



Stockland

Corporate Responsibility & Sustainability 2010

30 JUNE 2010

Message from our CR&S Board Committee



Left to right: Matthew Quinn, Barry Neil, Nick Greiner and Graham Bradley.

We are pleased to present Stockland's 2010 Corporate Responsibility and Sustainability Report.

Business performance and strategy

Our business delivered a solid performance in FY10. Our efforts to build on our core property strengths and refine our strategic approach during the downturn served us well. We delivered consistent growth in our operating businesses and are positively positioned for the future.

In our Residential Communities business we achieved record lot settlements and aim to extend our market-leading position by using geographic and product diversity to further grow our market share.

Our Retirement Living business performed well with high occupancy in our established villages and strong demand in our new developments. This business is a key growth platform with a \$1.1 billion development pipeline, including six villages already underway, and is set to deliver good organic growth over the coming years.

Difficult market conditions continue to create challenges for our Commercial Property business, which achieved steady performance for the year. Growth in this business will be achieved by enhancing the quality of our retail assets to create shopping centres that are leaders in their trade areas. This redevelopment program is already progressing well with the completion of two centres last year, three due for completion in FY11, and six more to follow.

Our sustainability approach

Our approach to sustainability has evolved over the past five years as we've sought to understand and respond to the interests of our people, marketplace and the wider community. During this time we have improved our stakeholder engagement practices and have implemented initiatives in response to our environmental impacts.

Embedding sustainability

This year we continued to strengthen our environmental performance and community development capability by putting in place sustainability action plans and policies for each of our business units. Our project and asset teams have ready access to sustainability advisers and practical tools, enabling us to create and operate eco-efficient buildings, and develop Residential and Retirement Living projects that are responsive to the needs of our communities.

Recognition

Pleasingly our environmental and social sustainability actions have achieved wide recognition in FY10.

In 2009 we were awarded Sustainable Company of the Year by Australia's *Ethical Investor* magazine in recognition of our stakeholder engagement practices, specifically listening and responding to the interests of local communities and our strategic approach to climate change.

The Corporate Knights' Global 100 list, announced at the 2010 Davos Conference, ranked us as the 24th most sustainable organisation globally.

We also continue to be included in the Dow Jones Sustainability Index (DJSI World), the FTSE4Good Index and the Australian Climate Leadership Index.

People

Our management team and skilled employees have been integral to our success over the past year. They have worked hard to ensure we have the right capabilities to continue to develop our business.

Our focus on learning and development was recognised in this year's annual employee survey with employees rating our programs well above the global high performing norm and we again achieved a strong employee engagement score of 82 per cent.

Also, our commitment to gender diversity and flexible work practices is delivering business benefits, with the proportion of employees returning from parental leave increasing from 69 per cent to 82 per cent during FY10 resulting in improved productivity.

Contributing to local communities

We aim to create vibrant communities that thrive long after we have completed development and in order to achieve this, we understand that a focus on social sustainability needs to be integrated into the way we do business – this is true across all asset types. We have found that a sense of community is an important purchase driver for our residential customers.

In our Retirement Living business, this is rated as one of the key reasons for selecting a village. For our retail centres, working with stakeholders to contribute to the local area is vital as a shopping centre is often a hub for the local community. Over the coming year we will develop an organisation-wide community strategy, and identify key metrics to benchmark our performance, including our contribution to local employment and the livability of our communities.

Climate change and energy efficiency

Throughout the year we continued to advocate for streamlined reporting systems, and incentives for improved energy efficiency, including initiatives to encourage the retrofitting and operation of eco-efficient retail centres. We have also highlighted the need for our sector to work in partnership with government and utilities providers to deliver lower carbon buildings and communities, with mutually agreed targets and timeframes.

The eco-efficiency performance of our office and retail portfolios remains a key focus. Over the past year across our office assets we reduced our energy intensity by 7 per cent, however in our retail assets we increased our energy use by 2 per cent. Our investigations indicate that energy intensity increased in our newer centres, where retailers have installed high-intensity lighting generating considerable heat loads. Our newer centres also typically encompass better services requiring more energy, such as travelators. Further, some of our centres have increased their trading hours.

To address these issues we will work with retailers to trial lower energy lighting, and use tools such as Green Star Retail to inform our early design decisions. In FY11 we will also report in a way that accounts for hours of operation.

The year ahead

We will continue to focus on creating long-term value, from investing in the eco-efficiency performance of our assets, to creating and supporting thriving local communities.



NICK GREINER

Chair of CR&S Board Committee



GRAHAM BRADLEY

Chairman



BARRY NEIL

Non-Executive Director



MATTHEW QUINN

Managing Director

STOCKLAND CR&S BOARD COMMITTEE



Top left to right:

Graham Bradley (Chairman);
Nick Greiner (Chair of CR&S Board Committee);
Barry Neil (Non-Executive Director);
Matthew Quinn (Managing Director);
Karyn Munsie (Executive General Manager, Corporate Affairs);
Siobhan Toohill (General Manager, Corporate Responsibility and Sustainability).

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Cover photo: 2 Victoria Avenue, Perth. Photo montage of Perth's iconic attractions and key stakeholders involved in all stages of the building's development.



FY10 key achievements and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
	Received significant global and national recognition for our sustainability performance. This included being listed in Corporate Knights' Global 100 Most Sustainable Corporations in the World, scoring third in the newly established Global Environmental Real Estate Index for listed property groups and being awarded <i>Ethical Investor's</i> Sustainable Company of the Year.	 FY10 ACHIEVEMENT	> 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. > Continue to take a collaborative approach in the annual review of our CR&S strategy and identification of material sustainability issues. > 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. > 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. > Deliver training and awareness programs across the organisation to ensure that we deliver on our commitments at both a corporate and project level. > Refine our Commercial Property and Residential community development approach, and realise tangible outcomes on our projects. > Launch aligned Retirement Living and Commercial Property community development toolkits. > 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.
	Worked closely with Group Risk, Group Strategy, Human Resources and Corporate Affairs to strengthen the consistency of our CR&S approach across the organisation.	 FY10 PRIORITY	
	Commenced aligning and integrating environmental data collection systems across the business, including the transfer of greenhouse gas data collection to our finance teams and the integration of Residential, Retirement Living and Commercial Property environmental data collection into one system.	 FY10 PRIORITY	
Further embed stakeholder engagement plans for projects and business units to support shorter approval times and manage issues that are important to our stakeholders.	Rolled out stakeholder engagement plans across all of our projects.	 ACHIEVED OUTCOME	
Streamline our CR&S approach to create more consistency across our business units and properties.	Launched sustainability strategies and policies across our business units: Retirement Living, Residential and Commercial Property (operational and development). These strategies were created in alignment with the revised Group CR&S strategy.	 ACHIEVED OUTCOME	
Implement community development initiatives across Commercial Property and Residential projects.	Allocated dedicated resources to community development in our Commercial Property and Residential businesses. Revised our Residential community development approach and toolkits.	 ACHIEVED OUTCOME	
Continue to reduce the intensity of greenhouse gas emissions and water use across our Commercial Property assets.	Reduced emissions by 7 per cent across our office portfolio, however we increased our emissions by 2 per cent across our retail portfolio. Incorporated our Residential and Retirement Living greenhouse gas emission data into our Climate Change Action Plan tool. Confirmed our Commercial Property carbon targets with our evidence-based target-setting tool.	 ONGOING	
Continue to assess climate change risk for our projects, including possible sea level rise and extreme weather events such as bushfires.	Completed climate change risk assessment for our Residential and Retirement Living assets in relation to sea level rise and bushfires.	 ACHIEVED OUTCOME	

Awards

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

GROUP AWARDS

Ethical Investor Sustainable Company of the Year.



Ranked 24th, **Corporate Knight Global 100 Most Sustainable Corporations in the World**, announced at the World Economic Forum, Davos.



Dow Jones Sustainability Index
World (DJSI World) 2009–10.



Australian SAM (Sustainable Asset Management) **Sustainability Index** (AuSSI) 2009–10.



Goldman Sachs JB Were Climate Leadership Index, Carbon Disclosure Project 7, 2009–10.



Member, **FTSE4Good Index**, 2010.



Listed third, **Global Environmental Real Estate Index** for listed property groups (European Centre for Corporate Engagement, Maastricht University).

ASSET AWARDS

2 Victoria Avenue

- Property of the Year – Property Council of Australia – Western Australia, Innovation & Excellence Awards, 2010.
- Excellence in Energy Efficiency, West Australian Master Buildings Awards, 2009.
- Runner Up, Best Commercial Project, West Australian Master Buildings Awards, 2009.
- Winner, Environment category, Engineers Australia Excellence Awards, 2009.
- Highly Commended, Large Commercial, BPN Awards, 2009.
- Winner, Sustainable Development, West Australian PCA Awards, 2010.
- Winner, The Ross Chisholm Award for Commercial Architecture, 2010.
- Winner, Walker Greenham Sustainable Architecture Award, 2010.
- Finalist, Property Council of Australia Innovation and Excellence Awards – Sustainable Development, 2010.

Trinit Business Park

- Bluescope Award for Business/Industrial Park, Property Council of Australia Innovation and Excellence Awards, June 2010.

Stockland Head Office

- Finalist, Banksia Awards – Built Environment category, 2009.

234 Sussex Street

- Finalist, Sydney Water's Every Drop Counts Awards – Highest Percentage Reduction category, 2009.

South Beach Estate

- Urban Development Institute of Australia (UDIA) National Awards for Excellence – Residential Development Under 150 Lots, 2009.
- UDIA Western Australia Awards for Excellence – Environmental Excellence (Island Apartments), 2009.

Settlers Hill Estate

- Property Council of Australia Innovation and Excellence Awards – Masterplanned communities, 2010.

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.

Australian Business and Community Network

- Chair
- Operational Taskforce representation: New South Wales, Queensland, Victoria and Western Australia.



Australian Human Resources Institute



Australian Network on Disability



CitySwitch Program Member



Corporate Leadership Council – Human Resources



Diversity Council Australia



Green Building Council of Australia

- Director,
- Technical Steering Committee,
- Green Star Communities Technical Reference Committee.



Global Reporting Initiative – Organisational Stakeholder



Infrastructure Partnerships Australia

Investor Group on Climate Change

- Chair, Property Working Group.



London Benchmarking Group



National Association of Women in Construction



Property Council of Australia

- National Sustainability Roundtable,
- NSW Sustainability Committee.



Residential Development Council



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

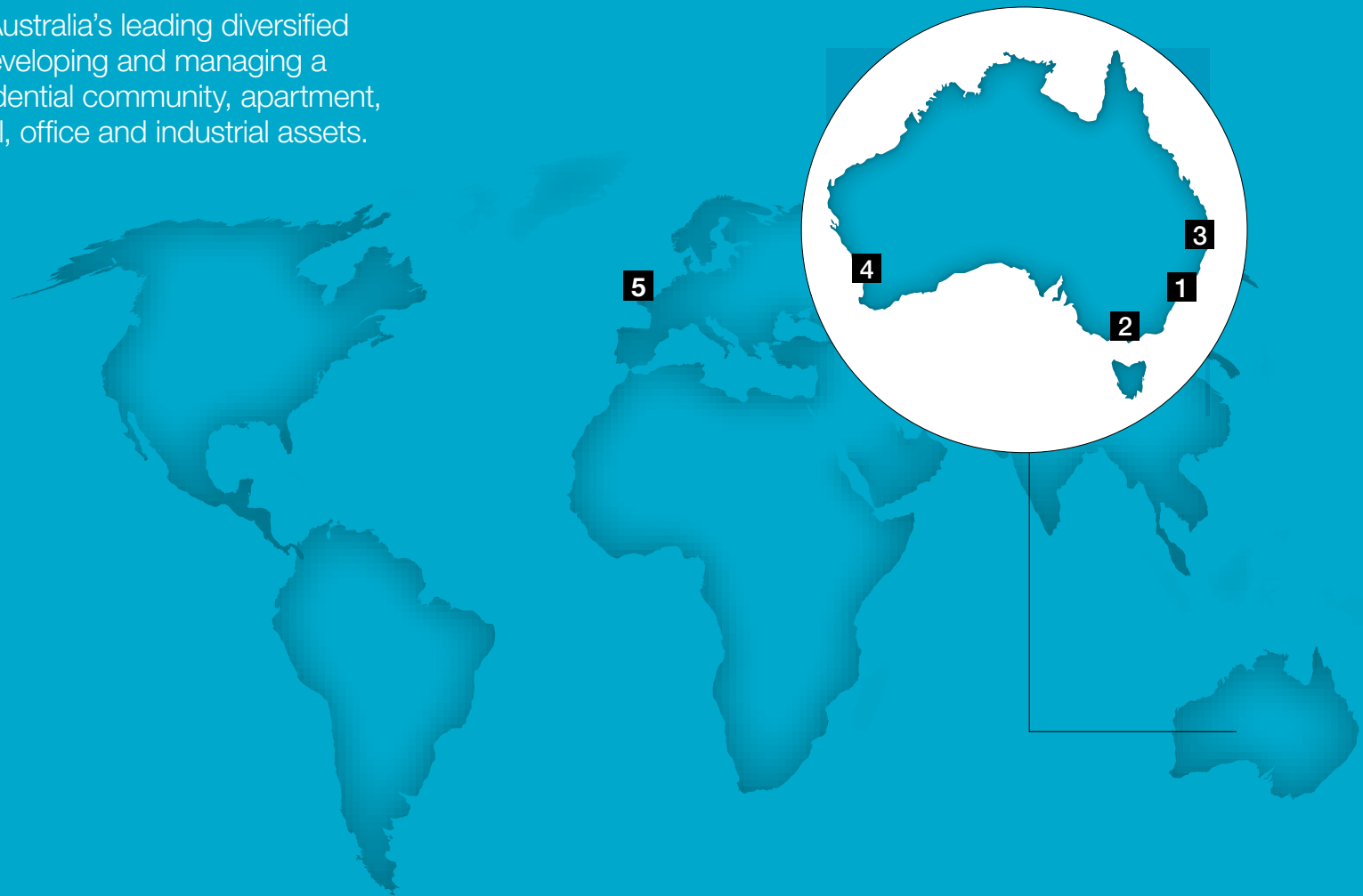


About Stockland

Stockland is one of Australia's leading diversified property groups – developing and managing a large portfolio of residential community, apartment, retirement living, retail, office and industrial assets.

WHERE WE OPERATE

- 1 Sydney, Australia
- 2 Melbourne, Australia
- 3 Brisbane, Australia
- 4 Perth, Australia
- 5 United Kingdom



Our business

WHAT WE DO

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 diversified property groups – developing and managing a large portfolio of residential community, apartment, retirement living, retail, office and industrial assets.



Ervin Graf, 1952

Commercial Property

Retail

We are one of the largest retail property owners, managers and developers in Australia. Our retail portfolio comprises 40 retail centres valued at approximately \$4.0 billion.

Office

Our office portfolio comprises 31 properties valued at \$2.6 billion. Our track record of high portfolio occupancy levels, solid tenant retention and leasing results demonstrates the benefits of our commitment to strong tenant relationships.

Industrial

Our industrial portfolio is valued at \$1.0 billion, with 17 properties, incorporating over one million square metres of building area. Our properties are strategically positioned in key locations for logistics, infrastructure and employment.

Residential

Residential Communities

We are the leading residential developer in Australia. We are focused on delivering a range of masterplanned and mixed-use communities in growth areas across the country. We have 65,700 lots and projects with a total end value of approximately \$15.9 billion.

