



Stockland Corporate Responsibility and Sustainability Report

30 June 2006

2006

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COVER: Prince Henry at Little Bay, NSW – location of Stockland's residential development project incorporating a range of pioneering sustainability initiatives.

Stockland is one of Australia's largest and most diversified property groups in both asset class and location of assets. We own, develop and manage property across Australia and have some interests in New Zealand.

Stockland was founded in 1952 and initially specialised in residential development before diversifying into commercial and retail projects. It was listed on the ASX in 1957. Stockland is now one of the top 50 ASX listed public companies (ASX: SGP) with a market capitalisation in excess of \$9 billion and total assets of over \$9.6 billion.

The company has achieved 24 years of consecutive profit growth and consistent returns for security holders.

Stockland is structured as a stapled security; a combination of a unit in a trust and a share in a company. This allows the Group to undertake both property investment (via Stockland Trust) and property management and development (via Stockland Corporation).

This report covers our Australian operations:

- Shopping Centres Division
- Commercial & Industrial Division
- Development Division
- Unlisted Property Funds.





We aim to meet or exceed the expectations of all our stakeholders, delivering long term value and sustainability to our business.

Vision, purpose, mission and values

02

Our vision

To create a world class diversified property group

Our purpose

To deliver enduring value for our stakeholders through innovative, customer focused property solutions

Our mission

People

Attract, engage and retain the best people as our most important asset

Customers

Strive to exceed our customers' expectations

Shareholders

Provide superior returns through outstanding performance

Partners

Create equitable rewarding partnerships by sharing innovation and knowledge

Communities

Create sustainable and vibrant communities

Environment

Take care of the environment

Our values

Openness

Listen to and respect each other with open and honest communication

Service

Provide outstanding service to our stakeholders

Commitment

Strive to achieve the highest standards with passion and conviction

Innovation

Continually challenge ourselves to find smarter solutions

Teamwork

Work together to add value through the diversity of our people and the synergies of our businesses

Empowerment

Encourage ownership, trust and individual accountability

Enjoyment

Share a friendly, dynamic workplace and celebrate our achievements together



Highlights and priorities

During the past year we have undertaken many initiatives that demonstrate our commitment to corporate responsibility and sustainability.

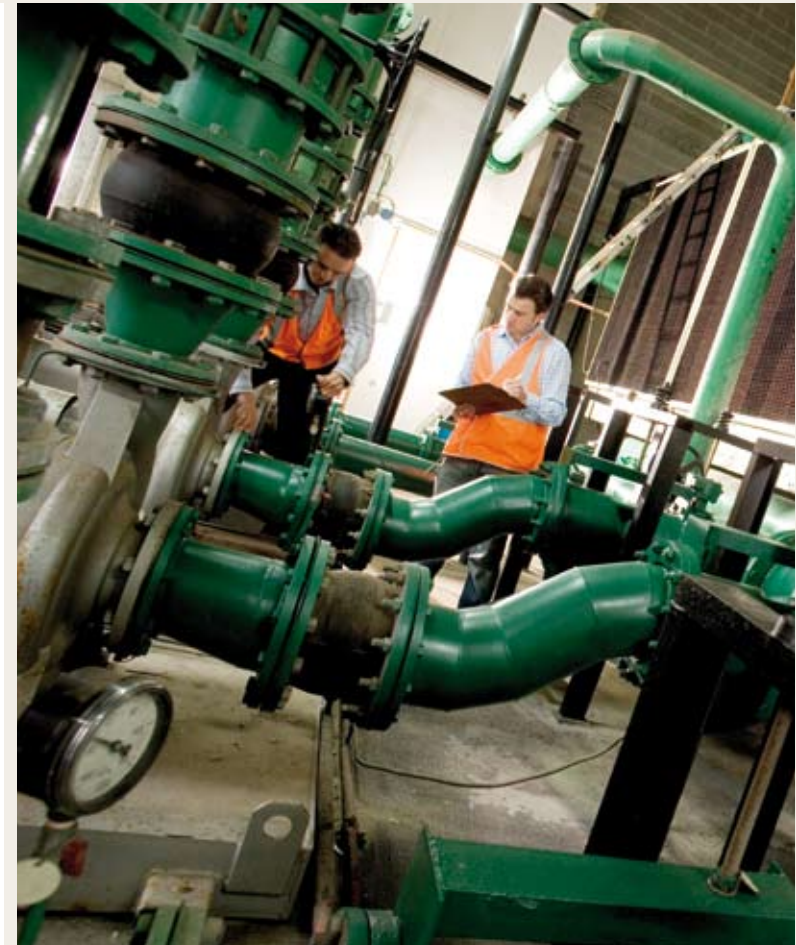
Highlights

- Appointment of the Stockland Board's Corporate Responsibility and Sustainability (CR&S) Committee.
- A sustained high employee engagement score 84 per cent. This is significantly higher than the Australian and global high performing companies' norms.
- Completion of energy (Australian Building Greenhouse Rating – ABGR) and water audits of our commercial office portfolio.
- Delivering sustainability innovations across our residential projects such as geothermal cooling and grey water recycling at Prince Henry, NSW and water sensitive urban design at Mernda Villages, Vic.

- Recognising more than 80,000 young people participating in club sports through our Shopping Centre Division's Stockland Spirit Awards program.
- Joining the Australian Business and Community Network (ABCN), collaborating with other businesses in school partnering and mentoring programs.

Priorities for next year

- Refinement of environmental metrics and targets. This will enable auditing and assurance of future CR&S Reports.
- Build commitment to Stockland's values and corporate responsibility and sustainability aims with our supply chain.
- Progress the establishment of an ISO 14001 accredited environmental management system.
- Relocation to our new head office, embodying our commitment to an engaging, healthy and sustainable workplace for our people and improved environmental performance.
- Inclusion of corporate responsibility and sustainability in performance management objectives for all our employees.
- Extend meaningful opportunities for our people to give and volunteer in our community.



Message from the Chairman and Managing Director

04

To deliver long term sustainable value to our security holders, corporate responsibility and sustainability principles are being integrated into all parts of our organisation.



We have great pleasure in presenting Stockland's first Corporate Responsibility and Sustainability Report. This document is a companion to our Annual Report, and together they provide stakeholders with an overview of Stockland's economic, social and environmental performance.

This report and the initiatives it describes give formal expression to our commitment to corporate responsibility and sustainability (CR&S). These two concepts are closely linked. Corporate responsibility means doing the right thing by our stakeholders and the environment. Sustainability is what our business achieves as a result.

To deliver long term sustainable value to our security holders, CR&S principles are being integrated into all parts of our organisation. We understand that the value assigned to Stockland by the market goes beyond conventional financial measures.

For us, sustainability means more than good environmental stewardship. We take a wider view of sustainability. Our approach embraces our responsibilities to our employees, to our communities, to the marketplace and to the environment.

Accordingly, we are building capability within Stockland to adopt industry-leading practices that we believe will contribute to the long term success of our business. And we have made good progress in 2006.

In the past year, for example, Stockland has maintained a very high level of employee engagement, with scores well above the average for Australian businesses. We have also been recognised for a number of our environmental initiatives and innovations.

We acknowledge, however, the importance of further capability building to realise our CR&S aspirations.

To this end, our Board has formed a CR&S Committee to guide our strategy and we have created the new role of Group Manager, CR&S.

This first report sets out our plans for sustainability and our progress to date. It is an important first step.

We are mindful of national and international models of best practice in CR&S and have chosen to use the Global Reporting Initiative to guide the design of this report.

In future years we plan to seek independent assurance for our CR&S report, just as we do for our Annual Report.

Finally, we acknowledge the tremendous teamwork and effort that has gone into embedding CR&S principles across Stockland. This report is the first of many that will reflect our commitment to best practice outcomes for the future benefit of the business and the communities we serve.

Graham Bradley
Chairman

Matthew Quinn
Managing Director

Graham Bradley, Matthew Quinn.

Approach to corporate responsibility and sustainability

We have a company-wide commitment to act as a responsible corporate citizen.

A sustainable future for our business is inextricably linked to the sustainability of the communities, economy and society in which we operate.

