Stockland – What we do Our approach – Our Stakeholder engagement approach Our community – Our community development approach

GLOBAL REPORTING INITIATIVE INDEX

GRI indicator	Responded to in FY11	Position in report
Corruption		
SO2 Percentage and total number of business units analysed for risks related to corruption. (Core)	Yes	About Stockland – Risk management
SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures. (Core)	Yes	Our people – Our people metrics About Stockland – Risk management
SO4 Actions taken in response to incidents of corruption. (Core)	Yes	Our people – Our people metrics About Stockland – Risk management
Public Policy		
SO5 Public policy positions and participation in public policy development and lobbying. (Core)	Yes	Our marketplace – Our industry and government
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Yes	Our marketplace – Government relations
Compliance		
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	Yes	There were no significant fines in FY11.
Contaminated land and remediation		
CRE5 Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations	No	We are assessing the appropriate measure for the proportion of land remediated at contaminated sites.
Product Responsibility Performance Indicators		
Customer Health and Safety		
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	Yes	Our people – Health, safety and wellness
Product and Service Labelling		
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	Yes	Climate and our environment – Greenhouse gas and energy metrics Our marketplace – Emerging regulation
CRE7 Type and number of green building certification, rating and labelling schemes used.	Yes	Climate and our environment – Energy efficiency, NABERS ratings
CRE8 Initiatives to ensure efficient design, operation and retrofitting of buildings.	Yes	Climate and our environment – Energy efficiency
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Yes	Our marketplace – Customer engagement
Marketing Communications		
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	Yes	Selected employees complete Trade Practices and Privacy training every 18 months.
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Yes	Nil.
Customer Privacy		
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Yes	Nil.
Compliance		
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core)	Yes	There were no significant fines in FY11.

INDEPENDENT ASSURANCE STATEMENT



To the Corporate Responsibility and Sustainability Board Committee and Management of Stockland Corporation Limited:

Stockland Corporation Limited (Stockland) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of the Corporate Responsibility and Sustainability Report 2011 (the report). The report presents Stockland's corporate responsibility and sustainability (CR&S) performance over the period 1 July 2010 to 30 June 2011. Stockland was responsible for the preparation of the report and this statement presents our opinion as independent assurance providers. Net Balance's responsibility in performing its assurance activities is to the Corporate Responsibility and Sustainability Board Committee (CR&S Committee) and Management of Stockland in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standard and Objectives

The assurance engagement was undertaken in accordance with the AA1000 AS (2008) assurance standard (AA1000AS). The standard provides a comprehensive way of evaluating whether an organisation is responsible for its management, performance and reporting on CR&S issues. This is achieved by evaluating the organisation's adherence to the AA1000 AccountAbility Principles (2008) and by reviewing the accuracy and quality of disclosed CR&S performance information.

The AA1000 Accountability Principles (2008) used to assess Stockland's processes include:

Inclusivity: How does the organisation include stakeholders in developing and achieving an accountable and strategic response to corporate responsibility and sustainability?

Materiality: How does the organisation include in its report the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?

Responsiveness: How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its report?

Assurance Type and Scope

Net Balance provided Type 2 moderate level assurance in accordance with the AA1000AS (2008). This involved assessing the organisation's adherence to the AA1000 AccountAbility Principles (2008) and assessing the accuracy and quality of the CR&S information contained within the report, which focused on the following material areas:

- **People**
 - Employee health and safety
 - Employee engagement (including diversity)
 - Capability development
 - Employee metrics (including turnover)
- **Climate Change & Energy and Natural Resources**
 - Climate Change
 - Energy efficiency (including NABERS ratings)
 - Water usage
 - Biodiversity
 - Waste generation
- **Customers, suppliers and government relations**
 - Engaging with suppliers
 - Housing affordability
 - Political donations
 - Customer satisfaction
- **Community**
 - Community development
 - Community involvement (qualitative information)

Assurance Level and Limitations

Net Balance provided a high level of assurance over the Principles of Inclusivity, Materiality and Responsiveness and a moderate level of assurance over data and statements in the report. The assurance scope covered the online report content and focussed on underlying systems and activities of Stockland during the reporting period with the following exceptions:

- Net Balance did not verify financial data, other than that relating to environmental, social or broader economic performance.
- Net Balance did not verify Scope 1, 2 and 3 greenhouse gas emissions data including information that Stockland will report to the Australian Department of Climate change and energy Efficiency under the National Greenhouse and Energy Reporting scheme for the reporting period.