Apartments

We have a range of quality apartment projects in high profile locations across Australia, with an end value of approximately \$1.3 billion. In June 2009 we announced that we will trade-out of our existing apartments projects.

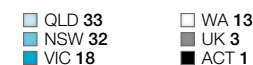
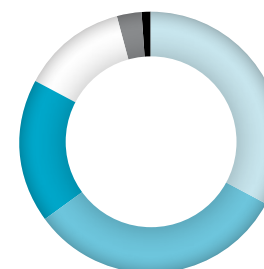
Retirement Living

We are established as a top five retirement living operator within Australia, with 3,974 established units across Victoria and Queensland. Our portfolio also includes a short to medium-term development pipeline of over 2,800 units.

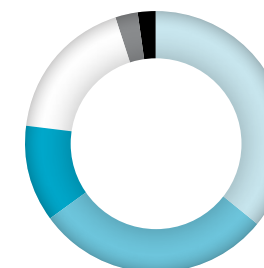
Stockland UK

Our UK business has a portfolio spanning major 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, %)



Business by asset (asset value, %)



About Stockland

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 population and employment growth areas. We will use feedback from our customer insights research to develop quality products and respond to the needs of our customers.

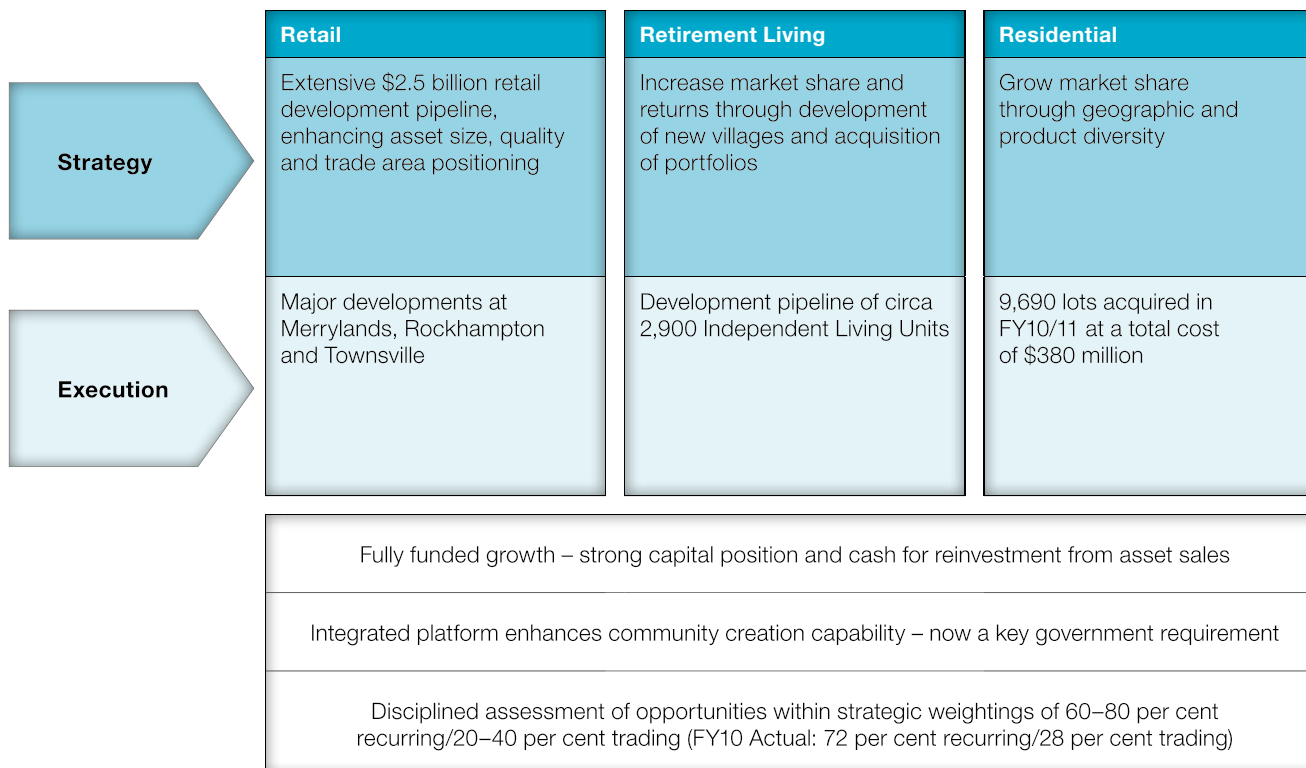
Our **Retirement Living** business will capitalise on the ageing demographic. We have a substantial development pipeline and there are acquisition and consolidation opportunities. We aim to double the size of the business.

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 the delivery of our 3-R strategy we achieve competitive advantage through our customers, products and communities.

These focus areas are discussed in detail through the 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.

Our 3-R strategy



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 and to provide services such as security and cleaning.

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 influence 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, and 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 rarely act as the 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 reported the energy and greenhouse gas emissions associated with these sites in this report.

Our areas of influence

Fund manager

We act as an unlisted property fund manager for a number of retail and office assets, and a small number of 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

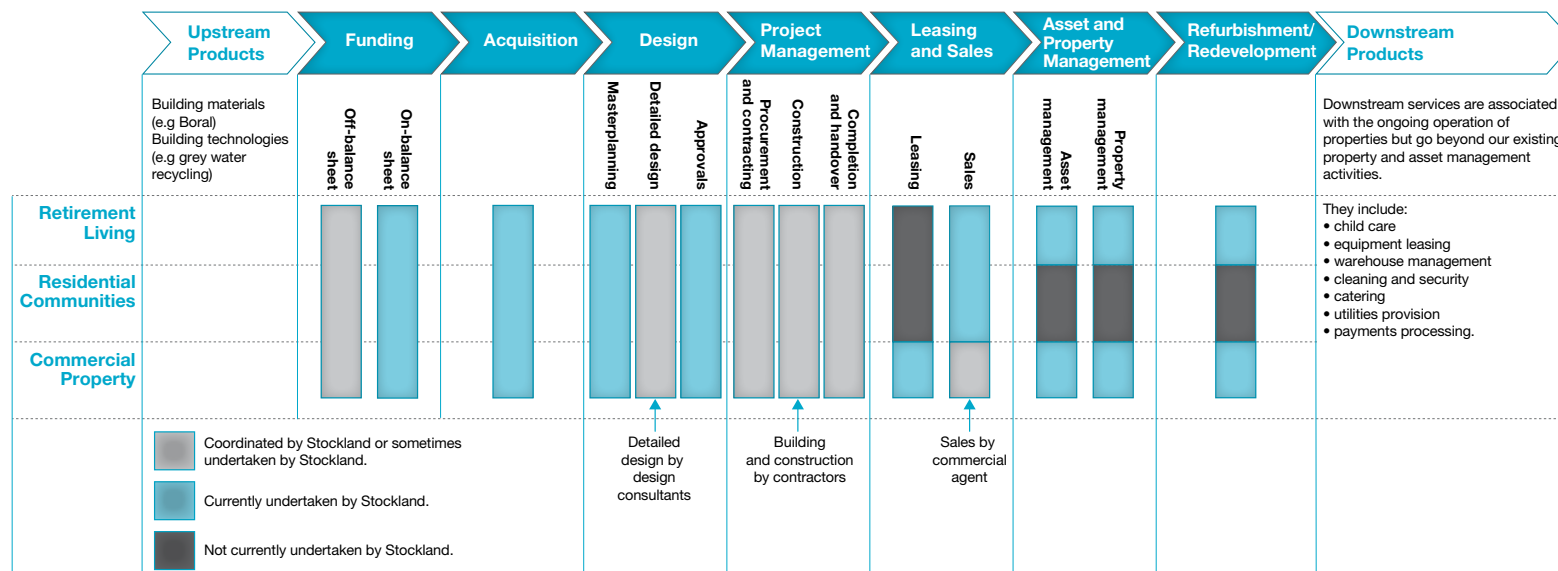
Our involvement in the design process is largely limited to design management. Generally, we engage design consultants such as planners, architects and engineers to provide detailed solutions and documentation.

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)

We generally do not take 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 and our contract documentation, 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.

Value chain



About Stockland

Commercial office leasing

Commercial leasing is undertaken by contractors. We have the opportunity, however, to set expectations with our leasing contractors such that they engage our prospective tenants on the value of energy efficiency and high environmental performance.

Upstream products, including building materials

Many upstream products such as building materials are generally selected by our builders and in turn, their sub-contractors. 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.

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 2010.

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. Over the past year we have reviewed and refined our Corporate Responsibility and Sustainability Board Committee Charter. The review analysed the increasing role and value of the Committee with particular emphasis on reflecting our increased public reporting commitments since the Committee was established in 2005.

RISK MANAGEMENT

We adopt a rigorous approach to understanding and proactively managing the risks we face in our business. Taking business decisions which entail calculated risks and managing those within sensible tolerances is fundamental to delivering long-term value to our securityholders and meeting our commitments to employees, tenants, customers, contractors, business partners and the communities in which we do business.

Risk management is about continuously identifying, evaluating, treating and monitoring exposures. While risks can be managed by introducing policies, procedures and work practices, we have taken the view that the most effective long-term method for managing risk is by creating a risk-aware culture.

We believe risk management must be integrated into the day-to-day management and operation of our business. It should guide our decision making and form an integral part of our culture. Our risk management strategies are guided by the international standard ISO 31000 and other applicable standards.

We recognise the importance of managing risk associated with our business activities in a manner that enables us to:

- Maximise profitable opportunities,
- Mitigate or reduce risk which can cause loss,
- Ensure compliance with applicable laws and regulations,
- Enhance resilience to external events.

We renewed our risk management strategy in FY10 and restructured our corporate group risk team to help embed a risk intelligent culture across the organisation. Our renewed risk management strategy was informed by the expectations of our Directors and Executive Committee and was formally approved by the Board in October 2009. This has resulted in a new program of capability building which includes skill development, process enhancements and technology implementation that further enables our people to assess and manage the risks of operating our business.

To further strengthen our focus on risk management strategy at Board level, we will create a new Risk Committee of the Board in FY11.

The new committee will have three independent non-executive directors as members. The new committee's charter will encompass 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 the project and operational risk aspect of the current Audit and Risk Committee.

A new Audit Committee will cover financial statements. The Risk Committee's key role will be to assist the Board to formulate its risk appetite statement and to maintain a robust risk management framework.

In FY10 we revised our Fraud and Corruption Policy and our Whistleblowing Policy to maintain alignment with best practice and relevant standards. We include fraud and corruption awareness training as part of our orientation program for all employees and we will be rolling out tailored training on these policies for key teams across the organisation. Our regular online compliance training program, completed by all employees, will also include a module on these policies.

Risk management and sustainability

Over the past 12 months our Group Risk and Sustainability teams have worked closely together to:

- Better identify risks from our stakeholder engagement processes, in particular our non-financial risk,
- Improve how we prioritise our sustainability action areas,
- Strengthen how we embed sustainability practices into the day-to-day operations of our organisation,
- Develop a more active risk register for non-financial areas.

In FY11 we will conduct a workshop for our Group Risk and Sustainability teams to examine our material issues and deliver a more rigorous assessment of our non-financial risks.

Key financial results

Underlying profit (\$m)¹

FY10	692.3	STATUTORY PROFIT \$478.4m
FY09	631.4	
FY08	674.0	
FY07	611.0	
FY06	553.7	

We achieved a 9.6 per cent increase in Underlying Profit. This is the profit we achieved through our daily business operations. Our Statutory Profit of \$478.4 million takes into account fair value changes of our investment properties and other significant items set out fully in the Financial Report.

Underlying earnings per security (cents)¹

FY10	29.1
FY09	36.5
FY08	46.2
FY07	44.0
FY06	41.5

Our underlying earnings per security was 29.1 cents, down 20 per cent on last year due mainly to our higher number of shares on issue following our capital raising in FY09.

Dividend and distribution per security (cents)

FY10	21.8
FY09	34.0
FY08	46.5
FY07	44.3
FY06	41.5

Total distributions for the year were 21.8 cents per security, which represents a total payout of \$520 million. This year and going forward we will pay out the greater of 75 per cent of Underlying Profit or Trust Taxable Income.

Balance sheet

We have maintained our strong balance sheet with conservative gearing below our target range of 25 to 35 per cent. We have \$1.9 billion of cash and undrawn facilities to fund our growth strategy and an estimated \$830 million of net cash flow to come from the wind-down of Apartments and our UK business over the next two to three years.

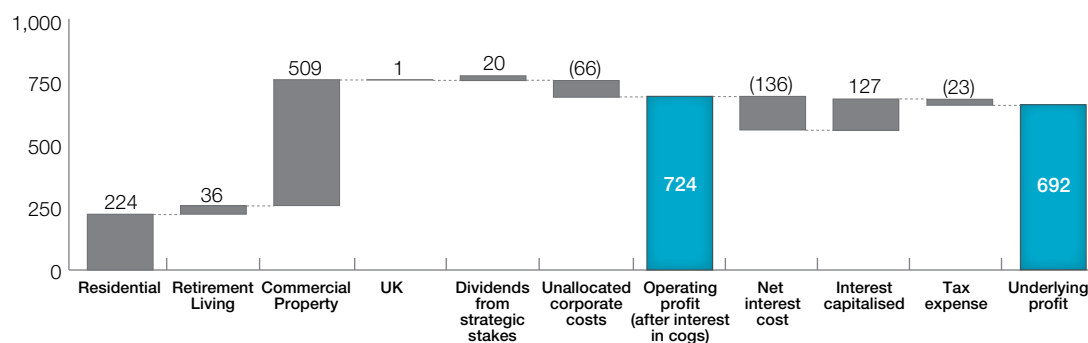
WEIGHTED
AVERAGE DEBT
MATURITY

6.2 years

GEARING

18%

Composition of underlying profit (\$m)¹



¹ Underlying Profit reflects Statutory Profit adjusted to reflect the Directors' assessment of the result for the ongoing business activities of Stockland, in accordance with the AICD/Finsia principles for reporting Underlying Profit.



Our approach

Our vision is to create a world class diversified property group that is responsive to the interests of stakeholders and environmental impacts.

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Doing the right thing as a property owner, manager and developer is about dealing with risk, seeking opportunities and creating long-term value for our investors. It's about balancing the needs and interests of our stakeholders.

Our approach to Corporate Responsibility and Sustainability (CR&S) follows five enduring strategic themes:

- Understanding and engaging with our stakeholders,
- Engaging our people,
- Engaging our investors, customers, suppliers and partners,
- Strengthening our place within the community,
- Reducing our impact on the environment, including identifying and responding to the risks and opportunities associated with climate change.

CR&S Governance

CR&S Board Committee

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 FY10.

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

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

Internal reporting

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.

CR&S Employee Committee

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 REPORTING APPROACH

About this report

This is our fifth annual CR&S report and covers our performance in the financial year 1 July 2009 to 30 June 2010. It follows our CR&S report 2009 which covered our previous financial year, ending 30 June 2009.

This report explores how we see our responsibilities to our stakeholders and to the environment. It outlines our CR&S strategy and business unit policies, and how we performed against targets we set in our 2009 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 co-ordinated 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.