We act in a way that is sustainable in each of these spheres to deliver long term total security holder returns.

Our approach is underpinned by a company-wide commitment to act as a responsible corporate citizen and to conduct our business ethically and in accordance with best practice corporate governance principles.

Our culture is based on accountability and a willingness to consider what we should do rather than what must we do, balancing competing interests and priorities in day-to-day business.

In the past, some of our operating divisions have had a more developed sustainability approach than others, with focus more on environment than other dimensions. In part, this was driven by legislation and regulation relating to environmental considerations. Stockland has been a supporter and an early adopter of many of these measures because we understood the potential gains for business and the community. For example, with the proposed introduction of the NSW Building Sustainability Index (BASIX) legislation in 2004, Stockland took the lead in building display homes, trialling the water and energy saving targets.

Projects such as the first BASIX-compliant display village at Bridgewater in NSW and the first Waterwise Display Village in Australia at Settlers Hills, WA demonstrate Stockland's commitment to environmental sustainability. These examples are just a small part of our overall commitment to corporate responsibility.

In recent years we have given more formal expression to our corporate responsibility and sustainability commitments. We are now moving to a more consistent approach across the entire group.

Stockland uses the term "Corporate Responsibility and Sustainability" (CR&S) to describe our commitment. We do this to reinforce the integrated approach we have adopted to delivering long term sustainability for our business.

There have been a number of significant achievements during the reporting year:

- Appointment of a Group Manager, CR&S.
- Establishment of a CR&S Board Committee. The Committee's purpose is to assist the Board in overseeing Stockland's commitment to operate its businesses ethically, responsibly and sustainably.
- Development and adoption in 2006 of a group-wide CR&S strategy.

- Confirmation of the purpose of Stockland's CR&S Employee Committee, with representation from across the business, driving specific aspects of the CR&S strategy. The Committee meets monthly, facilitating an enterprise-wide forum around our progress, challenges and opportunities.
- CR&S objectives included in the performance objectives of our senior leadership team in FY06, expanded to all employees in FY07.
- Confirmation of our commitment to public reporting of Stockland's environmental and social performance through the publication of this report.

Projects such as the first BASIX-compliant display village at Bridgewater, NSW and the first Waterwise Display Village in Australia at Settlers Hills, WA demonstrate Stockland's commitment to environmental sustainability are just a small part of our overall commitment to corporate responsibility.

Bridgewater residential community, South Camden, NSW.



Corporate responsibility and sustainability strategy

Our CR&S aim is to meet or exceed the expectations of all our stakeholders, delivering long term value and sustainability to our business.

To achieve this we have identified four themes within our CR&S strategy:

- Maintaining ethical and responsible **marketplace** practices.
- Respecting and engaging with **our people**.
- Taking care of the **environment** in which we operate.
- Strengthening our place within the **community**.

These themes have informed the approach of businesses internationally and are reflected in the structure of widely-used corporate responsibility indices.

At Stockland, these themes guide our day to day business and this CR&S report has been structured to provide information related to each of these themes.

This report also addresses the indicators of the Global Reporting Initiative (GRI), increasingly used in sustainability reports by Australian and international business. A summary of reporting on GRI indicators is included at the end of this report.

We recognise that at times there will be conflicting interests to be served within each of these themes. Where this occurs, our approach will focus on balancing the competing priorities to best serve the needs of our diverse stakeholders.

In the coming year we will be reviewing how we engage with our stakeholders. We will strive to develop a consistent strategy for stakeholder identification and engagement. As part of this we will take steps towards the creation of an external Stakeholder Reference Group to provide direct feedback to the company from representatives of peak stakeholder organisations. We will continue to develop our understanding of our environmental impacts, and develop our capacity to monitor these and improve our performance.



Members of Stockland's Employee CR&S Committee.



Marketplace

07

We strongly believe that corporate responsibility and sustainability are essential foundations for long term security holder value.

Stockland has an active and experienced Board and an expert management team.

Our business is underpinned by strong financial discipline and corporate responsibility.

Our focus has always been on sustainable growth. Looking after our security holders' interests is not just about returning profit.

The core of corporate responsibility in the marketplace is the maintenance of the highest standards of ethics and integrity in business practice.



Management systems

Code of Conduct and Ethical Behaviour

All Stockland employees are bound by clear standards of behaviour when dealing with assets, intellectual property, gifts and corporate entertainment. The Code includes procedures for dealing with insider trading and conflicts of interest.

All employees are expected to support Stockland's commitment to eradicating discrimination of any kind.

Breaches of the Code are treated seriously.

Whistleblower Policy

In line with our Code of Conduct and Ethical Behaviour, employees are encouraged to report any improper conduct they encounter to their line manager, the Group Manager, Health, Safety and Environment, their Divisional Human Resources Manager or the Whistleblower Protection Officer (WPO).

The WPO's role is to safeguard the interests of the whistleblower, and to make sure the whistleblower is kept informed how the complaint is proceeding. An employee who reports improper conduct in good faith and without having been involved in the improper conduct will not be personally disadvantaged as a result. All disclosures made under this policy are treated as confidential.

Occupational Health and Safety Policy

Stockland has an Occupational Health and Safety (OHS) Policy, which states our commitment to ensuring the safety and welfare of employees, contractors, visitors, customers, tenants, and the wider community. Our OHS procedures, are available to all employees. These define health and safety requirements and provide practical guidelines for effective management of safety related issues.

Privacy Policy

The personal information of Stockland's employees and customers is protected in line with the *Privacy Act 1988 (Commonwealth)*. Stockland ensures that all personal information is relevant, accurate, stored securely, has restricted access and is used for a proper purpose. A Privacy Officer is responsible for implementing the policy and for addressing any queries or complaints.

Political Donations Policy

Our political donations policy is designed to ensure that any political donations made by the Group serve the interests of our security holders with full transparency.

Political donations may be made, but only on a bi-partisan basis within strict annual limits set by the Board and are generally made by supporting the business forums of the major political parties.



Priorities for the coming year

Areas to be addressed in the coming year include:

- Development of a Sustainable Supply Chain Management Policy to align our commitment to CR&S with our actions in selecting, influencing and interacting with our supply chain.
- Proactive participation in CR&S ratings and indices to publicly measure performance and learn from the process.

Case study Ethical communication with customers

The Development Division markets its land, houses and residential communities in a highly ethical manner. To ensure a consistent approach and high performance standards, the **Stockland Sales & Customer Relationship Toolkit** was developed. This is used by each of our regulated selling agents across the country.

Every sales agent, whether hired internally or contracted externally from a third party, is expected to follow the Stockland sales and customer philosophy, covering all processes for interacting with prospective customers.

Marketing material for all Stockland divisions goes through an extensive legal checklist prior to being made public. In the case of a “promotional offer”, all marketing material is sent to legal counsel for approval prior to publishing. This ensures the integrity of all Stockland’s marketing.



North Lakes sales suite.

Case study Customer relationship management

In mid 2005, Stockland embarked on a major new strategy to transform the company into a more customer focused business.

This project strengthens the core competencies of acquiring, developing and owning property through maximising customer loyalty, repeat business and referred business.

Through a customer data management system using market segmentation, Stockland will be able to tailor product to better meet customer needs.

Through collaboration across the company, we will have an enterprise-wide view of the marketing calendar. This will lead to more targeted communication, so that customers are contacted at the right time with relevant information and their privacy is respected.

This customer interaction extends beyond marketing material to include educational material and feedback to enable customers to share their views. This enables Stockland to more effectively serve community interests over a long period.

While currently focused on customer relationships, the project benefits also flow to other stakeholder groups.



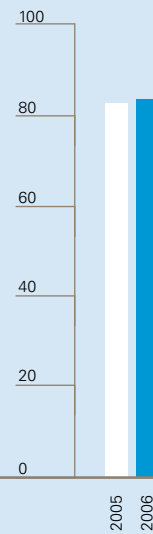


People and workplace

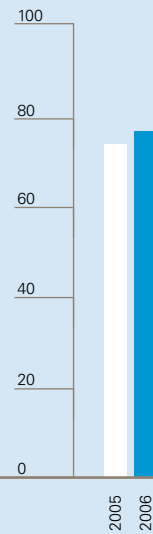
Diversity, engagement, leadership and innovation are core to our business and are valued by customers and other stakeholders.