While the majority of the interviews with data owners were conducted at Stockland's head office in Sydney, additional site visits were also conducted, which included the following Stockland locations:

- Riverside Plaza (VIC) – Office
- Highlands (VIC) – Retirement
- Oak Grange (VIC) – Retirement
- Selandra Rise (VIC) – Residential
- Freshwater (QLD) – Residential
- Glenmore Ridge (NSW) – Residential
- Stockland Shellharbour (NSW) – Retail
- Stockland Rockhampton (QLD) – Retail

Assurance Methodology

The assurance engagement was undertaken from May to August 2011, and involved:

- Preparation of a materiality register (list of key CR&S issues) using the five-part materiality test.
- Interviews with 29 Stockland personnel including the Managing Director, EGM Human Resources, EGM Corporate Affairs, CEO Residential, CEO Commercial Property, CEO Retirement Living, Chief Financial Officer, and members of the Board of Directors.
- Visits to a number of Stockland operational and development sites to understand how CR&S is integrated within and across the organisation.
- Interviews with 12 external stakeholders to understand how Stockland engages such stakeholders to identify material issues and the effectiveness of Stockland's response to the issues that matter to them.
- A review of the materiality process and stakeholder engagement activities undertaken by Stockland during the reporting period and how this informs the CR&S strategies and performance of the organisation.

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INDEPENDENT ASSURANCE STATEMENT

- A review of Stockland's key CR&S strategies, policies, objectives, management systems and reporting procedures.
- Interviews with 27 key personnel responsible for collating and writing various parts of the report to substantiate the reliability of selected claims.
- A review of the report for any significant omissions and anomalies, particularly in relation to claims as well as trends in data.
- Verification of over 180 selected data points and statements and the systems and processes that support the information reported.
- A Global Reporting Initiative (GRI) G3.1 application level assessment.

Our Independence

Net Balance was not responsible for preparing any part of the report. Our team's independence was ensured by selecting team members with no other involvement with Stockland during the reporting period that could impair the team's independence or objectivity.

Our Competency

The Stockland assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of Accountability's AA1000AS, having undertaken over 100 assurance engagements in Australia in the past five years.

Findings and Conclusions

Net Balance has observed that Stockland demonstrates strong internal communication and engagement on its CR&S objectives. Our assessment and interviews with internal and external stakeholders indicate that Stockland is seen as a leader in Building Communities through practical recognition of the linkages of CR&S to core business and how it enhances the organisation's broader corporate strategy. Stockland also demonstrates the management capacity and capability in embedding the AA1000 Principles across each of its key businesses.

Net Balance's assessment of adherence to the principles and the accuracy and quality of the CR&S information included in the report provides evidence of Stockland's strength in CR&S and the findings and conclusions presented below represent areas to further strengthen the organisation's position.

Adherence to AA1000 Principles

Inclusivity:

Stockland has a comprehensive approach to identifying its stakeholders and working with them to identify relevant issues that need to be addressed. This was evident at both the corporate level as well as the operational and development site levels. At the corporate level, Net Balance observed robust and regular processes for monitoring high profile and financially material projects, supported by appropriate executive management actions to address issues where required. This process aligns with executive level engagement with key stakeholders such as industry association and all levels of government. Appropriate executive engagement of the recently acquired Aevum business was also evident during the reporting period. At the site level, Stockland has implemented stakeholder engagement plans across the business and is focusing on training staff to better utilise these as planning tools. Net Balance has observed that these plans facilitate an on-going process of engagement, contribute to enhancing the competencies of site managers, and provide a mechanism for stakeholders at a site level (e.g. Councils, residents, community groups, customers, and tenants) to engage with Stockland in a seamless manner. Stockland also has in place a range of mechanisms as well as management competencies to engage with and include the views of investors, employees, suppliers and industry associations.

Net Balance identified that improvements could be made in how Aevum employees not yet fully integrated into core Stockland business units could be better included in group-wide engagement and surveying processes. Net Balance believes a more targeted approach to working with suppliers, drawing on the knowledge of the Group's procurement professionals, will help identify further downstream CR&S opportunities across all businesses.

Materiality:

Net Balance found Stockland appropriately identified its CR&S material issues including, but not limited to: embedding CR&S, employee engagement and wellbeing, health and safety, housing affordability, responsible supply chain and local employment, climate change, energy and natural resources. CR&S issues are appropriately recognised at the Group and business unit levels and they have driven the development of CR&S strategies within the Residential, Retirement and Commercial Property businesses. Material CR&S issues are refreshed annually and informed by the stakeholder engagement activities identified above to ensure on-going relevance and importance to Stockland and its stakeholders. Net Balance also observed that a number of key CR&S issues are also identified and considered in the Group wide risk management framework and reporting processes.