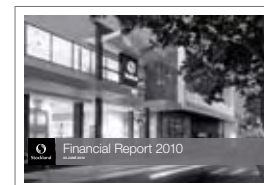
With this in mind we communicate our performance through different formats:

- Our **online CR&S Report** provides our stakeholders an easily accessible and interactive version of the report: www.stocklandsustainability.com.au
- 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 2010** distributed to our securityholders.
- Our **Financial Report 2010** completes our suite of annual reports.

Stockland annual reporting 2010



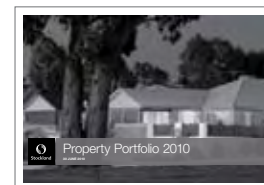
Shareholder Review



Financial Report



CR&S Report



Property Portfolio

Our approach

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 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,
- External stakeholder views obtained from targeted feedback sessions, consumer research and the media.

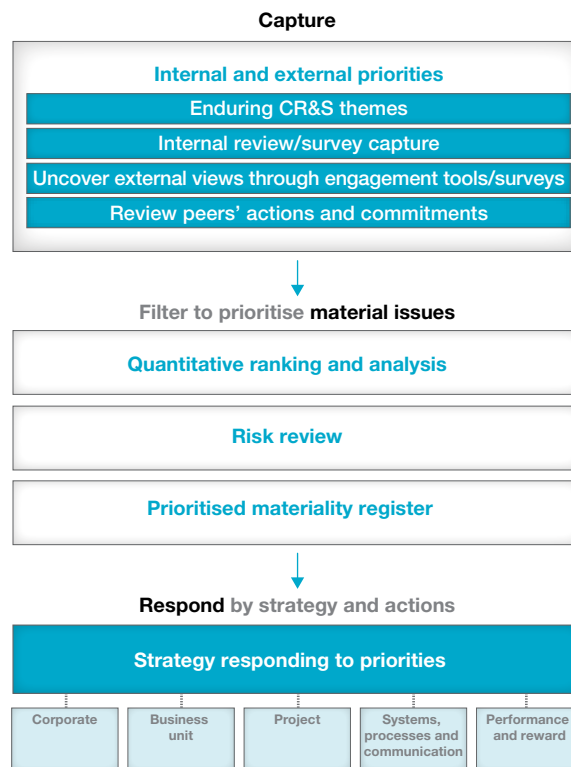
Step 2: Prioritisation of issues

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 materiality assessment by our internal CR&S Report Editorial Panel.

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

Our materiality process



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), 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. We have also piloted the GRI's Construction and Real Estate Sector Supplement guidelines, which are currently under development.

Additionally, this year we have applied the Property Council of Australia's (PCA) Draft Guide to Corporate Responsibility Reporting in the Property Sector.

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. All figures in the Our people section have been restated to reflect Australian operations only. Data measurement techniques, restatements and calculations appear in this report as footnotes where relevant.

Corporate Responsibility & Sustainability strategy

OUR CR&S STRATEGY

Over the past two years we have significantly improved our approach to corporate responsibility and sustainability. Our approach has evolved to embed the AA1000APS (2008) principles: to be inclusive, identify our material issues, and respond to stakeholder issues. Our approach has changed from one informed 'from the inside out' – where we determined what issues we thought were important to our stakeholders, to an approach that looks 'from the outside in' – where we engage with our stakeholders and review external sources to identify our material 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. As part of this process, in February 2010 our strategy was revised to better align with stakeholder engagement and feedback. 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. The forum provides invaluable feedback on our performance and on emerging key issues and expectations for the coming year. Our CR&S strategy was also informed by working closely with our Group Strategy and Group Risk teams.

As part of our improved approach in FY10 we focused on aligning our CR&S strategy with our sustainability policies for our Retirement Living, Residential and Commercial Property businesses. This has allowed our organisation to better address our material issues at a project level by setting clear objectives and minimum performance standards.

Our strategy identifies five enduring CR&S themes within which our material issues are identified and business unit policies aligned. Material issues identified for the coming year are:

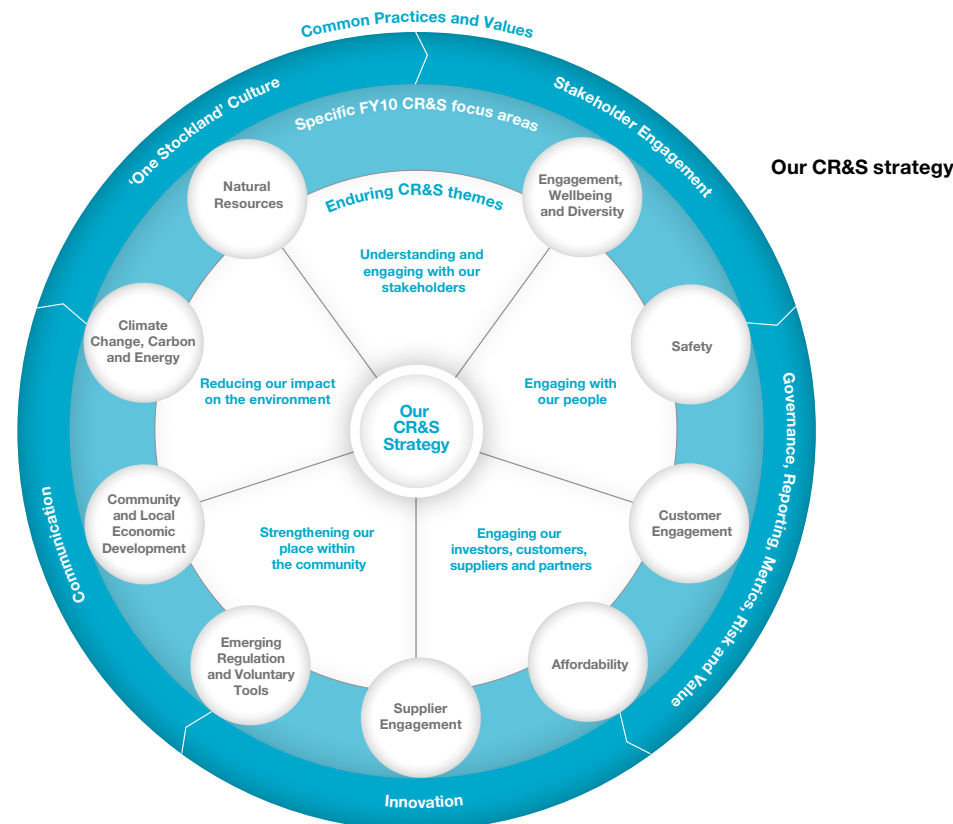
- **Employee engagement** and wellbeing,
- **Health and safety** of our employees and suppliers,
- Improving **customer engagement**,
- **Affordability** of our products and services, particularly housing,
- Engaging with our **supply chain**,
- Influencing emerging **regulation and tools**,
- **Community development** and supporting local economic development,
- **Energy efficiency** and our response to **climate change**,
- Managing our use of and reducing our impact on **natural resources**, particularly water and biodiversity.

When revising our CR&S strategy we identified five common practices that influence our performance and response to these material issues:

1. Stakeholder engagement

Stakeholder engagement 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.



2. Governance, reporting, metrics, risk 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.

3. Innovation

This includes embedding innovative practices and solutions into our projects and operations and being innovative in the ways we work. It is about the willingness to incubate new ways of working across and beyond the business, and testing new solutions on projects.

4. Communication

We aim to increase our communication and awareness of our sustainability position and achievements across all our material issues areas, with particular focus on our assets and projects. This will improve and promote the benefits of sustainable property both internally and externally.

5. 'One Stockland' culture

The diversity and geographic spread of our organisation means that a consistent and co-ordinated approach to sustainability is often difficult to achieve. By strengthening our 'One Stockland' culture, we will be able address material issues in a cohesive and integrated way.

These common practices are reflected in our FY10 key achievements and priorities.

Our approach

RESIDENTIAL SUSTAINABILITY POLICY

Our Residential sustainability policy was developed to ensure consistency in our sustainability approach and delivery across all of our Residential projects.

The policy sets minimum sustainability performance standards and includes 'Residential Sustainability Essentials' aligned to sustainability priority areas.

Examples of essentials initiatives include assessing flood risk, developing a community development action plan and applying water-sensitive urban design principles.

Our 'Residential Sustainability Essentials' apply to new projects from acquisition through to project completion. They also apply to existing projects for any new stages and for ongoing management. The policy maps these initiatives across the lifecycle of a project and also defines key performance indicators for Development, Design, Marketing and Sales employees.

The four sustainability priority areas are:

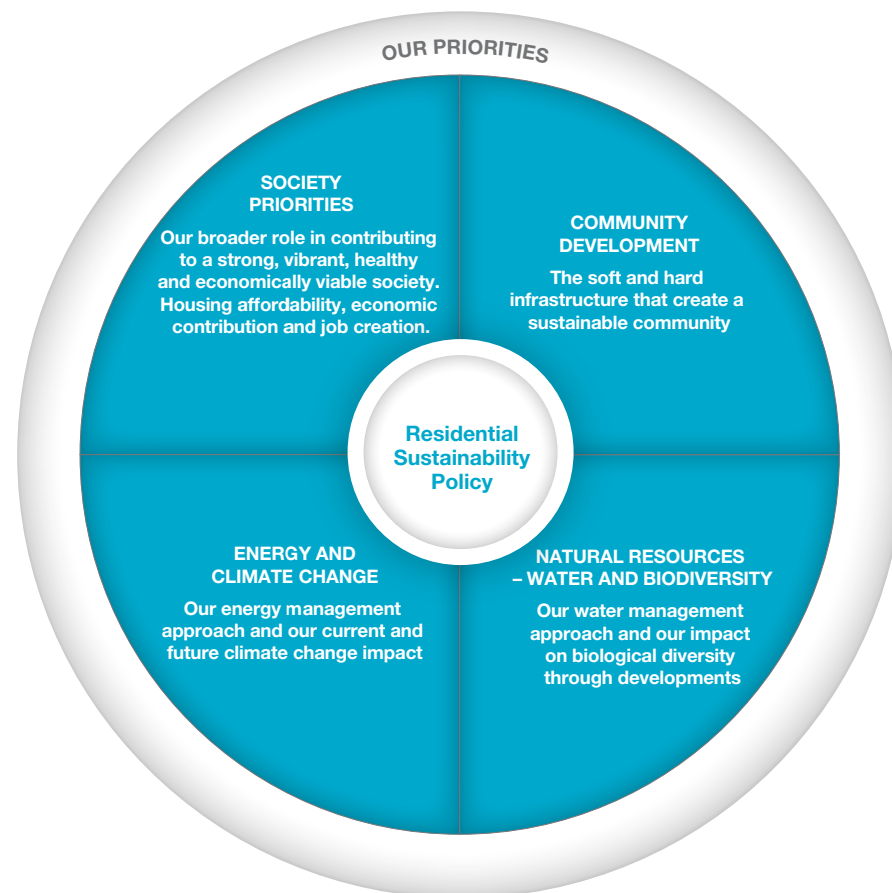
- **Society** – Our role in contributing to a strong, vibrant, healthy and economically-viable society (including housing affordability, economic contribution and job creation),
- **Community development** – The soft and hard infrastructure that create a sustainable community,
- **Energy and climate change** – Our energy management approach and our current and future climate change impact,
- **Natural resources** – water and biodiversity – Our water management approach and our impact on biodiversity through developments.

Our Residential business unit's sustainability priorities and strategy were approved in May 2009. Following this, we engaged with internal stakeholders to revise the Residential sustainability policy in line with our Group CR&S Strategy.

The release of the Residential sustainability policy was postponed to early 2010 to ensure inclusion of our community development approach and toolkit and was communicated to the Residential Communities business by our state General Managers in March and April 2010. Training on the policy was provided to all Residential Development Managers in April 2010.

We will review and update the policy annually or more often when necessary.

Residential sustainability policy



RETIREMENT LIVING SUSTAINABILITY POLICY

Retirement Living, formerly part of the Residential business and covered by the Residential sustainability policy, became a separate business from 1 July 2009.

Following the elevation of Retirement Living to a stand-alone business within the organisation, a review identified the need to develop an aligned but tailored approach to sustainability strategy and policy in Retirement Living.

A cross-functional group of internal Retirement Living stakeholders participated in a sustainability strategy workshop in October 2009. The group included representatives from Sustainability, Marketing, Sales, Operations, Development and Design.

The workshop resulted in agreement on the four priority areas for Retirement Living, which were approved by the Retirement Living Leadership Team and the CR&S Board Committee in February 2010.

The four sustainability priority areas are:

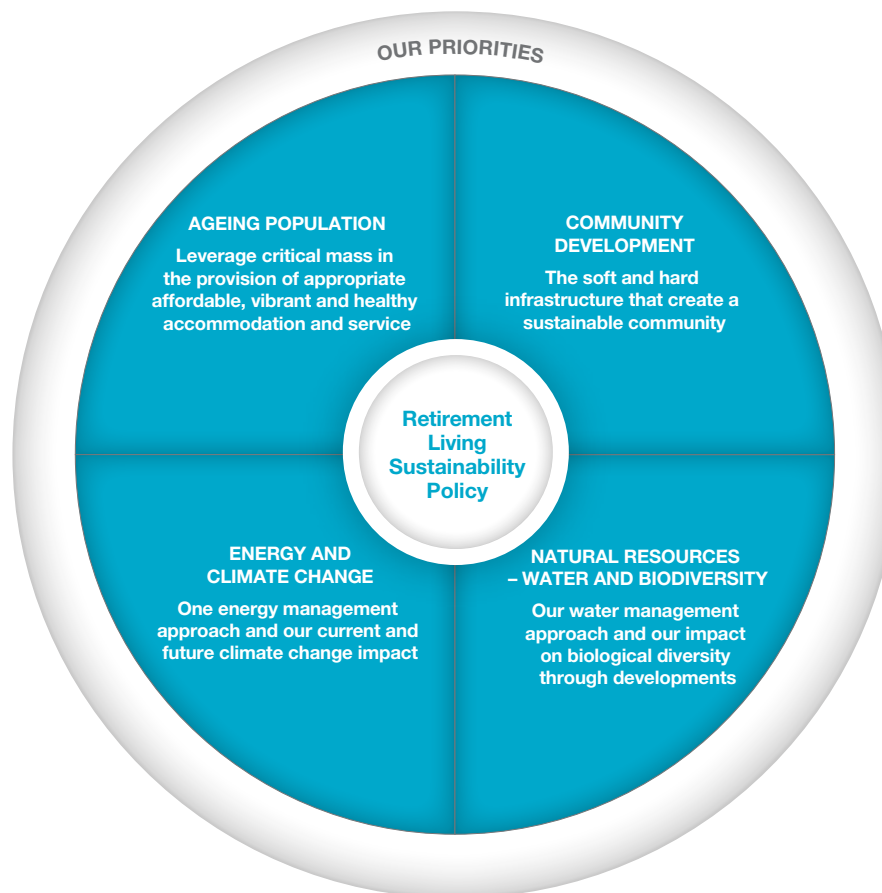
- **Community development** – Create and enable healthy, vibrant communities that over 65s want to be a part of,
- **Ageing population** – Be a positive contributor to the challenges presented by an ageing population and leverage this for our business,
- **Energy and climate change** – Improve energy 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 areas form the focus of the Retirement Living sustainability policy, which requires every project to deliver a minimum consistent performance for sustainability.

The policy also contains 'Retirement Living Sustainability Essentials'. Examples of essential initiatives include access to public transport, reductions in potable water use and climate change risk review.

The essentials 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 sustainability policy



Our approach

COMMERCIAL PROPERTY SUSTAINABILITY POLICY

In May 2010, our Commercial Property business unit released the Commercial Property Sustainability Policy covering both operational and development sites.