Our goal is to attract and retain talented people who share a passion for our industry. It is also about valuing diversity by tapping into the unique capabilities of all employees and using this knowledge to address rapidly changing business environments and markets.

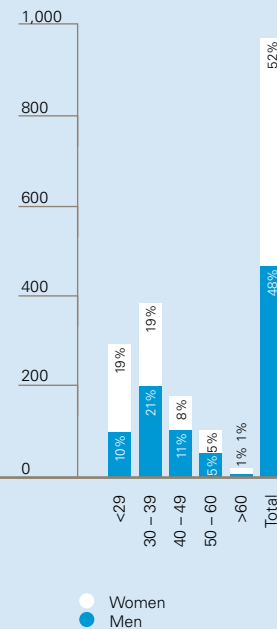
Employee engagement
(employee survey) %



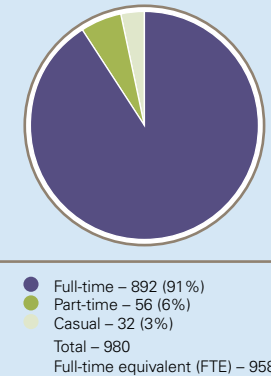
People leader index
(employee survey) %



Gender and age profile of total workforce



Stockland workforce



Culture and values

Stockland recognises that our people and the workplace we create determines how successful we will be. Our people strategy aims to support our employees to develop their talents and achieve in an environment that is safe, diverse and values-based.

Health and safety

We recognise the importance of occupational health and safety in our industry.

In order to measure our progress towards our safety goals, we report monthly to our Board on a range of measures including lost time injury frequency rate, significant incidents, safety training attendance and safety compliance levels.

Succession and talent management

Succession plans are now in place for the three most senior levels of management. This ensures we are able to efficiently access the talent that our business needs as it evolves.

Key to the success of our succession plan is a talent management strategy that ensures our highest performing employees are retained and developed.

Orientation

All new employees attend the Stockland Orientation Program to learn about Stockland and how we work. Over this two day program employees meet our Managing Director and learn about the business from each of our Divisional CEOs.

Other business representatives present on Stockland's policies and activities, including CR&S. Emphasis throughout the program is placed on communicating our vision, purpose, mission and values. The program also incorporates a tour to a range of Stockland sites, showcasing our people and our property assets, development projects and activities.

Employee engagement

A great deal of research now indicates a direct link between highly engaged employees and shareholder value. Employee engagement is the degree to which workers identify with, are motivated by and are willing to expend extra effort for their employer.

In March and April 2006, we undertook our second Employee Engagement Survey conducted by global firm Independent Survey Research (ISR).

This year, Stockland had an overall employee engagement score of 84 per cent. This is significantly above the Australian and global high performing norms.

Reward and performance

Our remuneration strategy demonstrates a clear link between performance and reward.

To further enhance the link between individual contribution and business results, new performance

management systems and processes have been implemented for all employees.

Diversity

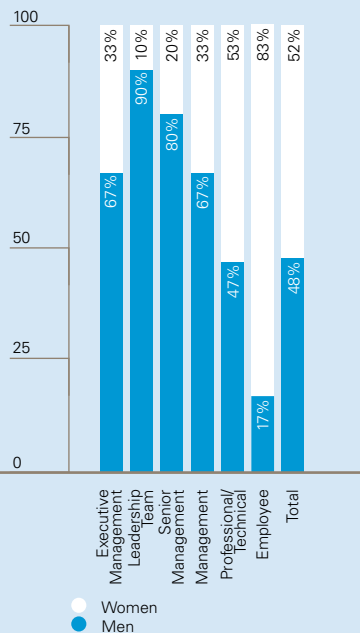
Stockland has developed a Diversity Strategy to optimise performance, effectively manage risk and promote innovation to reflect the diverse mix of the customers and communities that it operates in. A business that can adapt to its environment will consistently deliver successful business outcomes.

The key strategic themes are:

- Embedding diversity into the Stockland culture.
- Creating a more flexible working environment.

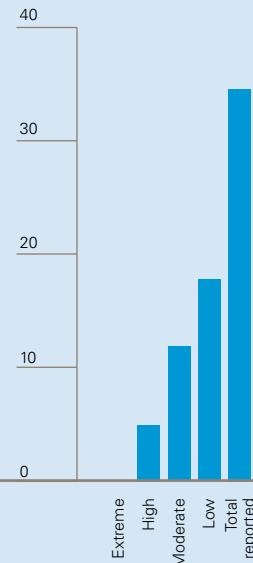
Women in management

Women make up 28% of management in Stockland (including the categories Executive, Leadership Team, Senior Management and Management)



Health and safety

Number of incidents



Age profile of workforce

The median age of Stockland employees is 34 years

Employee turnover

Regretted turnover: 16% (annualised)

Training per employee

Annualised training days per employee: 3.12

Training spend as % of payroll: 2.1%

Absentee rates

Lost productivity: 1.3% (Time lost to illness as % of payroll)

LTIFR

(Lost Time Injury Frequency Rate)

Lost time injuries per million hours worked: 6.2

- Increasing the diversity mix of the workforce.

The strategy is delivered through a range of initiatives:

- Exceeding legal obligations to enable work/life balance such as an enhanced parental leave policy and flexible work practices.
- Consulting employees and providing training to promote an inclusive culture respectful of different opinions, views and backgrounds. This includes Workplace Relations training for managers, inclusion of a diversity census in the employee survey, and the introduction of networking meetings for senior women.

- Introducing employee benefits and programs such as "Manage Your Work/Life Balance" to support employees' work-life needs.

Learning and development schedule

Stockland encourages further education and training for all employees regardless of classification or location. We offer a wide range of in-house training designed to meet the technical, personal, business and management needs of our employees.

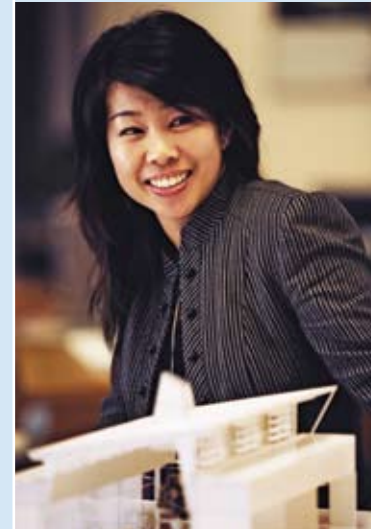
At any one time around 1 in 10 employees are undertaking relevant educational studies with accredited external providers. While individual cases vary, employees can expect around 50% of their program to be financially supported by Stockland, and have access to exam and study leave.

Scholarships

The Peter Daly International Fellowship, created in honour of Stockland's former Managing Director and Chairman, supports a talented Stockland employee in undertaking a study tour or project that cannot be readily undertaken in Australia.

Case study Peter Daly International Fellowship

The Peter Daly International Fellowship recognises emerging leaders at Stockland, providing an employee with the opportunity and financial support to travel overseas to undertake a study project of their choice.



Claudia Lam.

The winner of the inaugural Peter Daly International Fellowship, chosen by former Stockland Chairman Peter Daly and Managing Director Matthew Quinn, was Claudia Lam, National Design Manager, Shopping Centre Division.

Claudia was chosen from 20 nominations across the business to research sustainable building initiatives in retail design and development.

The project commenced with an international conference on sustainable development and green building technologies in Beijing in April 2006.

Claudia then travelled to the US to research sustainable shopping centre design initiatives, meeting with industry leaders in retail business, development and design.

On Claudia's return she described her experience as a steep personal and professional learning curve that expanded her knowledge of sustainability concepts on a global scale.

The Fellowship has generated great excitement amongst Stockland colleagues. Claudia's experience has ignited awareness and interest in sustainability and the impact on retail projects amongst the wider Stockland team.



The Ervin Graf Scholarship, created in honour of Stockland's founder, is offered to second year Bachelor of Business (Property) students at the University of Western Sydney. It rewards outstanding performance with paid work experience at Stockland and a cash award to help the successful students fund their studies.