Responsiveness:

Stockland has demonstrated that it is committed to responding to issues raised by stakeholders. During site visits and in discussions with external stakeholders, Net Balance found that there is an overall sense that both at site level, as well as at senior management levels, Stockland prioritises responsiveness to stakeholder needs and makes every effort to address material issues identified in a timely manner. In addition to site level stakeholder engagement plans, the recent establishment of community development plans across all businesses also provides further avenues for responding to stakeholder issues whilst driving enhanced community outcomes and business value. At a Group level, CR&S issues identified by Group Risk are appropriately addressed through prioritised management controls and actions. Business unit CR&S strategies have been designed to respond to relevant material issues and opportunities through appropriate management actions. CR&S related KPIs are also included in personal performance targets of employees at all levels of the organisation. Stockland has also taken a proactive approach to responding to emerging issues as evidenced by their inclusion in the report this year of their response to recent developments in the proposed introduction of a carbon price.

INDEPENDENT ASSURANCE STATEMENT

During the reporting period Stockland also began actioning findings from last year's CR&S assurance including:

- Carrying out a broad assessment of climate change risks and opportunities across all areas of the business.
- Increasing awareness around the use of stakeholder engagements plans to encourage improved approaches to stakeholder engagement.
- Further embedding CR&S expertise throughout the business to build and strengthen accountability.

Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting CR&S performance information included in the scope of this assurance engagement.
- The level of accuracy of CR&S performance information was found to be within acceptable limits.
- Data trails selected were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.

- Due to the different systems in place to manage CR&S information across the business, as well as recent changes with the acquisition of Aevum, particular attention was required to define the scope of some statements within the report this year, which Net Balance believes appropriately represents aggregated performance.
- It is understood that Stockland is currently transitioning to a standard set of centralised performance reporting tools and systems. Net Balance recommends that for future reporting periods, qualitative CR&S data collected for operational and development sites is undertaken using a single centralised system. This will reduce unnecessary reliance on individual spreadsheets, manual calculations and their associated potential for errors.
- The GRI application level check found that the report was classified as A+ in accordance with the GRI 3.1. Stockland has incorporated indicators from the Construction and Real Estate GRI sector supplement.

Overall, it is Net Balance's opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of Stockland's CR&S performance during the reporting period.

The Way Forward

Net Balance found the report appropriately addresses Stockland's environmental, social and economic material issues. To ensure Stockland continues to improve, Net Balance has identified the following key areas for future focus. These and other areas are discussed in more detail in Net Balance's report to the Stockland CR&S Committee and management.

Measuring and communicating the value of CR&S

Whilst a significant amount of work has been carried out by Stockland to better measure the value of CR&S, Net Balance would like to see the outcomes of this work communicated more widely among key internal and external stakeholders, beyond the CR&S Report. This will be increasingly important to all levels of management who require a more accurate understanding of business value relevant to their roles and responsibilities in order to best allocate resources towards CR&S issues and opportunity management. Net Balance also suggests a greater focus on measuring and communicating shared value created by Stockland within the communities it operates that is outcome focussed, which, over time, will provide case studies and business case information that could be valuable in negotiating new development approvals.

Enhancing synergies between CR&S and Group Risk

Net Balance noted that Stockland have begun the process of increasing dialogue between the CR&S team and Group Risk to incorporate material CR&S issues in the Group risk framework. Expanding on this to draw on the complementary strengths of these areas to identify both short and longer term risks as well as opportunities for Stockland will be important moving forward. Net Balance would like to see further strengthening of the issue identification processes at the site and business level as well as a focus on ensuring that all current and emerging CR&S issues are assessed and measured in a manner that is consistent with all business risks identified at the Group and business unit level, perhaps by integrating these processes in the future.

People and contractors CR&S roles and responsibilities

Net Balance observed some variability in the quality and consistency of skills at the site management level within each of the core businesses. This included some types of contractors that can be critical to day to day stakeholder engagement interactions. Stockland has implemented a number of training and engagement mechanisms to embed CR&S within the organisation. However, a continuing focus on this, particularly with regard to improving consistency across all sites and incorporating key, front line contractors is suggested for Stockland to continue to embed CR&S as well as consistently manage operational CR&S issues and opportunities.