The policy was developed to ensure sustainability is considered from the outset of a new development as well as being an integral part of its day-to-day operations.

The policy sets minimum performance standards for all Commercial Property assets and is based on our four sustainability priority areas:

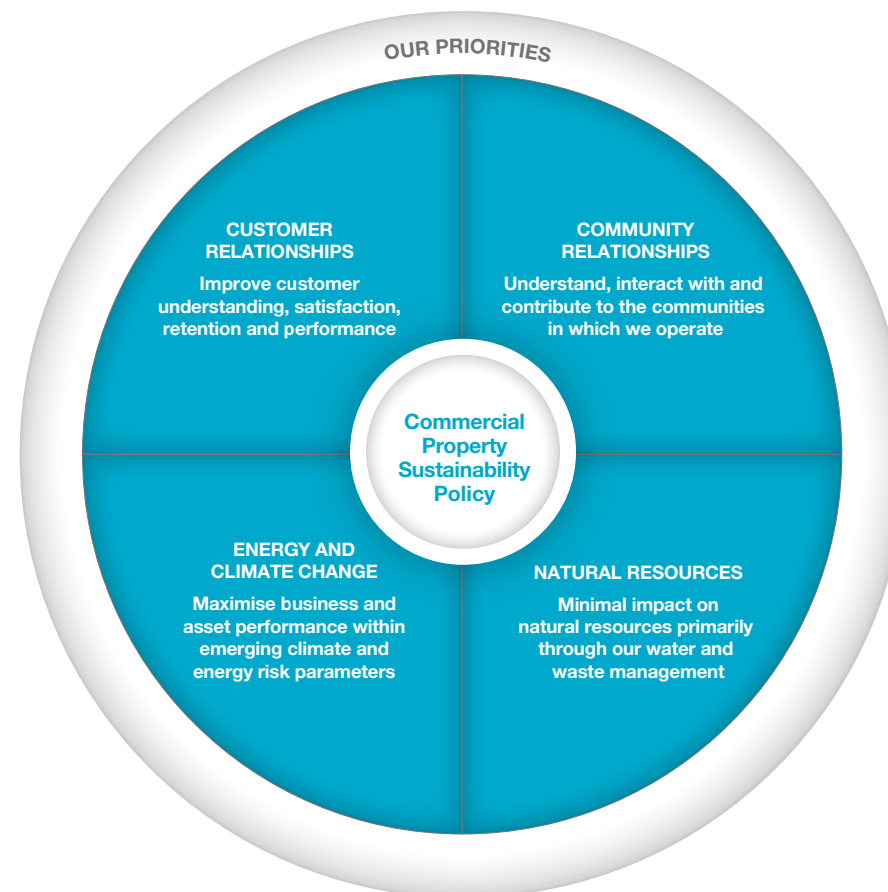
- **Customer relationships** – Improving customer understanding, satisfaction, retention and performance,
- **Community relationships** – Strengthening and sustaining our reputation within the communities where we operate,
- **Natural resources** – Minimising our impact on natural resources,
- **Energy and climate change** – Maximising business and asset performance within emerging climate change and energy risk parameters.

The policy will enable us to translate our sustainability vision into on-the-ground outcomes and aims to help us:

- Reduce energy and water consumption,
- Reduce greenhouse gas emissions,
- Increase recycling rates,
- Improve indoor environments such as higher rates of fresh air and better access to external views,
- Increase our ability to meet community and stakeholder expectations.

The policy ensures that we are taking a consistent approach to how we enact sustainability.

Commercial Property sustainability policy



UN Principles for 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 organisation's development and management of properties and projects.

Principles UN PRINCIPLES FOR RESPONSIBLE INVESTMENT	Present THIS PAST YEAR, WE HAVE:
1. We will incorporate environmental, social and governance (ESG) issues into the investment analysis and decision-making process.	Developed and implemented a number of analysis, research projects and decision-making tools, such as carbon abatement cost curves and our project performance risk assessment tool.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.	Revised and aligned our CR&S strategy with our Residential, Retirement Living and Commercial Property sustainability policies and benchmarks. The policies inform our ESG investment analysis and decision-making process.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.	Disclosed the environmental and social performance of our projects and properties and engaged with our stakeholders through our annual CR&S reporting.
4. We will promote acceptance and implementation of the Principles within the investment industry.	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.
5. We will work together to enhance our effectiveness in implementing the Principles.	Continued to work with peers to develop 'A Guide to Corporate Responsibility in the Property Sector' to encourage consistent industry reporting metrics. We also became an Organisational Stakeholder of the Global Reporting Initiative to support and enhance the effectiveness of ESG principles and reporting frameworks.
6. We will report on our activities and progress towards implementing the Principles.	We are committed to reporting on our progress in future CR&S reports.

Our approach

Stakeholder engagement

OUR KEY STAKEHOLDERS

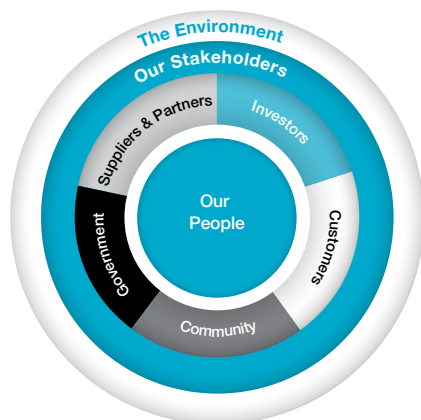
Stakeholder Group	About	Engagement during FY10
Employees	We have 1,288 employees in Australia.	- We undertook the 'Our Voice' survey to gauge employee engagement across the organisation and seek feedback on specific issues. - Our intranet, stockXchange, is a key source of business news, activities and policies, and is updated each business day. Our 'ask me' feature enables employees to ask questions anonymously to executive management. - Our annual roadshow provides an opportunity for our Executive Committee to interact with employees in each capital city and gives updates on business strategy and performance.
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, Queensland, New South Wales, Victoria and the Australian Capital Territory directly and through industry associations.
Shareholders and the investment community	We have more than 50,000 shareholders in Australia and overseas.	Our management regularly meets 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 performance and strategy.
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 about their priorities through surveys and research, and we incorporate feedback into our product design and service offerings.
Suppliers	We procure services and products from over 7,000 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 affected by our residential, apartment and retirement living developments, as well as the communities that visit our retail centres.	Our engagement with communities includes community 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 APPROACH TO STAKEHOLDER ENGAGEMENT

Stakeholder engagement (SE) is fundamental to the way we do business. It informs our corporate strategy and the strategies for our operating businesses.

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.

Our stakeholders



We engage directly with 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 monitors emerging expectations in local, regional and major metropolitan media and reports these issues and our response to our Executive Committee on a monthly basis.

Major stakeholder issues are escalated to our Board via monthly reporting, as well as to our CR&S Board Committee on a quarterly basis.

We use a priority projects radar to highlight and resource those projects which need attention. Convened at general manager level, our bi-monthly SE Working Group brings together members of our CR&S team and the senior business unit SE representatives to examine our strategy and to develop resources that balance stakeholder interests with our commercial interests across our projects.

We aim to embed our CR&S strategy in our day-to-day operations so that our development and asset managers take ownership of their respective SE plans. We train our people on SE and issues management as part of our employee orientation program and through business unit programs.

Stakeholder engagement plans

In FY10 our Board and Executive Committee approved stakeholder engagement principles that provide guidance for our people on how to apply a proactive and consistent approach that will drive better project outcomes through:

- Early engagement with stakeholders on key issues to help build clear project vision and identify milestones,
- Clear understanding of our stakeholders and their key concerns which will help build trust in our brand, beyond individual projects,
- Regular communication, recording and reporting on stakeholder engagement issues,
- Capturing stakeholder trends across the business to inform our future strategy.

SE plans are prepared for 100 per cent of our Residential, Commercial and Retirement Living assets. The plans help inform business decisions and the preparation of communication plans for each asset.

PROJECTS WITH
A STAKEHOLDER
ENGAGEMENT
PLAN

100%

Priority SE plans are developed for more complex projects. Whether a project is deemed standard or priority is determined and reviewed on a monthly basis at General Manager level, based on the value of the project or the intensity of stakeholder interest. Priority plans document a greater detail in documenting a greater number of stakeholders and often set out more rigorous engagement programs.

We are currently piloting regional SE plans which seek to map and prioritise regional or state business priorities alongside priority project needs. These will then inform the engagement approaches of the state leadership teams and the General Manager of Government Relations.

The SE plans ensure that stakeholders are listed in priority order and include an engagement plan for each group that identifies concerns throughout each stage of our projects. Plans address the particular social, political, economic and environmental concerns of the relevant community. Addressing these concerns helps us manage stakeholder expectations by keeping stakeholders informed of proposed developments, actively seeking stakeholder views and responding appropriately to this feedback. The outcomes of engagement activities are communicated to key stakeholders through newsletters to residents, stakeholder meetings, website updates, site tours and other targeted activities.

We seek to achieve consistency in our approach and drive improvement by annually reviewing our standard and priority plans. We score each project against our rigour testing framework. The framework allows us to analyse our performance in terms of inclusivity, measurement and engagement techniques. The framework is reviewed annually. In FY10 we recalibrated our rigour test, such that it is now more stringent.

AVERAGE
STAKEHOLDER
ENGAGEMENT
PLAN RIGOUR TEST
SCORE OUT OF 5

3.6

Average priority project stakeholder engagement plan rigour test out of 5

FY10	3.6*
FY09	3.8
FY08	2.4

* Measured against our recalibrated and consequently more stringent rigour testing.

In FY10 all senior employees, Development Managers and Asset Managers included performance metrics for stakeholder engagement in their performance management plans. In FY11 we will update performance measures for development and asset managers on SE and issues management. The performance objectives of our Executives will reflect these priorities. We also intend to test internally how the plans have been applied and we will use the results to further embed stakeholder engagement in the business.

Stakeholder engagement – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Pilot regional stakeholder engagement plans for our four largest and most complex catchments.	Completed five regional plans for the most complex of our catchments (all in Queensland).	★ ACHIEVED OUTCOME	> 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. > Establish metrics on job creation, livability and disabled access. > Increase the provision of tools and training workshops to support the achievement of performance management metrics.
Ensure that all our active property assets and development projects have a proactive and measurable stakeholder engagement plan in place by the end of FY10.	Prepared proactive stakeholder engagement plans for 100 per cent of our projects.	★ ACHIEVED OUTCOME	
Put stakeholder engagement plan performance metrics in place for all our senior employees and our Development and Asset Managers.	Established and implemented performance metrics for stakeholder engagement for senior employees, including Development and Asset Managers.	★ ACHIEVED OUTCOME	

CASE STUDY

Building better community relationships – Sandon Point



Sandon Point, NSW

In November 2009, we were granted development approval to create a beachside residential community at McCauley's Beach, Thirroul in New South Wales. We aim to provide the community with a quality modern development that respects and highlights the area's Indigenous heritage, while protecting and enhancing the local character and environment. The project will comprise a north and a south precinct including:

- Four phased villages, including 167 single dwellings and 14 town houses,
- Rehabilitation of Hewitts, Woodlands and Tramway creeks, with native vegetation completing almost nine hectares of green open spaces. This will result in over one-third of the site being transferred to public ownership.

Since we acquired the landholdings in 1999, the undertaking of the project has, at times, led to strained relationships with some members of the local community. We understand the contested history around development at McCauley's Beach and we recognise the need to make a renewed effort to build better relationships with the local community.

The key areas of concern for our stakeholders are Indigenous and European heritage, climate change and the environment.

Indigenous and European Heritage

There are a number of Indigenous groups who have identified the area as their country. The New South Wales Government gazetted a section of coastal land at Sandon Point as an Aboriginal Place to preserve the significant area as open space. This preserved area is not on our development site.

There is a possibility that some Aboriginal artefacts may exist on McCauley's Beach and investigations into any artefacts found will be undertaken with the participation of representatives of the Aboriginal community and the Department of Environment, Climate Change and Water. We are exploring a range of proposals to acknowledge and celebrate the heritage of the locality, such as building a viewing platform on McCauley's Beach which will provide information on the cultural history of the area.

Climate Change and Environment

In 2007 the concept plan approval for the development was revoked by the Land and Environment Court which ruled that the consideration of the impacts of climate change was inadequate. In response to these claims we undertook detailed climate change and flooding assessments. Studies of the '100 year flood' show that the residential development is not at risk of possible ocean rise as a result of climate change. Our creek design will also ensure that all housing lots are above the one in 100 year flood level, as adjusted for climate change predictions.

The development will also see the restoration of three riparian corridors. Water-sensitive urban design will be incorporated as part of the creek design, to ensure that only clean water runs downstream.

Community Engagement

Our reputation has suffered, at times unfairly, over the course of the project. We have learned valuable lessons about the importance of proactive stakeholder engagement and are committed to

listening and responding to local residents, Indigenous groups and our other stakeholders. As such, we have established:

- A dedicated project website which provides stakeholders with regular updates and an avenue to submit feedback,
- An Information Centre where the community can talk to the project team and view information, including plans,
- Community information sessions to provide one-on-one contact with the project team,
- A freecall information line so that enquiries can be responded to quickly and effectively,
- Regular newsletters which provide up-to-date information about the project,
- Notification letters to alert local residents of upcoming project works that may affect them.

Since we reported on this project in our CR&S report 2008, we have implemented stakeholder engagement plans across 100 per cent of our projects and operations.

CASE STUDY

Mixed-use delivers mixed challenges – The Village



The Village, Balgowlah, NSW

The Village, completed in 2009, is a \$300 million mixed-use development in Balgowlah, 10 kilometres north-east of the central business district in Sydney. Formerly a shopping centre site, the new integrated development includes 234 apartments in seven mid-rise buildings and a two-tier shopping centre set among landscaped gardens.

The Village is an excellent example of an urban redevelopment of the type needed to accommodate our growing population.

However, challenges we encountered on this project have led us to rethink the viability of this type of development.

We purchased the site in 2001 and didn't get off to a good start as we failed to undertake appropriate stakeholder engagement and submitted a proposal that did not comply with local council guidelines. We responded to this difficult start and after two years of consulting with the community and council, the first stage of the development was approved in 2005.

During the second stage we encountered more challenges when the local council imposed unreasonable conditions on the development that we had to resolve in court. In every instance the court found against the council but these delays came at a considerable cost and materially reduced the return we had hoped to make on the project.

Key learnings

Although the final result has been very well received by customers and the community, our experiences on this project were a key factor in our decision to exit the apartments business due to the high risks created by the planning approvals process.

On a positive note, this project also reinforced the importance of early and effective stakeholder engagement.

The lessons we learned have helped inform the creation of stakeholder engagement plans which are now in place across all of our projects.

Sustainability excellence

The Village features a number of innovative sustainable design features including a heat exchange system which harnesses the waste heat from the retail air-conditioning systems and uses it to heat water for residential use. This system is the first of its kind in a mixed-use development in Australia. There is also a rainwater harvesting and reticulation system comprising a 500,000 litre rainwater tank that provides water for residential laundries, toilet systems and gardens.

CASE STUDY

Engaging our retailers – Stockland Townsville redevelopment



Stockland Townsville, Qld

Our Stockland Townsville retail centre in Aitkenvale, Queensland has over 120 speciality stores and services and is due to be redeveloped in FY11. The redevelopment will include a Myer department store and will further position the centre as the region's premier shopping destination and a focal point in the community.