Scholarship recipients are mentored within Stockland and normally offered full-time employment.

A number of scholarships have also been developed with university students in particular disciplines in Sydney, Melbourne, Brisbane and Perth as part of the Graduate Development and Tomorrow's Leaders initiative.

Priorities for the coming year

- Refine the alignment of reward and performance, including the completion of an enhanced performance management process incorporating CR&S objectives for all employees.
- Continue to enhance people capabilities to deliver the business strategy, through our Leadership and Management Development Programs.
- Continue to foster a workplace that attracts, retains and motivates talented individuals including the development of career paths for major job families.

Case study Strengthening our leadership

In the past 12 months, Stockland's Human Resources function has moved beyond providing support services to initiating and driving strategic organisational development.

Strengthening senior leadership has been a particular focus for enhanced organisational effectiveness.

We recognise that to nurture and retain developing leaders it is necessary to provide support and training at key transition points in an individual's career, i.e. from team player to team leader; from team leader to functional leader and from functional leader to senior manager.

Stockland leadership attributes

An important step to further strengthen our leadership capability was to agree on a set of attributes that will foster success.

Individual assessment results provided senior leaders with direct feedback on their leadership and Stockland was able to obtain a snapshot of enterprise-wide needs.

Leadership Development modules were created to strengthen key leadership attributes.

For our middle managers, we have also designed and delivered several Management Development programs to around 150 senior managers. These have centred on core management capabilities.

Career development, succession planning and talent management

Stockland provides employees with learning and development opportunities. This is an important point of difference and a necessary investment to build the capabilities required for the future.

Along with our desire to lift career development opportunities across the organisation, we are also mindful that there is a talent shortage in the property sector which creates a heightened need to identify, build and retain existing talent.

We have identified our top talent based on an assessment of performance and potential, providing "stretch" opportunities to accelerate their growth.

We also introduced a rigorous succession planning process for all Executive and General Managers.

The success of these initiatives will be judged by the strength and depth of our leadership pipeline. To that end, each year Stockland conducts an employee opinion survey that includes benchmarking against leading Australian and international companies. For 2006, Stockland employee opinions of senior leadership were very positive (77 per cent were favourable in their ratings) and were significantly above the Australian norm.*

* International Survey Research, 2006 Stockland Employee Survey.





Environment

We are committed to integrating ecologically sustainable practices into our projects and the management of our assets.

As a major diversified property business and Australia's largest residential developer, Stockland has long been focused on environmental sustainability. We understand and embrace the importance of sustainable project delivery and reporting and work alongside government and within the industry to develop tools and strategies.

Stockland has long been focused on environmental sustainability.



Environmental sustainability

We recognise that we have a responsibility to reduce the environmental footprint of the assets we manage, and in our commercial office, industrial, shopping centre, apartment and residential community development projects. We work with a range of industry tools to measure our impact and to improve our performance.

Environmental Management Policy

In recent years, Stockland has undertaken a number of initiatives to reduce the adverse impacts of its business activities on the environment, by adopting best practice sustainability designs and practices.

To ensure a consistent approach to best environmental practice across all its business units, we have developed an Environmental Management Policy that defines our commitment to protecting the environment, conserving resources and eliminating or minimising adverse environmental impacts and risks.

We are also committed to establishing an Environmental Management System in line with the requirements of the AS/NZS ISO 14001:2004 standard.

In 2007, we will establish the major framework of the environmental management system and commence setting up a number of our environmental key performance indicators that will enable us to measure our environmental performance in a systematic manner, with a view to continual improvement.

Environmental principles

Over the past year, Stockland's Employee Corporate Responsibility and Sustainability Committee has established a set of principles to guide our approach to asset and development management across all divisions. These principles are being progressively rolled out across the organisation. They will lead to a consistent framework by which we will review, measure and improve our performance. Already, these principles are considered as part of due diligence for land acquisition and form the basis of our Shopping Centre Division's Sustainability Blueprint.

These principles are:

- **Management**

To instigate sustainability management plans, initiatives and reporting, which improve and balance economic, environmental and social performance across all assets and projects.

- **Energy**

Reduce greenhouse gas emissions (energy consumption) of projects and assets.

- **Water**

Reduce potable water demand, minimise waste water generation and manage stormwater quality and flow.

- **Waste minimisation**

Reduce waste going to landfill, and minimise the emission of pollutants.

- **Ecology**

Encourage the minimisation of ecological impact, and optimise ecological benefits.

- **Indoor comfort and environment quality**

Promote and provide healthy and comfortable indoor environments.

- **Materials selection**

Encourage the recycling and reuse of materials and promote the selection of materials with reduced embodied energy and those materials which have a reduced impact on resource depletion.

- **Transport**

Promote the utilisation of more efficient modes of transport and thereby reduce reliance on motor vehicles.

- **Community engagement and facilities provision**

Engage with stakeholders on all projects and assets.

Environmental practices

Stockland is committed to addressing ecologically sustainable practices in our projects. In our Development Division, our National Sustainability Manager has responsibility for developing capability to deliver more sustainable communities and apartments.

Much has already been achieved. Projects such as Mernda Villages, Vic and Vertu, WA are addressing the principles of water sensitive urban design. Better management of stormwater volumes and improved water quality returned to natural systems, combine to add to the attractiveness of public space.

Addressing biodiversity in our projects is a key consideration. Where possible we go beyond compliance, enhancing the biodiversity quality of open spaces and adjacent land. At projects such as Wallarah, NSW and Newhaven, WA we have undertaken extensive tree surveys to assist with mapping housing footprints and to ensure the best trees are retained in public open spaces. The Forster shopping centre redevelopment has partnered with local schools in a community tree planting program.

Our Residential Communities team in WA has worked with the Water Corporation to deliver Australia's two first Waterwise Display Villages at Settlers Hills and The Sanctuary.

In partnership with Clean Up Australia, Stockland became the first national shopping centre group to sell reusable shopping bags, supporting retail tenants in the shared goal of reducing plastic bag consumption.

Working with others towards environmental sustainability

We have worked with peak industry groups and authorities to provide input into current and future programs designed to address environmental impacts.

NABERS (National Australian Built Environment Rating System)

NABERS is a performance-based rating system for existing buildings. The system incorporates the Australian Building Greenhouse Rating (ABGR) that rates greenhouse emissions (energy consumption). In April 2006, NABERS Office Water was launched to measure the water consumption of an office building. Stockland was involved in providing data to enable benchmarking and participated in the technical advisory group to develop the tool.

The Commercial & Industrial Division finalised rating its office portfolio using this tool and we are now one of the first property groups to have a water rated office portfolio. The Shopping Centre Division has also assisted the NSW Government in developing an ABGR tool for shopping centres.

Shopping Centre GreenStar Design Tool

Our Shopping Centre Division sponsored and has participated in the GBCA's (Green Building Council of Australia) Technical Working Group assisting with the establishment of the Shopping Centre GreenStar Design Tool. This tool guides the development of shopping centres to enhance their environmental performance across a wide range of environmental indicators.

NSW Building Sustainability Index (BASIX)

BASIX is a sustainability tool developed by the NSW Government to set greenhouse gas emissions and lower water consumption targets for all new NSW dwellings. The Index was launched in July 2004, and Stockland's Development Division was the first developer to build BASIX-compliant dwellings at its Bridgewater Display Village, South Camden. Stockland, in joint venture with Landcom, has also been the first to develop a fully compliant residential community at Macarthur Gardens. We have actively worked with the BASIX development team providing data and feedback to aid the refinement and usability of the tool.

Other residential sustainability tools

Development Division has contributed to the creation of other existing and emerging sustainability indices and tools, engaging with state government agencies nationally. We have also provided feedback on the emerging national thermal comfort tool, AccuRate.

Workplace

We recognise we can influence the environmental impact of our workplace practices. In 2003, we introduced recycled content paper. Over the past two years we have communicated the importance of "being green" in the workplace, encouraging our employees to be mindful of reducing water and energy consumption, and introducing a waste recycling program. We also participate in Planet Ark's consumable program, recycling our printer, fax and toner cartridges. Prior to our head office relocation, we have earmarked the donation of computer hardware to Workventures, for redistribution to schools and families in need.