On behalf of the assurance team

26 August 2011
Melbourne, Australia



Terence Jeyaretnam, FIEAust

Director, Net Balance & Lead CSAP
(IRCA UK)





Our conclusions

Reasonable assurance over Scope 1 and Scope 2 emissions

In our opinion, Stockland Corporation Limited's Scope 1 and Scope 2 emissions of 155,742 tonnes as disclosed in Stockland Corporation Limited's Corporate Responsibility and Sustainability Report for the year ended 30 June 2011 are prepared in all material respects in accordance with the National Greenhouse and Energy Reporting Act (2007) (the Act) as set out on pages 85 to 89 for the year ended 30 June 2011.

Limited assurance over Scope 3 emissions

Based on the procedures performed, as described below, nothing has come to our attention that causes us to believe that the Scope 3 emissions have not, in all material respects, been prepared in accordance with the GHG Protocol Corporate Standard as set out on page 86 for the year ended 30 June 2011.

We have been engaged by the Board of Directors of Stockland Corporation Limited ('Stockland') to provide reasonable assurance in relation to Stockland Corporation Limited's Scope 1 and Scope 2 emissions of 155,742 tonnes and limited assurance in relation to Stockland Corporation Limited's Scope 3 emissions of 23,214 tonnes as disclosed in the Stockland Corporation Limited Corporate Responsibility and Sustainability report for the year ended 30 June 2011 (the 'CR&S Report').

As described in the CR&S Report the Scope 1 and Scope 2 emissions relate to Stockland Corporation Limited's activity in Australia and have been prepared in accordance with the National Greenhouse and Energy Reporting Act (2007) as described on page 85 of the CR&S Report

and the Scope 3 emissions, which are restricted to hire cars, air travel and transmission and production losses from purchased electricity and gas in Australia, are prepared in accordance with the GHG Protocol Corporate Standard as described on page 85 of the CR&S Report (collectively the 'Frameworks').

Management's and Directors' responsibility for the Specified Energy and Emissions Reporting

Management and the Directors of Stockland are responsible for the preparation and presentation of the Scope 1, Scope 2 and Scope 3 emissions in accordance with the Frameworks. This responsibility includes establishing and maintaining internal control relevant to the preparation and presentation of the Scope 1, Scope 2 and Scope 3 emissions that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion in relation to Stockland Corporation Limited's Scope 1 and Scope 2 emissions and a limited assurance conclusion in relation to Stockland Corporation Limited's Scope 3 emissions.

We have performed our work in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Australian Auditing and Assurance Board and accordingly have planned and performed such procedures as we considered necessary in the circumstances.

ASAE 3000 requires us to comply with the APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

Reasonable assurance over Scope 1 and Scope 2

Our reasonable assurance procedures involved obtaining evidence over the Stockland Corporation Limited Scope 1 and Scope 2 emissions of 155,742 tonnes, sufficient to give reasonable assurance that the amount disclosed is free from material misstatement whether caused by fraud or error. This included an assessment of the appropriateness of the Frameworks and the reasonableness of estimates made by the Directors in the determination of the Stockland Corporation Limited Scope 1 and Scope 2 emissions of 155,742 tonnes reported.

Limited assurance of the Scope 3 emissions

A limited assurance engagement consists of making enquiries, primarily of persons responsible for management and monitoring of Scope 3 emissions, and applying analytical and other limited assurance procedures as appropriate. These procedures include:

- Enquiries of key data owner to understand the data flow
- Completing a walkthrough of the relevant processes
- Agreement of emissions data to source invoices or third party confirmations on a sample basis
- Analytical review of emissions data, including year on year comparisons and monthly trend analysis

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance or audit opinion.

Use of this report

This report has been prepared for the directors of Stockland Corporation Limited for the purpose of assisting the Directors in determining whether the company has complied with the Frameworks. We disclaim any assumption of responsibility for any reliance on this report, or the Scope 1, Scope 2 and Scope 3 emissions to which it relates to any person other than Stockland Corporation Limited or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Scope 1, Scope 2 and Scope 3 emissions may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Greenhouse gas quantification is unavoidably subject to both scientific and estimation uncertainty. Scientific uncertainty arises because of incomplete scientific knowledge in the field of greenhouse gases. Estimation uncertainty can arise because of:

- The inherent uncertainty in quantifying inputs, such as activity data and emissions factors, that are used by mathematical models to estimate emissions (measurement uncertainty)
- The inability of such models to precisely characterise under all circumstances the relationships between various inputs and the resultant emissions (model uncertainty)
- The fact that uncertainty can increase as emission quantities with different levels of measurement and calculation uncertainty are aggregated (aggregation uncertainty)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Independence

In conducting our assurance engagement we have complied with APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.

KPMG

Scott Fleming
Partner

7th September 2011
Sydney

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Note: All figures are in Australian dollars unless otherwise indicated.

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