Masterplanning for the redevelopment began in 2007, but the global financial crisis meant that we had to put a temporary halt to our development plans. In subsequent years the shopping centre experienced increased competition from other centres within Townsville. During this time, sales were initially buoyed by the Federal Government's Household Stimulus Package. By December 2009, however, sales were reported to be significantly down.

In January 2010, retailers raised concerns with us about the drop in sales, which was attributed to increased competition in the Townsville market and the lack of investment in the centre. Stockland Townsville Centre Management, together with our Leasing, Development and Marketing teams, held a series of workshops which were attended by more than 90 retailers. The purpose of these workshops was to understand and address retailer concerns. Feedback at these workshops identified a number of key areas for improvement. These included communication, security, uncertainty over future development plans and the current state of the centre, its ageing infrastructure and maintenance.

At these workshops we sought our retailers' input to improve our operations and communications. This has resulted in:

- The establishment of a retailer reference group,
- Increased ability to respond to operational issues in the development,
- Greater retailer involvement in local marketing campaigns,
- The announcement of redevelopment plans and commitment with Myer with a timeframe for future development.

A key lesson learned from Stockland Townsville is that we cannot take for granted the importance of maintaining strong communications with our key stakeholders, particularly during times of uncertainty.

Establishing strong and collaborative communication methods is vital.

We remain committed to maintaining a high level of engagement with both retailers and the wider Townsville community through initiatives such as the retailer reference group, retailer and resident presentations, newsletters, website updates and newspaper articles. This engagement will continue both during and after the redevelopment project.

Our approach

Stockland UK

UK APPROACH

In August 2009, we announced our intention to embark on an orderly sale of assets in the United Kingdom (UK) over a timeframe of two to three years. As a result, the UK business unit's strategy in relation to CR&S has been amended to reflect the new circumstances of the business. This has particularly affected our actions in relation to the energy initiatives being carried out across the portfolio and collection of carbon footprint data.

Following the announcement of our exit from the UK market, we made the decision to cease collecting carbon data for the UK portfolio except when required for compliance purposes. This data had originally been collected with a view to helping us measure the improvement in performance of our portfolio over the long term. With the UK business now having a finite lifespan we believe that the value of collecting and analysing this data would not be offset sufficiently by any short-term benefits.

We have collated data for our Carbon Reduction Commitment (CRC) Energy Efficiency Scheme obligations for the 2008 year and will be finalising our information disclosure reporting in time for the 30 September 2010 deadline. We continue to comply with Energy Performance Certificates legislation across our portfolio.

Over the past 12 months the UK business has placed a strong focus on the continued improvement of health, safety and environment across its portfolio.

The business has been working to improve the safety and security of both employees and customers.

BUSINESS CLIMATE

Market conditions in the UK remain difficult. Capital values have recovered somewhat but the economic downturn is still putting downward pressure on rents. It is widely believed, however, that capital values have reached a floor and modest growth is expected over the next couple of years.

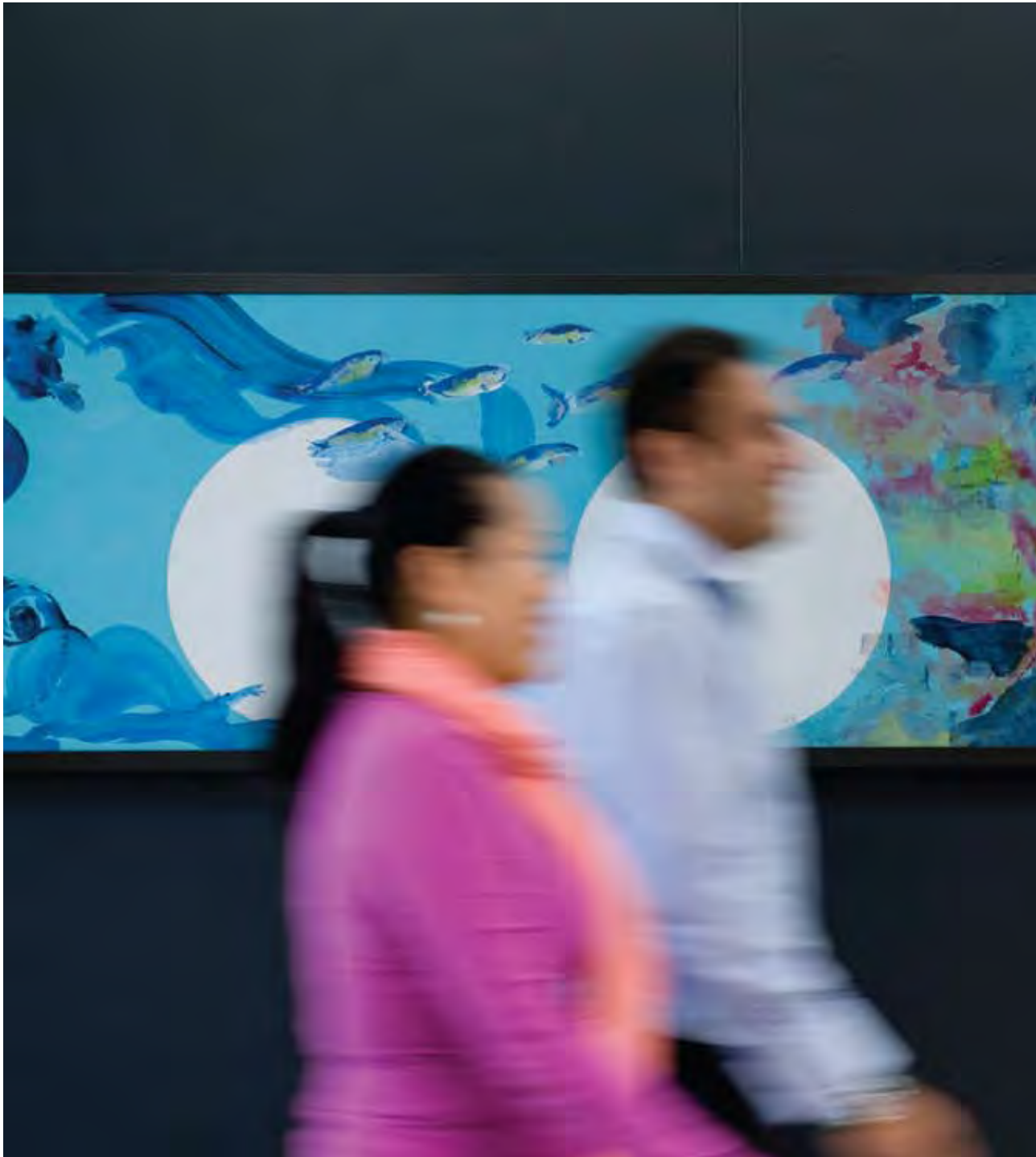
Employees in the UK were disappointed by the announcement in August 2009 that we would embark on an orderly sale of assets in the UK. As a result, our engagement score dropped significantly in our employee survey from 79 per cent to 44 per cent favourable. UK employees have also been affected by redundancies which were necessary to right-size the business as workload decreased with the sale of assets and loss of management contracts. We have, however, continued to invest in learning and development opportunities for UK employees and in FY10 we provided an average of 2.25 training days per person.

Our employees remained committed to giving and volunteering initiatives and raised money to fund two events in the year with Starlight Children's Foundation, one of which was the children's Christmas Party at St Mary's hospital in Paddington, London.

We expect retention to be a key challenge in FY11. Although the UK job market is generally poor, given time, many employees will be able to find work elsewhere. It is likely that certain roles will need to be covered by fixed-term contractors in the future.

Stockland UK – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:
Continue to adapt our CR&S strategy, complementing our overall approach, while keeping in step with business needs and the current UK financial environment.	Limited our CR&S approach to meeting compliance requirements, reflecting our orderly sell-down of our UK assets.
Review opportunities to roll out our Community Consultation Plan on a development project.	Not commenced any new developments.
Continue to measure the carbon footprint of our most energy-intensive assets and identify ways in which we can reduce energy consumption.	Continued to comply with Energy Performance Certificates legislation. We have also collated all data required under the CRC Energy Efficiency Scheme, due on 30 September 2010.
Conduct Asset Sustainability Audits across more of our portfolio and reduce the energy, water and waste consumption of these assets.	Undertaken Asset Sustainability Audits across seven of our office assets. Efficiency opportunities undertaken have been achieved at little or no cost.
	Experienced no serious RIDDOR (The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) incidents. Worked to ensure our portfolio attained a high operational standard in relation to our four key health and safety areas: legionella, electrical, asbestos and fire.



Our people

Maintaining employee engagement and providing opportunities for our employees to develop in a safe working environment is critical to our success as an organisation.

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Our people – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Develop a wellbeing strategy which will include how we will improve the people management skills of our managers, and employee health and wellness.	Developed and delivered a program to educate our managers on wellbeing and provided tools to help them introduce wellbeing outcomes for their teams. A total of 85 per cent of managers attended the program in the year.	 ON TRACK FOR TARGET	> Deliver capabilities that support the business units' growth strategies and corporate function improvement plans. > Build the capabilities of our leaders and people managers to maintain high employee engagement and wellbeing.
Continue to support the business in maintaining high engagement in the changing economic environment, along with promoting alignment of behaviours with our values.	Committed to disclosing any Code of Conduct breaches that result in an employee exit. Conducted 360 degree reviews with almost half of our Leadership Team and 42 of our Senior Managers. The review includes an assessment of how effectively our values and leadership attributes are demonstrated.	 ON TRACK FOR TARGET	
Employee retention			
Maintain our focus on minimising employee turnover. Our rolling turnover targets were: • 10 per cent for regretted turnover, • 5 per cent for non-regretted turnover, • 15 per cent for total turnover.	Introduced initiatives to enhance retention such as increasing investment in learning and development. Our turnover results for FY10 were: • Regretted turnover decreased to 7.5 per cent from 12.4 per cent in FY09, • Non-regretted turnover decreased to 7.2 per cent from 18.4 per cent in FY09, • Total turnover significantly decreased to 14.7 per cent from 30.8 per cent in FY09.	 ON TRACK FOR TARGET	> 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 are: • 10 per cent for employee initiated turnover (this will include regretted and non-regretted turnover), • 15 per cent for total turnover.
Personal and career development			
Continue to build our strength in personal and career development planning.	Delivered Objective Setting and Development Planning Programs to more than 80 per cent of our managers.	 ON TRACK FOR TARGET	> 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.
Health, Safety and Environment (HSE)			
Improve specialist HSE support by: • Increasing the presence of our HSE team on development and property sites. • Making HSE information easier to access on our intranet.	Created additional HSE Adviser positions enabling the HSE team to increase engagement with contractors. Continued to develop the intranet site to ensure that relevant information, guidance notes and forms are available.	 ON TRACK FOR TARGET	> Establish metrics on our HSE team's level of engagement with development and property sites. > Identify specific development opportunities for HSE team members.

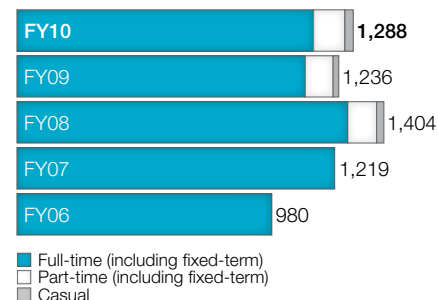
Our people

Our employees are central to our ability to deliver on our business outcomes. Maintaining employee engagement and providing opportunities for them to develop in a safe working environment is critical to our success as an organisation.

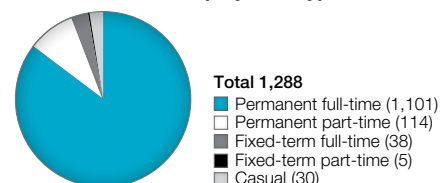
Each year we review key drivers from our external and internal environment to determine the initiatives for our People strategy for the year ahead. These initiatives are pursued through the year and we report on progress to the Board. We commenced FY10 with a People strategy to:

- Continue building the capability of our people,
- Enhance our talent and succession management practices and processes,
- Enhance our capability for managing organisational change,
- Ensure the wellbeing of our people,
- Embrace diversity.

Our workforce – number of employees



Our workforce – employment type



Employee engagement

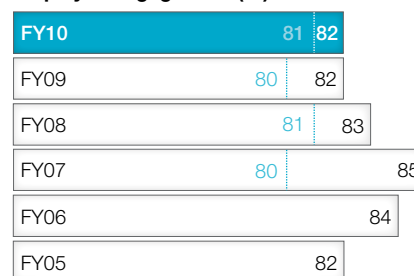
OUR VOICE

The 2010 'Our Voice' employee opinion survey – administered by Towers Watson – is in its sixth consecutive year at Stockland. Towers Watson provides an independent service and delivers both national and international norms that allow us to track our performance across a range of categories that underpin our people proposition.

We aim to continue to foster a work environment that attracts, develops and retains talented individuals. One of the key measures from the 'Our Voice' survey is employee engagement. Our performance on engagement gives us a snapshot of how our people think, feel and act at Stockland.

Our 2010 employee engagement score was 82 per cent which is the same as last year and remains one point higher than the Global High Performing Norm (GHPN), which is Towers Watson's highest benchmark. In light of the recent financial crisis, maintaining this high level of engagement is a great achievement.

Employee engagement (%)



More than 90 per cent of our employees participate in our annual employee engagement survey, enabling us to benchmark ourselves against high performing companies.

| Global High Performing Companies Norm.

There were a few areas that positively contributed to the engagement result including:

- Increased investment in learning and development opportunities for our people despite the financial crisis. Our score for the Training and Learning category increased significantly compared to 2009 and is now 13 points above the GHPN.
- Our employees reported that the ability to balance their work/life commitments had improved from last year and is now 7 points above the GHPN.
- As with previous years, our commitment and achievements in corporate responsibility and sustainability continue to be a positive influence for our people and as a category it scored 7 points above the GHPN.

Strengthening our work environment requires us to continually address areas that are scored less favourably by our employees.

The survey indicated that employees' 'intention to stay' with Stockland had declined relative to last year with 13 per cent now seriously considering leaving. While our turnover data has improved over the past 12 months, the survey data suggests more needs to be done to understand the drivers impacting retention. Gaining a deeper understanding of these drivers is a key initiative in our People strategy for the year ahead.

Our people's perception about pay declined significantly when compared to 2009 (a fall of 9 points). This related to perceptions about matching pay to performance and also perceptions about the quantum of pay relative to the market. While part of the decline can be attributed to the modest pay (both in terms of fixed pay and short-term incentives) people received last year as a result of the financial crisis, there are still issues to be addressed. These include people's understanding of how remuneration outcomes are determined and also rectifying actual salary anomalies.

In response to the survey results, we have provided greater information to our employees on how salaries and short-term incentives are determined and explained the salary benchmarking process that we adopt. We are also looking carefully, as part of the current remuneration review process, to redress any significant anomalies in remuneration relative to market data.

The survey indicated that 47 per cent of our people perceive their workload to be excessive. Work is currently underway to investigate this further and understand the factors that contribute to this result. In particular, we are undertaking a major Finance Transformation Project to review all core finance systems and processes across the business. This initiative will provide our people with enhanced systems and tools to complete their work in a more efficient and effective way. Our level of recruitment activity has also increased as economic conditions begin to improve.

We are committed to acting on feedback from the survey. Each year our Executive Committee and Board are presented with the key results and each Senior Executive ensures detailed debriefing sessions are held in their part of the business to better understand the feedback and identify strategies to address areas for improvement.