Priorities for the coming year

- Improving and rating the performance of our commercial office portfolio by implementing initiatives and using the NABERS Office suite of tools, including ABGR and NABERS Office Water.
- Trialling the Green Building Council's GreenStar shopping centre tool.
- Working towards an Environment Management System that is eligible for ISO 14001 accreditation.
- Implementing a common approach across divisions as part of developing our Environmental Management System.
- Our new head office is to embody principles of CR&S, most notably through providing an engaging and healthy workplace for our people and demonstrating improved environmental performance.

Case study Reducing the ecological footprint of our commercial office portfolio

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The Commercial & Industrial Division (C&I) has set its specific sustainability goal to be a leader in the commercial office and industrial property sectors by implementing sustainable business practices.

Increasingly the community expects that resource use will be minimised and in a competitive leasing environment our customers will be placing greater emphasis on sustainable building performance.

A vital step towards achieving our goal has been the commencement of monthly sustainability reports for our commercial office buildings. These reports track formal and informal sustainability ratings across our office portfolio. They provide data on electricity, water, and gas consumption and diversion of waste from landfill. They also include targets for improvement in future performance.

Initiatives are now in place to improve our performance.

C&I is working with the technology company EP&T to determine how electricity and water consumption can be reduced. A program of improvement including metering, sub-metering and monitoring, equipment adjustment and assessment has been implemented across the commercial office portfolio.

Energy saving

We have set a target of 24 per cent in reduction, from our FY05 baseline, of electricity consumption by end FY08. This target is a reduction of over 10,000 tonnes of carbon dioxide emissions or equal to taking more than 2,200 cars off the road per year.

Greenhouse ratings

During 2006, C&I obtained Australian Building Greenhouse Ratings (ABGR) across the commercial office property portfolio, with the exception of properties about to be sold or refurbished. The ABGR scheme is nationally administered by government to help building owners and tenants across Australia benchmark their greenhouse performance.

The average rating for the C&I portfolio is 2.6. We have established an average rating target of 3.6 to be achieved in 2007 for the existing office portfolio and have committed to a minimum of 4.5 for new commercial office developments.

Water consumption

C&I has been working with the NSW Department of Energy, Utilities and Sustainability (DEUS) to be one of the first companies to gain certification of an office portfolio using the National Australian Built Environment Rating (NABERS) Office water rating tool.

Water usage to February 2006 has been tracking 13 per cent below 2005 against our target (end FY06) reduction of 5 per cent.

Having completed the roll-out of waterless urinals across our commercial office portfolio we expect savings in water to be significantly boosted to 30 per cent, or 110,000 kilolitres per annum. This is equivalent to 110 Olympic sized swimming pools saved each year.

Waste to landfill reduction

In NSW, contracted waste management, including a recycling program, is in place and the target of more 50 per cent diversion from landfill (as compared to our FY05 baseline) has been achieved. With the national extension of this program our Queensland and Victorian properties are on track to achieve this target by the end of FY07.

As there is currently no accredited industry tool for measuring diversion of waste to landfill, C&I is collaborating with the NSW Department of Environment and Conservation, to assist with the development of a recognised measurement tool for the industry in relation to waste and recycling.

A co-operative approach

While setting targets and implementation of management systems are crucial to the achievement of C&I's sustainability goal, it is important not to overlook the importance of gaining the support and co-operation of tenants, suppliers and service providers.

In the coming year, C&I will focus on working with partners to raise awareness and commitment to sustainable practices and leverage the knowledge to be gained from Stockland's head office relocation project.

Stockland's environmental footprint

Total greenhouse gas (GHG) emissions 141,176 tonnes

Emissions source

Purchased electricity	138,670 tonnes
On-site gas consumption	1,136 tonnes
Air travel	783 tonnes
Car fleet	433 tonnes
Paper consumption	154 tonnes

Electricity

Total purchased electricity 137,040,9580 kWh
GHG emissions 138,670 tonnes*

Division	Per cent of each portfolio type represented†	Area represented (m ²)	Total (kWh)	Intensity (kWh/m ²)	Total GHG (tonnes CO ₂)
Commercial Office	77%	408,265 NLA	64,785,385	159	65,555
Industrial	5%	58,082 GLA	4,698,906	81	4,755
Office Parks	33%	12,468 NLA	1,780,171	143	1,801
Shopping Centres	85%	728,295 GLA	65,776,496	90 [^]	66,558
Shopping Centres (less majors)		309,556 GLA	65,776,496	212 [^]	
Total			137,040,958		138,670

* WRI/WBCSD GHG Protocol Initiative (April 2006). Indirect CO₂ Emissions from the Consumption of Purchased Electricity, Heat, and/or Steam Calculation worksheets. Version 1.1.

† These figures capture electricity purchased by Stockland as reported July 2006 by Stockland's major electricity retailers. These figures do not capture assets wholly or partly where data is not available. Typically this is the case where significant tenants purchase electricity directly, for example industrial sites.

[^] Intensity for shopping centres is given for both total GLA and GLA less majors, as most majors purchase electricity directly.

Gas

Total on-site gas consumption 22,071,546 MJ
Area represented (NLA) 154,287 m²
Intensity 143 MJ/m² (NLA)
GHG emissions 1,136 tonnes*

* GHG Protocol Initiative (July 2005). Calculation Tool for Direct Emissions from Stationary Combustion. Version 2.0.

Air Travel

Total air travel 6,441,882 km
Air travel 6,724 km per employee
Domestic 5,905,467 km
International 536,415 km
GHG emissions 783.4 tonnes*

* WRI-WBCSD GHG Protocol (June 2003) Mobile Combustion CO₂ Emissions Calculation Tool. Version 1.2 – Emissions based on fuel use.

Car fleet

Total vehicle fuel purchased 179,944 litres
Total petrol 167,988 litres
Total diesel 11,955 litres
Total fuel per vehicle 2,534 litres
GHG emissions 433 tonnes*

* WRI-WBCSD GHG Protocol Initiative (June 2003) Mobile Combustion CO₂ Emissions Calculation Tool. Version 1.2 – Emissions based on fuel use. Calculation based on Stockland fleet of 71 vehicles.

Paper

Total paper consumption 61.6 tonnes
Paper consumption 64kg per employee
Total recycled content 44.3 tonnes
Total virgin stock 17.3 tonnes
GHG emissions 154 tonnes*

* Australian Greenhouse Office (2005), AGO Factors and Methods Workbook. Department of the Environment and Heritage.

Water

Division	Per cent of each portfolio type represented	Area represented (m ²)	Total (kL)	Intensity (kL/m ²)
Commercial Office	66%	347,915 NLA	423,429 (FY06)	1.2
Shopping Centres	85%	728,295 GLA	811,134 (CY05)	1.11

Waste

In August 2005, we commenced tracking of diversion of waste from landfill in our commercial office portfolio in NSW. From August 2005 to March 2006 (our most recent data), data from our waste contractor indicates that we have consistently diverted more than 50% of waste (as measured by weight) from landfill.



Case study Prince Henry at Little Bay

In 2004, Stockland was pleased to join with Landcom, the New South Wales Government land developer, on the redevelopment of the former Prince Henry Hospital site in Sydney. Stockland is working co-operatively with Landcom and its development partners to deliver an integrated coastal community showcasing environmentally sustainable design excellence.

The site is at Little Bay, a scenic and historic part of Sydney's eastern coastline. It comprises 84 hectares of which 34 hectares will be redeveloped for residential, commercial and community uses.

Stockland is currently developing residential and mixed use lots at Prince Henry embodying five principles of smart residential design:

Enviro smart

We use a residential comfort index that takes into account thermal comfort, air quality, air movement and the use of natural light in dwelling design. Louvre solar shading for windows without overhead balconies control direct

sunlight and heat and secure cross-flow ventilation. These initiatives will help reduce the need for air-conditioning and artificial lighting, decreasing energy consumption by around 25 per cent.