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 strategy and 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 twice a year. In the past year our focus has been on enhancing gender diversity, workplace flexibility and disability inclusiveness.

In the 2010 'Our Voice' employee survey, 89 per cent of people felt that we support equal employment opportunities for all employees.

This score has remained constant since 2009, and is 15 per cent above the Global High Performing Norm (GHPN).

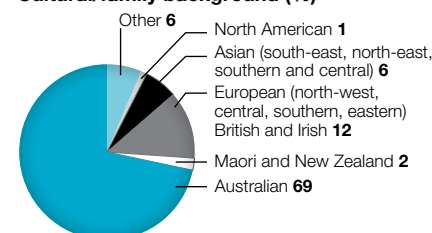
We are determined to ensure that our workplace is free from discrimination, bullying and harassment, enabling everyone to work in a happy, relaxed and safe environment. In FY10 we introduced a two-hour face-to-face training program on preventing workplace discrimination and harassment, reinforcing our zero tolerance approach. We delivered 58 programs to 65 per cent of employees in various job bands in FY10. In FY11 we will expand the availability of this program beyond capital city locations to include employees based in regional areas. The program supplements the online Equal Employment Opportunities training completed by all employees.

We accommodate the Diversity Council Australia (DCA) in our head office, providing workstations and IT facilities free of charge. The 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. This year we sponsored a comprehensive DCA research project 'Working for the Future: A National Survey of Employees' (available on the DCA website), which provides a valuable insight into Australian employment and diversity-related workplace trends.

Median age of employees

FY10	35
FY09	35
FY08	34
FY07	34
FY06	34

Cultural/family background (%)



Percentages are based on employees who responded to these questions in the 'Our Voice' survey. 96 per cent of employees provided a response to these questions.

Gender diversity

Our aim is to increase the percentage of women in management roles, which over the past year has increased from 34 per cent to 35 per cent. After achieving our initial target of 35 per cent, we are now aiming to increase the number of women in management roles to 40 per cent within the next five years.



Women in management (%)

FY10	35
FY09	34
FY08	30
FY07	28
FY06	28

Our five year target is 40 per cent of women in management roles.

We have become a corporate member of Women on Boards, 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. We continue to sponsor the National Association of Women in Construction, an organisation that aims to advance the interests of women in the industry and recognise their achievements.

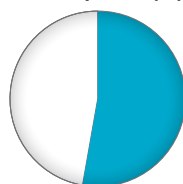
Our panel of preferred recruiters are encouraged to consider candidates of both genders and are now required to provide details in their quarterly activity reports on the number of women referred in their candidate shortlists.

Our talent and succession management programs ensure that people have targeted development plans in place to address identified knowledge, skills and experience gaps which may prevent them from moving into senior positions.

Our people

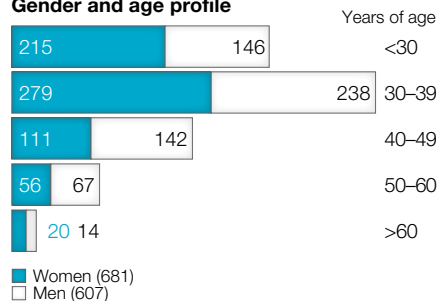
Each year the Peter Daly Fellowship provides an opportunity for employees to undertake an overseas study tour to research leading practices that cannot be readily accessed in Australia. In 2010, the winning team comprised three female employees who undertook research on 'maximising opportunities for women in leadership'. The project involved visiting the USA, the UK and Sweden. The research findings and recommendations will help us refine our gender diversity strategy and initiatives.

Gender profile (%)



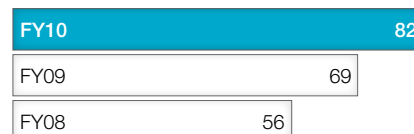
■ Women (53)
□ Men (47)

Gender and age profile



A new Parental Transitions Program has been introduced to provide an enhanced level of support to our employees preparing to commence or return from parental leave. During the year we introduced a change to our parental leave policy, requiring employees who choose to end their employment during or within 12 months of taking paid parental leave to repay these funds on a pro-rata basis.

Parental leave return rate (%)



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, with an update on progress against our objectives provided annually in this report.

Workplace flexibility

Our commitment to embracing flexible working has expanded beyond the minimum requirements outlined in the new Fair Work Act, to provide all employees with the opportunity to request flexible working arrangements. A new online flexible working requests system has been introduced, enabling Human Resources to track all requests and assist managers in implementing appropriate solutions. A Flexibility @ Stockland training program has also been introduced to 93 per cent of our people managers in FY10. The workshops educate our managers on our Flexible Working policy and on the new requirements of the Fair Work Act.

Feedback collected as part of the workshops has allowed us to understand where we are currently providing flexible work arrangements, as well as the challenges in implementing a work environment that supports flexible arrangements. We will offer further training and support for flexible working over the next year to managers and employees.

In the 2010 'Our Voice' employee survey, 90 per cent of people felt that their manager is considerate of their life outside of work – 11 per cent above the GHPN.

Furthermore, 81 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.

Disability inclusiveness

In conjunction with the Australian Network on Disability, we participate in the 'Stepping into Law' and 'Stepping into IT' programs. These programs support tertiary students with a disability by providing them with paid work experience during their summer vacation.

As part of International Day of People with Disability, we again hosted a number of events to raise awareness of the needs of people with a disability. Interactive team activities were held involving employees navigating around our retail centres while experiencing some of the challenges faced by people with vision and mobility impairments. The activities provided valuable insights into potential enhancements that could be made in terms of accessibility and improved facilities for people with disabilities.

CASE STUDY

Parental transitions program



Trinity Child Care, NSW

We are committed to creating a family-friendly workplace, making it easier for people to develop a successful career, while balancing family responsibilities. This year we introduced a Parental Transitions Program in response to a significant increase in the number of people taking parental leave and to enhance our parental leave return rate. Designed to provide a higher level of support to our employees preparing to commence or return from parental leave, the program includes a comprehensive range of resources.

Parental seminar

A one-day program for working parents who are expecting a child or are in the early stages of preparing to return to work. The seminar provides practical information and tools to assist in the development of child, personal and career strategies.

"This seminar exceeded my expectations and I left feeling well informed and prepared for discussions with my manager regarding my options and intentions for parental leave as well as my career plan."

Jasmine Monger, Administration Manager, Baulkham Hills Shopping Centre

Parental DVD

A flexible and self-paced series designed to help develop a step-by-step plan to prepare for commencing and returning from parental leave.

"Professionally pitched with good advice, such as finding a mentor – a woman at or beyond your level who has managed the return to work. A very strong focus on getting back to work, while managing potential issues such as guilt and income stress."

Siobhan Toohill, General Manager – Corporate Responsibility & Sustainability

Parenting information pack

This pack contains details on a vast range of topics such as nursery furniture, safe toys, childcare options and road safety.

"It's very comprehensive and will keep me entertained for quite some time with all the information."

Lisa Whinnen, Executive Assistant – Commercial Property

Paid parental leave

Primary care givers can access 12 weeks paid parental leave, whilst non-primary care givers may take 10 days paid leave upon the birth or adoption of a child.

Flexible working

Working parents also benefit from our commitment to flexible working, which goes beyond the minimum requirements of the new Fair Work Act, providing employees with the opportunity to request flexible working arrangements. A new online flexible working requests system has been introduced, together with training for our people managers in evaluating requests and implementing flexibility solutions.

Our Chief Financial Officer, Tim Foster, has embraced flexible working, leaving early on two consecutive afternoons a fortnight to collect his daughters from school. We are aiming to create an environment where flexibility becomes common practice, continuing to deliver business outcomes in a way that meets the needs of individuals.

Our people

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.

We look to work with organisations that demonstrate a commitment to human rights through responsible supply chain management.

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,
- Employee Assistance Program that offers confidential counselling for employees and family members.

HEALTH, SAFETY AND WELLNESS

Caring for our employees

Our FY10 objective was to continue to provide safe and healthy workplaces and to ensure that our people have the skills and support they need to conduct their work safely. During this time, we have improved our systems and procedures, increased our team of specialist health and safety resources and improved our induction program for new employees.

We also maintained our focus on training, for example by developing a customised course to help our frontline employees deal with aggressive people, a recurrent hazard highlighted by our improved incident reporting system.

In the 2010 'Our Voice' survey, 97 per cent of our employees reported their work area was a safe place to work.

This is 6 points higher than the GHPN and 9 points higher than the Australian National Norm (ANN).

We have continued to build a culture where all employees feel a personal responsibility for their wellbeing and that of their colleagues by:

- Delivering more frequent leadership communications on health and safety matters,
- Strengthening our reporting processes,
- Improving the quality of health and safety key performance indicators in each employee's performance plan,
- Implementing new employee health and wellness initiatives, including the successful trial of a walking program.

This year, 94 per cent of employees said they think that Stockland cares about the health and safety of employees and the same number reported they have a good understanding of their health and safety responsibilities. Another pleasing result was that 89 per cent of employees reported that effective action is taken when unsafe conditions are brought to management's attention. This is 4 points higher than the GHPN and 7 points higher than the ANN.

In FY10 we experienced zero severe injuries or fatalities but our Lost Time Injury Frequency Rate (LTIFR) increased from 2.6 to 6 (injuries per million hours worked).

Lost time injury rate

FY10	6.0
FY09	2.6
FY08	2.9
FY07	5.2

Number of injuries per million person hours worked.

Three factors have influenced this increase:

1. There has been a concerted effort by HSE Managers and Advisers to educate Business Managers and employees on the importance of reporting all incidents and injuries. We believe this has led to an increase in reported injuries that would previously not have been reported.
2. As we currently report on our direct employees only, this reflects a relatively small reporting base which is subject to noticeable variation in our LTIFRs when lost time injuries are experienced.
3. Some of these LTIs were caused by assaults from external sources and lunchtime sport activities.

With improved reporting, it is possible to more accurately assess the factors contributing to both actual and near miss incidents and therefore direct resources to appropriate areas.

Health, safety and environment (HSE) consultation

We have established formal consultative mechanisms with employees on occupational health and safety (OH&S). Currently, our active committees represent from 25 per cent to 50 per cent of employees. Consultation via our CR&S and other committees mean that up to 100 per cent of all employees have opportunities for consultation and representation. The formal OH&S mechanisms, in conjunction with other consultative mechanisms, ensure that all levels of employees, through to management, are covered by these consultative arrangements.

In FY11, we will identify a process to ensure that formal joint management-worker health and safety committees cover all employees. We will also review the effectiveness and coverage of existing consultative mechanisms.

Enhancing employee health and wellness has been an important element of our FY10 Health, Safety and Environment strategy. We provided an employee education program on the H1N1 virus, which aimed to minimise the risk of virus transmission and offered free immunisation to all employees. We maintained a strong program of health and wellness events and communications.

Risks impacting our employees

We are engaged in diverse business operations, covering retail, commercial and industrial facilities, residential developments and established and new retirement living estates. As such our range of HSE risks are also diverse.

For our Commercial Business, the HSE risk to the business includes liability arising from incidents occurring on Stockland owned and controlled sites. For employees at these sites, HSE risks include interactions with members of the public, slips, trips and falls and manual handling injuries.

For our Residential business, HSE risks arise from civil works carried out by contractors, as well as public liability risks associated with communal facilities while still under Stockland control.

For our Retirement Living business, HSE risk arises from the condition of property purchased and risks from civil works undertaken by contractors at development sites.

We undertake regular and systematic audits of all facilities to ensure that they meet both regulatory and Stockland requirements.

Training and competency development programs are developed and applied across all business divisions to ensure that employees are aware of HSE risks and have the skills and knowledge to manage these risks. Where skill requirements are identified, we develop additional programs to meet these needs.

Local and immediate risks are addressed by ensuring Managers and Supervisors undertake regular risk assessments with the support of HSE Managers and Advisers.

Projects are undertaken with Stockland insurers to proactively identify areas of HSE risk, and to undertake interventions aimed at reducing these risks.

CASE STUDY

Safe Work Week at Stockland



Global Corporate Challenge award presentation

Safe Work Week, an Australian Federal Government initiative, took place in October 2009. Safe Work Week aims to encourage all working Australians to concentrate on safety in their workplace.

We ran a program of events with employees and contractors over the five days of Safe Work Week to encourage safety in the workplace and at home. The Safe Work Week kicked off with a morning tea with Paralympian, Nigel Smith. Nigel lost his left leg in an industrial accident and shared his experiences of how he not only returned to work but went on to represent Australia in volleyball.

During the week employees and contractors were encouraged to participate in the following events:

- Toolbox talk events with contractors – Focusing on key safety issues for our contractors,
- Ergonomic demonstrations – Educating our employees on why ergonomics is important and how to set up their workspaces to avoid strain injuries,

- Health checks – Health and fitness professionals carried out checks on our employees against measures such as metabolic age, body fat percentage and blood pressure,
- Massages – Professional therapists offered our employees 15 minute massages to promote massage as a way to manage stress,
- Practical Stress Management for Busy People – This seminar helped our employees to recognise stress symptoms and their causes and provided practical, user-friendly techniques to reduce stress levels and assist them in living a balanced lifestyle,
- First Aid at Home – This one-hour course provided our employees with vital information on first aid,
- Kid Safe Seminar – This seminar provided our employees with valuable advice on home safety, road safety, and safe, creative play.

During the week we were presented with an award for our performance in the Global Corporate (walking) Challenge, the world's largest corporate health initiative.

Feedback from the week was positive and we will run the program again in October 2010.

Our people

Health and safety performance

	FY10	FY09	FY08
Total average workforce	1,243	1,320	1,372
Total hours worked	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
Number of lost time injuries	13	6	7
Lost time injury frequency rate (the number of injuries per million person hours worked)	6	2.6	2.9
Number of injuries requiring medical treatment (not including lost time injuries)	12	12	10
Frequency rate of medical treatment (MT) injuries (the number of MT injuries per million person hours worked)	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)	11.5	7.8	7.1
Occupational diseases instances	0	0	0
Fatalities	0	0	0
Lost days (total for the recorded lost time injuries)	87	31	14
Average lost day rate – severity rate (average number of days lost per lost time injury)	6.6	5.2	2.3

Learning and development

CAPABILITY DEVELOPMENT

Learning and career development is an important part of maintaining an engaged workforce. Our performance in this area was measured in the April 2010 'Our Voice' survey with over 81 per cent of employees responding favourably to the training and learning questions. This was 13 points higher than the Global High Performing Norm (GHPN). The personal development category was 7 points higher than the GHPN, with 76 per cent of employees responding favourably.

In July 2009 we introduced a training program on career development planning for our people managers.

More than 80 per cent of our people managers attended half-day sessions on Objective Setting and Development Planning. This program was deemed a priority as we only had 71 per cent of employees with development plans in the system last year. This has now increased to 83 per cent in the reporting period.

Reflecting our increased focus on employee development and career planning, and more rigorous data collection, employees participated in an average of 5.9 training days per employee over the reporting period. We spent 2.5 per cent of payroll for training. This includes broader development activities such as seminars, conferences, mentoring activities, further education and workshops, as well as formal training sessions.

Annualised training days per employee

FY10	5.9
FY09	2.9
FY08	3.7
FY07	4.6
FY06	3.1

Training spend as a % of payroll

FY10	2.5
FY09	1.3
FY08	2.0
FY07	1.9
FY06	2.1

In FY10 we also focused on:

- Developing our leaders and managers to maintain high engagement in changing economic circumstances,
- Building the capability of our major job categories,
- Supporting greater workplace diversity through a range of employee and manager programs.