Techno smart

Prince Henry is one of the first master-planned communities in Australia to employ smart wiring and metering. Lighting, temperature and security systems will be centralised in many of the dwellings. When these are combined with a facility to monitor energy use, householders can improve energy savings.

Energy smart

Solar power will help light apartment building common areas and drive a water pumping system to irrigate Prince Henry's public park. This will result in a combined environmental saving of approximately 85 tonnes of carbon dioxide emissions each year.

Water smart

Across the redevelopment site, a range of water innovations will aim to reduce overall water consumption by 45 per cent. The use of water efficient fittings and appliances, recycled water and harvested rainwater will all contribute to reduced fresh water consumption.

Stockland is a pioneer in multi-unit residential water recycling at Prince Henry by installing in our larger buildings an innovative grey water treatment and reuse system. The system will be used for toilet flushing, private landscape irrigation and in car wash bays.

Build smart

Design, construction and choice of building materials greatly affect an apartment's energy efficiency and also its ability to keep unwanted noise out. Along with the energy use reduction initiatives, our buildings incorporate the latest designs to maximise noise insulation between apartments.

Beyond the development phase, we will also assist homebuyers to continue to maximise the water and energy efficiencies in their new homes. We have negotiated eco-packages with retailers that will lower the purchase price to householders of water and energy efficient refrigerators and washing machines. We will also provide home owners with information to assist them make minimal use of air conditioning and lighting.

Geothermal air conditioning trial

Consistent with our desire to showcase emerging environmental technologies within the Prince Henry development, we have taken the opportunity in one of our apartment buildings to install a geothermal heat pump air conditioning system.

In this system, the constant underground temperature of the earth is utilised for heating and cooling. Energy is exchanged via a pipe loop system between the apartment and the earth.



Matron Dickson Building, Prince Henry at Little Bay.



Community

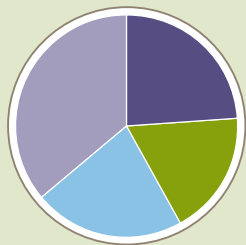
Investing in the community where we do business is integral to our long term sustainability.

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

Investing in the community includes taking account of our direct impact on the local communities where our properties are located and contributing positively to broader community interests.

Community sponsorships

Breakdown of community sponsorships



- Commercial Sponsorship – 24%
- Local Community Events – 18%
- Local Education and Youth – 22%
- Community Sport – 36%

Community engagement

We understand that our development projects have an impact on existing and future communities. To take account of this, we have built community engagement and consultation into our planning processes. We draw from previous experience, both positive and negative.

We aim to engage our stakeholders throughout the development process. Key stakeholders include local residents, community and environmental groups and relevant authorities, particularly local government. We recognise the importance of undertaking a stakeholder needs analysis at the outset of projects and the need for engagement plans to be regularly updated as interests and concerns change. Engaging with retailers and local residents from the start has created a shared vision for our current shopping centre projects at Wendouree, Vic and Rockhampton, Qld.

At our Waterway Gardens development, Townsville, North Queensland we have worked with Thuringowa Council to establish a Partnership Agreement documenting our shared commitment to deliver sustainability objectives over the life of this residential, shopping centre and commercial project.

Community development

Our Shopping Centre Division engages our stakeholders in both the development and operational phases of our centres. We believe there are great mutual benefits in fostering harmonious relationships between our people developing and operating our shopping centres and the surrounding community. We recognise that we act as an important hub for community interaction and local events.

In developing residential projects we acknowledge that we have a responsibility for creating new and contributing to existing, communities. In WA residential communities, including Settlers Hills and The Boardwalk, our project teams and community specialists have worked with communities to establish residents' associations.

The emphasis is on building capability, so these groups become self-sustaining community organisations, able to manage community affairs.

Community involvement

Stockland makes significant contributions to the broader community. We ensure that our community programs align with our corporate objectives.

This year we surveyed our employees to gauge interest in contributing to the broader community. Most employees would like Stockland to establish a formal giving program, and most indicated interest in volunteering. For both giving and volunteering programs, employees suggested projects associated with children and the environment.

Stockland Spirit Awards

Stockland Shopping Centre Division is committed to contributing to the local communities served by a Stockland Shopping Centre.

In May 2005, the Division commenced the Stockland Spirit Awards to recognise and reward junior sporting clubs.



Clubs are given certificates for coaches to award to team members and players who have given their best or who deserve some encouragement. Certificates are redeemable for prizes collected from centre retailers. Redeemed certificates are then entered into draws for significant monthly and annual prizes.

Prizes are co-sponsored by centre retailers, providing the joint opportunity for centres and tenants to contribute to their local community.

Over the past year, 600 clubs have registered 5,500 teams with over 80,000 players. Over 100,000 certificates have been awarded.

Wallarah Peninsula.



Case study Community engagement: Wallarah Peninsula development

Stockland's development at Murrays Beach, Wallarah Peninsula, NSW was seven years in the planning. Wallarah Peninsula, situated between the ocean and Lake Macquarie about 150 kilometres north of Sydney, spans 2,500 hectares.

In the 1980s, early plans by former owners were vigorously opposed by the local community. Stockland acquired the site in 2004 and worked actively with Lake Macquarie City Council, the State Government and community representatives to preserve existing environmental features, flora and fauna, and visual aspect.

Stockland established an office in the nearest town, Swansea. This local presence meant that those working on the development were able to engage with the local community and understand local concerns. Equally, it provided the local community with ready access to the project staff and the opportunity to interact directly with them.

Local interest groups were invited to nominate one or two representatives to join a Community Reference Forum. Meaningful and constructive dialogue was fostered.

The strength of the negotiation with the community was underpinned by the detailed studies of the ecological features of the site, particularly its flora and fauna.

After extensive consultation, some significant changes to the development plans were made. More than 160 hectares of land in the coastal sector originally slated for residential building was given to the government in 2001 and is now a dedicated national park.

Looking back at the Wallarah consultation process, the Project Director attributes its success to the following key factors:

- making sure what was promised was delivered;
- ensuring that the technical information gathered was exemplary;
- having the necessary resources, capabilities and experience to devote to the process; and
- establishing and maintaining an involved local presence in the community.

Clean Up Australia

Clean Up Australia Day, our country's biggest environmental community event, is now in its 17th year. As a national supporter of Clean Up Australia Day, our Shopping Centre Division participated in various Clean Up Australia Day activities in March 2006.

Our Shopping Centre Division registered 16 clean up sites throughout Australia with over 70 Stockland employees nationally participating in various Clean Up Australia activities.

Clean Up Australia Chairman and Founder, Ian Kiernan AO, said "Clean Up Australia Day is a fantastic example of how the individual actions of many can effect great change in communities around Australia. Thanks to the staff of

Stockland Shopping Centres across the country for their continued support in making this country a cleaner place for all to enjoy."

Priorities for the coming year

- **Building a consistent approach to community engagement across our projects.**
- **Development of a robust community involvement strategy including the alignment of sponsorships with business aims.**
- **Creating a plan for employee volunteering and employee giving.**



Case study

Strengthening our place in the community – Stockland's membership of the Australian Business and Community Network

In 2006, Stockland joined 20 other companies in the Australian Business and Community Network (ABCN). ABCN was founded in 2004 to consider how business could more effectively engage with the community.

The group decided to initially focus on the education sector due to its role in developing the future workforce and its importance in building sustainable communities. After extensive consultation, it was agreed that engaging and providing support to primary and secondary schools and teachers would be the most effective.

Stockland's initial participation was through the Partners in Learning (PIL) collaboration. Through PIL, principals from public high schools in areas of high need are matched with business leaders. They work together as partners on leadership and management issues.

Our Managing Director, Matthew Quinn, has teamed up with Bob Dunne, Principal of Fairfield High School. Located in South West Sydney, it falls within the NSW Department of Education Priority Schools Funding for schools with a significant range of challenges. The area is also of particular relevance to Stockland as it has properties such as Wetherill Park Shopping Centre and the Yennora Distribution Centre.

Stockland has also invited employees to participate in the Growing Opportunities and Learning Skills (GOALS) Year 9 students mentoring program.