Developing our leaders and managers

We conducted 360 degree assessments with almost half of our Leadership Team and 42 of our Senior Managers. The review includes an assessment of how effectively values are demonstrated. Leaders who participate in the assessment draw up action plans to support their development. The aggregated results of these assessments help us create custom leadership development programs.

The 'Our Voice' survey outlined the need to further develop the capability of our managers. We have responded by continuing to hold our regular 'Inspiring Manager' programs, with topics on strengthening career development skills and employee wellbeing. In one of these sessions, we trained managers on the 'Our Voice' Wellbeing Index and framework. We also provided techniques for managers to create a positive working environment.

As well as these core programs, we offered further training options for experienced managers, including programs on Self Insight, Leading High Performance Teams and Transformational Leadership.

Building capability in job categories

The Role Accountabilities framework is an important aspect of our capability strategy and enables us to identify common development opportunities and build appropriate learning programs to support them. It also provides a mechanism for formalised development and career planning for employees within these roles. We provided in-house development programs for key job categories in FY10 including Development Managers, Asset Managers and Sales.

Our Development Manager Essentials program for the Residential business provides training for our Development Managers on essential elements of their roles such as financial metrics, marketing and sustainability. Two sessions have been held in FY10, with more than 68 attendees from around the country.

For our asset management capability, our Gateway program has been updated to extend across all Commercial asset management classes.

Residential sales professionals, as well as their Retirement Living colleagues, have undertaken customised sales training this reporting period, with a focus on a standard processes and key skills. In the coming year, we will build on this core knowledge, focusing on behavioural skills.

Supporting greater workplace diversity through training

As part of our commitment to diversity, employees undertook mandatory online Equal Employment Opportunity training in July and August 2009. This training included three modules on discrimination, grievance and harassment. At the same time, selected employees completed Trade Practices and Privacy training. This training takes place every 18 months and is next scheduled for December 2010. The online Equal Employment Opportunity training has been complemented by a new face-to-face practical program facilitated by a highly experienced trainer, with 65 per cent of all employees attending sessions.

CASE STUDY

Gateway asset management training program



Stockland training program

The Gateway program helps attendees gain a broader understanding of all Commercial Property asset classes. The program has been developed following our successful 2008 program that focused on retail asset management.

The current program includes Stockland-developed content and takes place over 11 days in the 2010 calendar year, with the option for attendees to undertake further study with the Macquarie Graduate School of Management in 2011. The Gateway course

covers the fundamentals of the role of an asset manager, and combines theoretical and practical approaches. We have 39 employees, from Commercial Property and other business areas, participating in this program in 2010.

Employees have worked together to produce up-to-date best practice content for the program. Senior management from across the company have supported the employees involved in developing and delivering the course, and a Steering Group reviews the program design and content.

Internal experts are responsible for developing content for the course, and these employees train other employees who work in the same field to deliver the content at the training.

The learning and development team provide overall project management and assistance with program design and training on facilitation skills. This approach is being used successfully in a number of other programs for key job categories, ensuring that internal knowledge is shared across the organisation.

Our people

EMBEDDING SUSTAINABILITY

Embedding sustainability into our business activities is essential for the delivery of our CR&S strategy objectives. Over the past 12 months the organisation has achieved several significant milestones in relation to our commitment to embedding sustainability in our day-to-day operations.

The 'Our Voice' survey results have again indicated that our efforts to communicate our sustainability strategy, performance and achievements were successful:

- 94 per cent of our employees believe we are an environmentally responsible company (up by 1 per cent compared to FY09),
- 92 per cent of our employees believe we are socially responsible (same result as FY09),
- 88 per cent of our employees believe we achieve the right balance between social, environmental and financial responsibilities (up by 2 per cent compared to FY09).

EMPLOYEES WHO
BELIEVE WE ARE
ENVIRONMENTALLY
RESPONSIBLE

94%

EMPLOYEES
WHO BELIEVE
WE ARE SOCIALLY
RESPONSIBLE

92%

EMPLOYEES WHO
THINK WE ACHIEVE
THE RIGHT SOCIAL,
ENVIRONMENTAL,
AND FINANCIAL
BALANCE

88%

The development and alignment of our Retirement Living, Residential and Commercial Property sustainability policies with our CR&S strategy was a significant step forward in our efforts to embed sustainability across the organisation. Both our Residential and Commercial Property businesses have increased their resourcing in sustainability roles, in recognition of the need to focus our efforts on material issue areas, such as community development. Our Retirement Living business intends to appoint a dedicated Sustainability Manager in FY11.

At our leadership team level, many of our leaders have increased their role in championing sustainability initiatives across the business.

For example:

- Our Managing Director has championed our efforts to decrease our greenhouse gas emissions (GHG) by including a GHG reduction target in his key performance indicators,
- Our Chief Financial Officer is taking over the responsibility for the collection of greenhouse gas emissions data from our sustainability teams, firmly embedding sustainability in our day-to-day accounting processes.

At management level we remain committed to embedding sustainability in our performance management approach. We continue to use a Balanced Scorecard approach across the organisation which requires all employees to set objectives, measures and targets in the following four categories:

- Business/financial,
- Stakeholder,
- People and leadership,
- Corporate responsibility and sustainability and health, safety and environment.

In FY11 we plan to trial a new system that will ensure these four categories are included in every employee's performance objectives. The system will also allow us to better track employee CR&S objectives.

Employee metrics

All employee metrics exclude UK operations.

OUR WORKFORCE

Stockland workforce – number of employees

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

Stockland workforce – employment type

	FY10	FY09	FY08
Permanent full-time	1,101	1,090	1,258
Permanent part-time	114	108	104
Fixed-term full-time	38	17	14
Fixed-term part-time	5	–	1
Casual	30	21	27
Total	1,288	1,236	1,404

Median age of employees

	FY10	FY09	FY08	FY07	FY06
	35	35	34	34	34

Absentee rates (%)

	FY10	FY09	FY08	FY07	FY06
	1.6	1.5	1.4	1.3	1.3

GENDER DIVERSITY

Stockland workforce – gender

Job Band	Men FY10	Women FY10	Total FY10	Men FY09	Women FY09	Total FY09	Men FY08	Women FY08	Total FY08
Executive Management	5	2	7	5	2	7	5	2	7
Leadership Team	22	6	28	24	5	29	34	6	40
Senior Management	88	36	124	88	30	118	95	27	122
Management	187	118	305	164	110	274	222	120	342
Professional/Technical	225	234	459	240	203	443	233	226	459
Employee	80	285	365	79	286	365	85	349	434
Total	607	681	1,288	600	636	1,236	674	730	1,404

Stockland workforce – gender (%)

Job Band	Men FY10	Women FY10	Men FY09	Women FY09	Men FY08	Women FY08
Executive Management	71	29	71	29	71	29
Leadership Team	79	21	83	17	85	15
Senior Management	71	29	75	25	78	22
Management	61	39	60	40	65	35
Professional/Technical	49	51	54	46	51	49
Employee	22	78	22	78	20	80
Total	47	53	49	51	48	52

Our people

Gender and age profile

Age	Men FY10	Women FY10	Total FY10	Men FY09	Women FY09	Total FY09	Men FY08	Women FY08	Total FY08
<30	146	215	361	146	217	363	159	257	416
30–39	238	279	517	236	253	489	283	293	576
40–49	142	111	253	142	96	238	154	97	251
50–60	67	56	123	60	58	118	64	71	135
>60	14	20	34	16	12	28	14	12	26
Total	607	681	1,288	600	636	1,236	674	730	1,404

Gender and age profile (%)

Age	Men FY10	Women FY10	Men FY09	Women FY09	Men FY08	Women FY08
<30	11	17	12	18	11	18
30–39	18	22	19	20	20	21
40–49	11	9	11	8	11	7
50–60	5	4	5	5	5	5
>60	1	2	1	1	1	1
Total	47	53	49	51	48	52

Note: All percentage figures are rounded. Accordingly, tables may not add up to 100%.

Women in management – business unit (%)

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

Average fixed remuneration ratio – gender and job band

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

Remuneration data includes fixed pay only and does not include incentives. These figures exclude casual employees and those who received a sale commission during FY10.

EMPLOYEE TURNOVER

During the reporting period, employee departures categorised as regretted turnover decreased to 7.5 per cent (against our target of 10 per cent), which is an improvement from 12.4 per cent in FY09. Last year the strong correlation between employee wellbeing and intention to stay was acknowledged, and as a result our training programs have focused on improving employee wellbeing. For example, our 'Inspiring Manager' series and 'Leading with Insight' programs are designed to support managers in developing the necessary skills to more effectively lead their teams. While these and other initiatives may have assisted in the reduction of regretted turnover, economic uncertainty has also been a factor in improved retention.

To obtain feedback from our employees at each stage of the working lifecycle we have put in place a number of initiatives. Feedback is sought from new employees within the first three months of their employment, existing employees via the 'Our Voice' survey, and departing employees through exit interviews. We will continue to use information from these surveys to help our managers lead their teams and maximise employee retention.

All Stockland employees are engaged under individual employment contracts, rather than via collective agreements. If significant operational or structural changes are required in 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 aligning our behaviours with our values. Our Code of Conduct and Ethical Behaviour sets out the standards of behaviour with which all our employees are expected to comply. When people are made an offer to join Stockland, they are required to review the Code and sign and return the form. The code references our Fraud and Corruption Policy, with additional information available on StockXchange, our intranet. While we don't provide specific training on the Code of Conduct, our compliance training programs do build employee awareness on key areas forming part of the code. For example, our Group Risk team nominates people in 'specific roles' who must undertake an online course in Trade Practices (including consumer protection and unfair business conduct and anti-competitive conduct).

All employees complete online compliance training in Equal Employment Opportunity 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 FY10, the employment of five people was terminated due to breaches of this code.

Our total turnover has decreased considerably to 14.7 per cent (down from 30.8 per cent last year), which is primarily due to limited organisational restructuring, in comparison to the 13 per cent¹ reduction made to our workforce last year.

¹ This reduction includes both the Australian and UK workforce.

TURNOVER

End of year turnover

Rolling turnover (%)

	FY10	FY09	FY08
Regretted	7.5	12.4	13.3
Non-regretted/Stockland initiated	7.2	18.4	13.1
Total	14.7	30.8	26.4

Headcount used is based on end of financial year data. All data (including headcount) excludes those employed on a casual or fixed term basis.

Overall turnover

	FY10	FY09	FY08
No. exits	178	369	359
Headcount	1,215	1,236	1,362
Turnover rate	14.7%*	29.9%	26.4%

Headcount used is based on end of financial year data. All data (including headcount) excludes those employed on a casual or fixed term basis.

Turnover – gender

	Men FY10	Women FY10	Men FY09	Women FY09	Men FY08	Women FY08
No. exits	89	89	166	203	172	187
Headcount	579	636	644	649	665	697
Turnover rate	15%	14%	26%	31%	26%	27%

Headcount used is based on end of financial year data. All data (including headcount) excludes those employed on a casual or fixed term basis.

Turnover – age group

	<30	30–39	40–49	50–60	>60	Total
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 FY10	331	488	245	120	31	1215
Headcount FY09	346	477	234	115	26	1236
Headcount FY08	395	564	246	132	25	1362
Turnover rate FY10	15%	14%	18%	13%	13%	15%
Turnover rate FY09	29%	32%	34%	30%	15%	30%
Turnover rate FY08	23%	25%	35%	23%	44%	26%

Headcount used is based on end of financial year data. All data (including headcount) excludes those employed on a casual or fixed term basis.

Our marketplace

Our responsible interactions in the marketplace, with our customers, suppliers, investors and government, are key dimensions of our strategy.

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Our marketplace – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
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Our customers

	Enhanced housing affordability by: • Developing an Affordability Benchmarking Tool, • Developing a 'product to market' matching process, • Enhancing product innovation, • Influencing external factors affecting affordability.	 FY10 ACHIEVEMENT	> 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. > Continue to improve our customer understanding, satisfaction, retention and performance particularly through ongoing and wider surveying of customers. > 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's Strategic Plan's 'silver standard' in FY11, and 25% of our new residential community homes are to meet the 'silver standard' by 2013.
Improve understanding of our business customers' experiences of our organisation.	Achieved a significant improvement in our understanding of our: • Retirement Living tenants' level of happiness, and • Residential customers' level of satisfaction.	 ACHIEVED OUTCOME	
Implement our diversity strategy, and specifically improve access for people with disabilities to our property assets.	Completed an accessibility checklist for all Commercial Property assets. Participated in the development of the National Dialogue on Universal Housing Design's Strategic Plan and Livable Housing Design Guidelines.	 ONGOING	

Our suppliers

Improve the frequency and quality of Health, Safety and Environment (HSE) communications with contractors and maintain an effective audit program. Continue to improve the quality of our contractors' reporting and monitor their response to incidents and non-compliances. Complete the implementation of the contractor induction program in the Commercial Property business and trial it in our Residential business.	Conducted HSE component for primary contractor induction, including formal handover to project manager. Incorporated and highlighted Indigenous and environmental issues for projects. Attended construction meetings, development meetings and primary contractor inductions. Established contacts to improve ability of contractors to contact appropriate Stockland HSE support personnel. Continued to develop changes to online contractor induction program in readiness for roll out to our Residential business.	 ACHIEVED OUTCOME	> 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. > 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.
Develop a new IRIS (Incident Reporting and Investigation System) module for risk management which will include registers of pre-qualified auditors and audit results and action plans.	Tested a new IRIS module for audits. Improved functionality of IRIS modules.	 ONGOING	

Our marketplace – progress and priorities (continued)

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Review and revise our approach to Sustainable Supply Chain Management, focusing on civil contractors, product suppliers, utilities and facility management services.	Commenced development of a Group Procurement Strategy to reinforce our commitment to a responsible supply chain. Continued to engage with suppliers, making clear our expectations of social and environmental sustainability in their offering of services and products.	 ONGOING	
Our investors			
	Enhanced access to online investor information and encouraged investors to receive electronic communications and ask questions via our website.	 FY10 ACHIEVEMENT	> 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 advocate and participate in market-based mechanisms designed to encourage and reward energy efficiency.	Contributed to the development of the NABERS Retail tool and trained relevant employees in applying this tool. Sponsored and participated in the development of the Green Star Community Framework.	 ONGOING	> 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.

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

Our customers

CUSTOMER ENGAGEMENT Residential customer engagement

To help understand our Residential customers' needs, we use tracking research called Stockland Customer Pulse. The research, which is conducted by a third party, covers more than 30 Stockland residential communities. Weekly interviews are conducted by telephone. In FY10 the number of interviews conducted with sales leads and those customers who placed a deposit totalled more than 4,800.

The survey data is integrated with internal information to paint a picture of our likely customer mix. Over the course of FY10, upgraders (those who have purchased a property before) represented a larger proportion of our customers compared to FY09, and we expect this to be the case for the near future. Consequently, our next residential communities advertising campaign will focus primarily on this segment.

The plans for each home that will be built in our communities are required to undergo a covenant approval process. In addition to approving suitable homes, this process enables us to collect data about homes being built in our communities, and helps us understand what is important to our different customer groups.

To meet the needs of today's customers we have introduced an online system which provides information on what customers are requesting, and actually buying. The system also collects information on environmental ratings and changing product demands which provides us with more information about customers' sustainability preferences. The system has increased efficiency in the design approval process and allows us to work more closely with our builder partners to ensure we are delivering tailored product solutions that are meeting our customers' needs.