The program was piloted in 2005 (prior to Stockland joining ABCN) with impressive results:

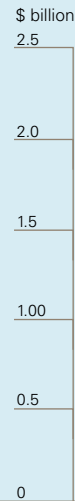
- absenteeism fell by 50%;
- before the program 18% of students were leaving at the end of Year 10 but by the end of the program all wanted to continue to the end of Year 12;
- 36% who had planned to attend TAFE now wished to attend university; and
- 28% said that they now talk more to their parents/carers.

Nine Stockland people have now joined over 100 volunteers from other ABCN member companies in mentoring over 90 Year 9 students from five Priority Funded South West Sydney secondary schools.

We anticipate that our ABCN participation will continue to broaden and deepen over the coming year.

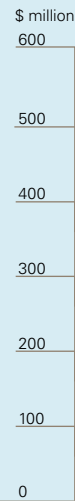
Financial/ Economic performance

**Gross revenue increased
by 34.9%**



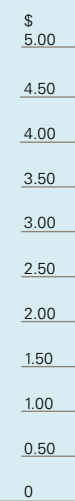
2006 – \$2.3 billion
2005 – \$1.7 billion
2004 – \$1.4 billion
2003 – \$0.9 billion
2002 – \$0.8 billion

**Operating profit increased
by 10.1%**



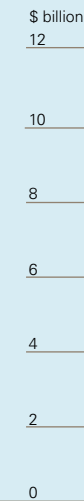
2006 – \$553.7 million
2005 – \$502.7 million
2004 – \$455.5 million
2003 – \$284.8 million
2002 – \$249.8 million

**Net tangible assets per security
increased by 13.5%**



2006 – \$4.54
2005 – \$4.00
2004 – \$3.76
2003 – \$3.80
2002 – \$3.15

**Total assets increased
by 14.3%**



2006 – \$9.6 billion
2005 – \$8.4 billion
2004 – \$7.2 billion
2003 – \$5.9 billion
2002 – \$3.3 billion

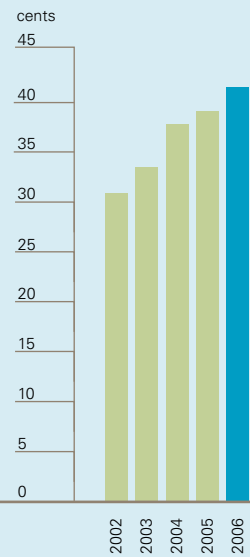
Highlights

- Record operating profit of \$553.7 million, a 10.1 per cent increase on the previous year.*
- Excellent returns for security holders:
 - Earnings per security up 6.1 per cent to 41.5 cents.*
 - Dividend and distribution per security up 6.4 per cent to 41.4 cents.
- Strong investment property revaluations of \$640.3 million deliver an 11.1 per cent increase on book value.
- 16 new residential projects were launched across Australia.
- Strategic acquisitions in the shopping centre and commercial and industrial businesses.
- Unlisted property funds platform continues to grow, with over \$540 million of assets now under management.
- Low gearing provides significant balance sheet capacity.

* Operating profit represents the underlying operating results excluding property revaluations, capital gains and losses on the sale of investment properties, unrealised gains and losses on financial instruments and security holders' finance costs.

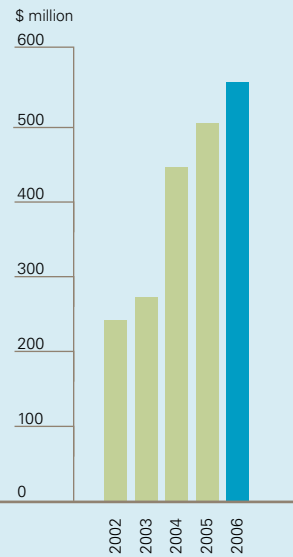
**Earnings per security increased
by 6.1%***

*Before significant items



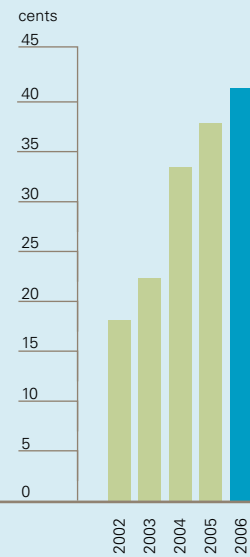
2006 – 41.5 cents
 2005 – 39.1 cents
 2004 – 37.8 cents
 2003 – 33.5 cents
 2002 – 30.8 cents

**Distribution and dividend for
full year up 10.6%**



2006 – \$559.2 million
 2005 – \$505.4 million
 2004 – \$446.3 million
 2003 – \$272.8 million
 2002 – \$241.3 million

**Distribution and dividend per
security up 6.4%**



2006 – 41.4 cents
 2005 – 38.9 cents
 2004 – 37.0 cents
 2003 – 32.1 cents
 2002 – 29.7 cents

Note: FY02-FY04 is calculated under Australian Generally Accepted Accounting Principles (AGAAP), FY05-FY06 is calculated under Australian equivalents to International Financial Reporting Standards (AIFRS).

Appendix

Australian Building Greenhouse Ratings (ABGR)

Commercial Office and Office Parks Portfolios

Property	ABGR Rating
7 Macquarie Place, Sydney [^]	3.0
135 King Street, Sydney [^]	2.0
601 Pacific Highway, St Leonards	1.5
175 Castlereagh Street, Sydney	3.5
234 Sussex Street, Sydney	2.5
110 Walker Street, North Sydney	3.5
118 Pacific Highway, St Leonards	2.5
Piccadilly Court, Sydney	3.5
Northpoint, 100 Miller Street, North Sydney	1.5
77 Pacific Highway, North Sydney	1.5
Waterfront Place, Brisbane	2.5
2 Cavill Avenue, Ashfield	3.5
4 – 6 Cavill Avenue, Ashfield	2.5
Todd Building, Canberra	3.0
Cox Building, Canberra	3.5
Drakeford Building, Canberra	3.0
68 Northbourne Avenue, Canberra	2.5
Edmund Barton Building, Canberra	1.5
Trace Building, Canberra	2.0
75 George Street, Parramatta	1.5
Chesser House, Adelaide [^]	3.0
Colonial Centre, 52 Martin Place, Sydney [^]	3.0
Exchange Plaza, Perth [^]	3.5*
452 Flinders Street, Melbourne	1.5
541 St Kilda Road, Melbourne	4.0*
60 Waterloo Road, Macquarie Park	2.5*
16 Giffnock Avenue, Macquarie Park	2.5*
Macquarie Technology Centre Building 2, Macquarie Park	3.0*

* Awaiting certification from NSW Department of Energy, Utilities and Sustainability

[^] Book value represents Stockland's 50% ownership interest

Memberships

Green Building Council of Australia, including participation in:

- Shopping Centre GreenStar Tool Technical Working Group
- Education Committee

Urban Development Institute of Australia

Property Council of Australia, including participation in:

- NSW Sustainability Committee
- Residential Development Council, Chairman
- Shopping Centre Council

Australian Business and

Community Network:

- Board Member
- Member, Operational Taskforce

Housing Industry Association, including:

- GreenSmart National Leader

Property Industry Foundation:

- Advisory Board

National Association of Women in Construction

Stockland awards

FY06

BRW Most Admired Companies, 2006:

- Most Admired Company
- Most Admired CEO
- Second Most Admired Chairman
- Equal second Most Admired CFO

NAWIC (National Association of Women in Construction) NSW Chapter Awards:

- Rider Hunt Award Crystal Vision Award: Deborah Dearing, National Manager, Strategic Urban Planning, Development Division
- Southern Cross Construction Award for Contribution to Sustainability: Siobhan Toohill, Group Manager, Corporate Responsibility and Sustainability

Australasian Reporting Awards:

- Bronze Award: Stockland 2005 Annual Report

Shopping Centre News Marketing Awards:

- Little Guns Community Award: Super School Brekky campaign
- Little Guns Development Award: Campaign Launch for "Ride the Wave of Development"
- Multi-Centre Sales Promotion Category

Australian Category Association, Shopping Centre Category:

- High Commendation for "Christmas 2005"

FMA (Facility Management Association) Rider Hunt Terotech Industry Award:

- Highest commendation: Stockland Service Centre, jointly developed by Stockland's Commercial & Industrial Division and Mowlem Aquamen

National HIA Award

- GreenSmart Professional Company of the Year:

Featuring projects from all Development Division's Business Units, including Bridgewater, Wallarah and Waterside (NSW), Prince Henry and Tooronga (Apartments), Mernda and Hidden Grove (Vic), Jacobs Ridge and The Observatory (Qld), Settlers Hills and The Sanctuary (WA)

HIA NSW Energy Efficiency Award:

- Lumina Collection of Homes, Fernbrook Sanctuary, Warriewood

HIA NSW Awards:

- Best Customer Service Management in NSW Industry: Stockland Development Division, NSW
- Best Apartment Development over 10 Storeys: The Abode, St Leonards

UDIA Qld Chapter Awards:

- Best Master Planned Community: North Lakes

UDIA WA Chapter Awards:

- Best Residential Estate, over 250 lots: The Boardwalk, Southern River

UDIA NSW Chapter Awards:

- Excellence in Residential Development: Outlook Walk, The Outlook, Kellyville

AILA (Aust Institute for Landscape Architects) NSW Awards:

- Environment Category: Lakewood – Commendation for Vegetation Management

Planning Institute Australia (NSW Division) Awards for Excellence:

- Urban Design Planning and Ideas Commendation: Wallarah Peninsula

GRI index

In preparing this report we were guided by the indicators of the Global Reporting Initiative (GRI) Sustainability Reporting Draft G3 Framework. GRI indicators that have been discussed in this report (either wholly or in part), or are to be addressed in future reports are referenced in the following table.

28

Indicator	Location	Covered	Partially covered	Future reports
1 Strategy and Analysis				
1.1 Statement from the CEO and Chair	p4	✓		
1.2 Description of key risks and opportunities	p3–6, p18	✓		
2 Organisational Profile	Annual Report			
3 Report Scope/Profile				
3.1 Contact point – sustainability@stockland.com.au	p28 Back cover	✓		
3.2 Reporting period – FY06.	p28	✓		
3.3 Most recent report – First Corporate Responsibility and Sustainability Report 2006.	p28	✓		
3.5 Future reporting	p3–4	✓		
3.6 GRI Reporting Framework documents – Draft G3 Framework.	p28	✓		
3.7 Explanation of process	p5–6	✓		
3.8 Limitations on scope of the report – Report includes all operations except Saville Hotel Group. Stockland announced its intention to sell the Saville Hotel Group in July 2006.	p28	✓		
3.9 Data measurement techniques	p12–13, p19	✓		
3.10 Approaches to stakeholder engagement	p21–24		✓	
3.11 Stakeholder engagement specifically for reporting – Data currently collated for employees (as a key stakeholder group) only.	p12–13		✓	
3.12 Boundary of the report – Australian operations only.	IFC, p28	✓		
3.14 Basis for reporting on joint ventures, leased facilities – Environmental indicators are reported on for a range of assets held in joint ownership. Details of ownership are outlined in Stockland's Property Portfolio.	p19, p27 and Property Portfolio		✓	
3.16 GRI content index	p28–29	✓		
3.17 Position on independent assurance	p3			✓
4 Governance				
4.1–4.7 Governance	Annual Report			
4.8 Mission and values statements	p2	✓		

Indicator	Location	Covered	Partially covered	Future reports
4.9 Highest governance body for overseeing economic, environmental and social performance	Annual Report			
4.10 Processes for evaluating performance of highest governance body with respect to economic, environmental and social performance	Annual Report			
4.11 "Precautionary Approach"	p15–20		✓	
4.12 Commitments to external initiatives	p5, p17–19, p27	✓		
4.13 Significant memberships	p27	✓		
4.14 List of stakeholder groups engaged by the organisation	p2, p21–24		✓	
4.15 Basis of identification and selection of stakeholders	p2, p22–23		✓	
4.16 Approaches to stakeholder engagement	p22–23		✓	
4.17 Key issues raised through stakeholder engagement	p22–23		✓	
EC Economic Performance Indicators				
EC1 Economic value generated and distributed	p25 and Annual Report	✓		
EC2 Financial implications of climate change				✓
EC4 Financial assistance received from government				✓
EC5 Entry wage level compared to local minimum wage				✓
EC6 Proportion of spending on locally-based suppliers at significant locations of operation				✓
EC7 Procedures for local hiring				✓
EC8 Infrastructure investments and services supported that provide public benefit	p21–24		✓	
EC9 Indirect economic impacts				✓
EN Environmental Performance Indicators				
EN1 Weight of materials used	p19		✓	
EN2 Percentage of materials used that are recycled	p17–19		✓	
EN3 Direct energy consumption – This figure refers to on-site gas consumption.	p19		✓	
EN4 Indirect energy consumption	p19		✓	
EN5 Percentage of total energy consumption met by renewable resources				✓
EN6 Total energy saved due to conservation and energy efficiency	p16–18, p27		✓	

Indicator	Location	Covered	Partially covered	Future reports
EN7 Initiatives to provide energy efficient products and services	p16–19, p27		✓	
EN8 Initiatives to reduce indirect energy consumption	p16–19, p27		✓	
EN9 Total water withdrawal	p19		✓	
EN10 Water sources and related habitats significantly affected by withdrawal of water	p17		✓	
EN11 Percentage and total volume of water recycled and reused	p17, p20		✓	
EN12 Location and size of land owned, leased or managed in, or adjacent to protected areas	p17, p23		✓	
EN13 Description of significant impacts of activities on protected areas	p17, p23		✓	
EN14 Area of habitats protected or restored	p17, p23		✓	
EN15 Programs for managing impacts on biodiversity	p16–17, p23		✓	
EN17 Greenhouse gas emissions	p18–19		✓	
EN18 Emissions of ozone-depleting substances				✓
EN19 NOx, SOx and other significant air emissions by weight				✓
EN20 Total amount of waste by type and destination	p18–19		✓	
EN21 Total water discharge and quality – Implementing “Water Sensitive Urban Design”. Water discharge and quality data not yet collated across sites and projects.	p16–17			✓
EN22 Total number and volume of significant spills – No significant spills reported for FY06.	p29	✓		
EN23 Other relevant indirect Greenhouse emissions	p19		✓	
EN26 Initiatives to manage environmental impacts of products and services	p16–19, p27			
EN28 Incidents of non-compliance with applicable environmental regulations – No incidents reported for FY06.	p29	✓		
EN29 Significant environmental impacts of transportation	p19		✓	
LA Social Performance: Labour Practices and Decent Work Performance				
LA1 Breakdown of total workforce	p12–13	✓		
LA2 Total number and rate of employee turnover	p13		✓	

Indicator	Location	Covered	Partially covered	Future reports
LA5 Minimum notice period and consultation and negotiation practices regarding operational changes				✓
LA6 Percentage of workforce represented in health and safety committees				✓
LA7 Rates of injury, lost days, absenteeism	p12–13	✓		
LA9 Elements of Occupational Health and Safety approach	p8		✓	
LA11 Hours of training per year per employee	p13	✓		
LA13 Percentage of employees receiving regular performance and career development review	p12–13	✓		
LA14 Composition of employees according to gender, age, minority groups	p12–13		✓	
SO Social Performance: Society Performance				
SO1 Programs and practices for managing the impacts of operations on communities	p21–24		✓	
SO2 Extent of training and risk analysis to prevent corruption				✓
SO3 Actions taken in response to instances of corruption – No instances reported for FY06.	p29	✓		
SO4 Participation in public policy development and lobbying	p17–18		✓	
SO5 Total value of contributions to political parties or related institutions	Policy reference at p8			✓
SO6 Instances of legal actions for anti-competitive behaviour – No instances reported for FY06.	p29	✓		
PR Social Performance: Product Responsibility Performance				
PR1 Procedures for improving health and safety across the life cycle of products and services				✓
PR3 Procedures for product and service information and labelling	p9		✓	
PR6 Procedures and programs for compliance related to marketing communications	p9		✓	
PR8 Percentage of customer data covered by the data protection procedures	p8		✓	



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