Retirement Living residents

Our annual Residents' Voice Survey provides residents at our retirement villages with an opportunity to tell us how they feel about life in a Stockland village. Results of the survey show that our village residents have a high level of satisfaction:

- 91 per cent are happy with their community centres,
- 75 per cent feel their quality of life has improved since moving into their village,
- 37 per cent wish they had moved sooner.

We use the results of this survey to analyse customer satisfaction, identify issues, calculate the best response and then take action – while ensuring residents are kept fully informed.

What is our Residents' Voice survey?

Introduced in 2008, the Residents' Voice survey asks residents to rate their happiness from 1 to 10 on aspects such as overall happiness with the village to the Village Manager, Senior Nurse, social activities and outdoor area. The second survey was sent to approximately 3,300 customers in October 2009 and achieved a 69 per cent response rate.

How are the results used?

The survey helped us identify what makes our residents happy and also gives us greater understanding of our residents' interests and the facilities they use.

The results are collated on an overall, state-by-state and individual village basis which allows us to measure trends and to identify areas that have improved and issues of concern. We are also able to identify specific village-level issues which can then be addressed.

Looking ahead

Armed with a deep understanding of our residents' profiles and needs, we are able to examine how best to increase residents' happiness in the future. The findings make clear the benefits of maintaining and improving residents' happiness. The FY10 survey told us 57 per cent had recommended a Stockland village to at least one other person in the preceding year. Of those making recommendations, 96 per cent rated their happiness with the village overall as 7 out of 10 or higher. The happier our customers, the more likely they are to recommend new customers.

In FY11 we will continue to focus on the capabilities of our people and the wellbeing of our residents. Village Managers and Nurses are key drivers to resident happiness. We will review objectives for Village Co-ordination Managers, Village Managers and Nurses, strengthening our focus on residents' wellbeing. We will support this with a Wellness Program designed to increase social activities at each village.

CASE STUDY

Village Residents' Voice survey



Gowanbrae Village,
Vic

We conduct research in each of our business units to obtain feedback from our customers. For Retirement Living, our annual Residents' Voice survey showed that levels of happiness remained consistently high in FY10 compared to FY09. This high level of satisfaction is illustrated by some of the residents' quotes:

"The bottom line is, I'm very happy. Another resident from the village only said to me last week, if she had known how wonderful this lifestyle was, she would have made the move five years earlier." Susan Manley, Templestowe Village

"Since living at Gowanbrae we've both noticed how much more relaxed we are, despite being busier than ever. There's no such thing as a typical day around here! To anyone considering a move to a retirement village, we couldn't recommend it more." Joan and Derek Chamberlain, Gowanbrae Village

The role of our Village Managers and residents' happiness

Over the past year we focused on the role of our Village Managers, who are responsible for the day-to-day operations of our villages.

Our previous Residents' Voice survey told us that some residents were unhappy with their Village Manager. Nationally, 8 per cent rated their happiness as 4 or less out of 10. No other aspect of village life received a higher level of dissatisfaction. In Queensland, this was starker still, with 21 per cent expressing unhappiness.

To address this, we took these steps:

- Village Managers attended training programs to increase skills, including sales and customer relations,
- Some responsibilities were centralised within our organisation to enable Village Managers to focus more on resident relations,
- Several new Village Managers were employed,
- The number of Village Coordination Manager roles was increased to support Village Managers better.

In FY10, the percentage of residents who gave scores of 1 to 4 in relation to their Village Manager had halved nationally to 4 per cent. In Queensland, the improvement was dramatic: down from 21 to 2 per cent with a concurrent increase in residents scoring a maximum 10 from 24 to 35 per cent.

Commercial Property customers

As a diversified property company, we have a variety of customers. Major customers such as supermarket chains and discount department stores are anchor tenants in our retail shopping centres and help attract national retail specialty chains and independent retailers. Creating the right retail mix and environment delivers a positive shopping experience, ensuring repeat visits from shoppers.

Our office and industrial customers comprise a diverse range of tenants: government departments, blue chip corporations and small to medium-sized enterprises. Government tenants are increasingly looking to take space in buildings where there is evidence of a commitment to sustainability, while business customers need great city centre locations and industrial customers want cost-effective locations close to transport.

Getting closer to our customers

With customers firmly at the centre of our approach to business, we have ensured we have the most up-to-date information on our top customers through the creation of the Top 50 Key Customer Profiles of our Commercial Property tenants.

These profiles provide an overview of the customers' business and strategic direction, their Senior Executives, financial statistics and current opportunities related to the Stockland portfolio. The profiles have been posted on a team site so they are widely available and can be updated regularly. These profiles will form the basis of a Customer Relationship Management project due to be implemented in FY11.

To deepen our understanding of what is important to our customers, we undertook research to examine how we can exceed customer service expectations. We conducted detailed interviews with Senior Executives from our major retailers and national specialty chains, and we also held a number of focus groups with retailers. The aim of the research is to understand the 'drivers of choice' when retailers decide on potential store locations. The research also provides a benchmark to monitor customer satisfaction. The final results will help us develop customer-focused initiatives, which will be delivered in FY11.

In the past year we have also improved the Stockland Service Centre to provide better service to our office tenants. Following an initial review in FY09, we identified additional areas for process improvement. This work, which engaged internal stakeholders including our Facilities Management, Group Risk, Group Procurement and Business Process teams, has streamlined processes to create clear accountabilities and key performance indicators for the Stockland Service Centre team. This has led to improved invoice management, better relationships with our suppliers and greater efficiency in the centre.

Rating customer experience in our shopping centres

Our focus on customer experience at our shopping centres has yielded positive results. Our Mystery Shopper program has continued to monitor performance in the core areas of customer interaction, centre facilities, common areas and casual leasing during FY10. The scores show a 7.2 per cent increase in customer satisfaction with our retail centres. We also outperformed our competitors on the same measures by 7.2 per cent.

CASE STUDY

CSR 5 Star Green Star interior



Triniti, NSW

Our Triniti Campus is a showcase asset which promotes the merits of green buildings to the wider community.

Located in the North Ryde area in New South Wales, our Triniti Business Campus is a 28,000 m² A-grade office campus, made up of three separate buildings (I, II and III). The campus incorporates leading environmental qualities and won the Property Council of Australia's Business Industrial Park Innovation Award in 2010. Triniti has already achieved a 5 Star Green Star Office As Built v2 rating for its campus Buildings I and II, and Building III is registered for a Green Star As Built submission.

When diversified manufacturing group CSR Limited moved into Triniti Building III in January 2010, it was keen to reflect the sustainability features of the buildings and demonstrate the company's commitment to sustainability through its office fitout. CSR's property leaders engaged our Commercial Property sustainability team to help them achieve this goal.

The CSR project team was determined to showcase their building products throughout their fitout including Viridian Glass, Bradford Insulation, Gyprock Plasterboard, Cemintel Fibre Cement, Fricker Ceiling Systems, Hebel Aerated Concrete, and Rockcore and Alturi Panel Systems.

To help CSR achieve a Green Star rating for its tenancy, we provided support and documentation for its rating submission. The CSR Triniti Project became the first project ever to achieve a 5 Star Green Star – Office Interiors v1.1 rating in a first round application.

This project illustrates what is possible when we work together with our customers.

CSR has also signed a green lease with us, which requires both parties to consider long-term sustainability commitments.

For CSR, the move to more sustainable headquarters "welcomed in a new phase of our long history that will enable better business performance and contribute further to environmental and community sustainability," said Andrew MacKenzie, General Manager, Property at CSR.

The CSR example is part of our broader commitment to working with customers. Other initiatives include our green lease project. Currently 31 per cent of our office leases across our portfolio are green leases and we plan to increase this to over 40 per cent in FY11. In retail centres, green lease clauses are standard for specialty tenants and have been included in over 700 leases since January 2009. In FY11 we are developing standard green lease clauses for our industrial sites, and will start to report on the implementation of these lease clauses in our next CR&S report.

Our marketplace

We have placed stand-alone Customer Feedback Units in all of our centres to gain first-hand feedback on the parents room, food court and customers' overall experience. Over 60 per cent of our shoppers indicated they would recommend our centre to associates – a slight decrease on our previous year's result of 65 per cent. Our positive results reflect the work done on initiatives, such as upgraded parents rooms, are having on our customers' experience.

To ensure superior service across our key customer touchpoints (Customer Care staff in our centres and Service Centre representatives in our call centre), we have undertaken customer service training in conjunction with the Customer Service Institute of Australia (CSIA). To date 36 frontline Customer Service team members have completed or are in the final stages of completing a Certificate IV in Customer Service. Our aim is to ensure continuous improvement in customer service standards across all our retail assets.

We have also received feedback from customers that contractors, cleaning, and security managers are seen as key points of contact and have an impact on our customers' experience in centres. As part of our commitment to customer service, we have created training modules to help these teams maintain high standards of customer service. The first of these modules will be introduced in July 2010 and will be facilitated by our centre Marketing Managers.

LIVABLE HOUSING DESIGN

During FY10 we participated in the development of the National Dialogue on Universal Housing Design's Strategic Plan and Livable Housing Design Guidelines. Other participants included industry groups, government agencies and other property groups.

Livable housing design means designing homes to meet the changing needs of occupants across their lifetime. The guidelines set out key easy living features that aim to make homes easier and safer to use for all occupants including: people with a disability, ageing Australians, people with temporary injuries and families with young children.

Over the next year we will develop and roll out livable housing design guidelines across our organisation. We are committed to meeting the voluntary target set out in the Strategic Plan, whereby all new retirement living dwellings are to be designed and built to meet the 'silver standard' in FY11, and 25% of our new residential community homes are to meet the 'silver standard' by 2013. The 'silver standard' includes features such as reinforced bathroom walls, a flat entry to the house and wide corridors and doorways.

HOUSING AFFORDABILITY

A lack of affordable housing is one of the biggest challenges facing Australians today. The current undersupply of houses in Australia of approximately 200,000 is expected to continue, given that population growth has been well above the number of homes being built since 2006. This will continue to place pressure on house prices over time.

The national benchmark that is most frequently used to assess housing affordability is the percentage of disposable income that goes towards mortgage repayments. When this is more than 35 per cent, housing is considered to be 'unaffordable'. The Australian average is close to this now.

As Australia's largest residential developer, delivering affordable housing is important to us. Masterplanned communities can offer product and price flexibility not available in the established market because of the variety of prices in the different product offerings. Our projects are generally more affordable than the local median house price within the established market in the local area (based on our analysis of a sub-set of projects).

We focused on four initiatives to improve housing affordability in FY10.

Affordability Benchmark Tool

We believe that affordability benchmarking is most meaningful and accurate when conducted at the local rather than national level. We have developed the Affordability Benchmark Tool to assess the financial capacity of discreet buyer segments within our local catchments. This helps us to understand what each buyer type can afford.

'Product to market' matching process

As part of our six-monthly business planning, we use the Affordability Benchmark Tool, along with other inputs, to determine whether each project is meeting market expectations for product and price.

Affordable house and land product innovation

We are working on reducing the price of entry level house and land packages. An example of this is our Waterside Town Houses in New South Wales.

Waterside is a project located at the edge of the Penrith Lakes District that includes 584 lots, 34 per cent of which has already been sold. The current price range for land alone is \$199,000–\$280,000 which means that entry-level house and land packages start at \$400,000. To significantly reduce the entry price at Waterside we are developing 100 attached, mainly two-bedroom Town Houses. The houses will have a starting price of \$290,000.

We have also reduced the average lot size to improve affordability. This year 24 per cent of our lots were under 400m² whereas only 16 per cent of lots were below this size last year.

External factors contributing to a lack of housing affordability

There are a number of other factors that are contributing to the lack of affordable housing, such as the inconsistency of developer infrastructure contribution charging. Improving the consistency of these contributions would reduce costs and as such, lead to reduced consumer prices. We therefore engage with industry bodies and speak at public forums on issues such as these to influence housing affordability.

FY11 activities

In FY11 we plan to further improve the affordability of our communities relative to the local established market in areas where we operate. In addition to the initiatives above, we will also:

- Target specific proportions of land developed in each community as 'affordable stock' (likely to be 10–20 per cent of stock capable of being met by the budgets of first home buyers within the relevant catchment area).
- Work with local authorities, government and industry to transform planning which constrains small lot affordable housing development.

CASE STUDY

Housing affordability



Highlands, Vic

Affordable housing at Highlands residential community

Federal and state government housing stimulus measures in late 2009 were responsible for driving strong first home buyer demand. This led us to consider two questions:

- How do we continue to provide housing that is affordable to this group in the face of rising prices?
- How do we continue to service the demands of this market segment once stimulus measures have been removed?

To help address these issues, we launched an initiative to develop packaged house and land solutions for under \$300,000 at our Highlands residential community in Melbourne's North.

Highlands is a carefully-planned community designed for families, with parklands and open space and is close to schools and amenities.

Targeting the under \$300,000 price point requires innovation. Analysis suggested that a \$300,000 package would involve a land component of \$120,000. At Highlands, no standard lots were capable of meeting this price point, with a lot size of 212.5m² representing the budget threshold.

To make new home buying easier for those starting out, we worked with builders Henley Properties Group to develop a range of affordable fixed price house and land packages:

- Land produced at a standard 8.5m x 25m lot configuration.
- An initial five lots released to the market, with scope to release another 34 lots over the course of FY10.
- Customised small lot house designs developed and built by Henley.

The product has been highly successful. At 30 June we had achieved a total of 20 lot sales of these lot packages and plans are now underway to incorporate this approach in other Victorian communities, with similar initiatives being planned for the other states. In total, approximately 110 additional lots are planned for development in FY11, with a further three builders also developing designs to compete in this market.

Grant allocations in Western Australia

In Western Australia, affordability gains were achieved by securing over \$3 million from the Federal Government's Housing Affordability Fund to accelerate key infrastructure in two residential communities at reduced cost, with gains passed on to purchasers:

- At Newhaven, \$1.75 million was received to help relocate power infrastructure which traverses the site. The funding expedited this activity, allowing a further 59 lots to be developed in the Newhaven Town Centre.
- At Settlers Hills, a \$1.5 million grant was used to construct a new road which makes access available to a further 50 lots for development in the project.

This funding enabled us to subsidise development costs by \$30,000 per lot across more than 100 home sites in the two communities, greatly improving access to affordable housing in the region.

Our marketplace

AFFORDABLE PRODUCTS AND SERVICES

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.

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. In FY11 we will be partnering with a training provider to deliver voluntary training to retail tenants on financial management.

We also provide low cost or free casual leasing space to not-for-profit and community groups in our retail centres. This has been extended to occasional support to tenants such as the not-for-profit organisation, Sydney Care which, at no cost, uses office and warehouse space in our facility at North Ryde, Triniti. We see this as a tangible way to support community organisations.

To further extend our support to tenants to meet affordability needs, we have partnered with the New South Wales Department of Climate Change and Water to provide retail tenants with energy efficiency training. This training – delivered in a dynamic, online format – will help our tenants reduce their energy bills and improve environmental efficiencies. We will report on outcomes in our CR&S report 2011.

Our suppliers

ENGAGING OUR SUPPLIERS

As a property owner, manager and developer, we have a large number of contractors and suppliers. We recognise that we can have a significant impact by engaging with them on sustainability. Our contractors and suppliers include builders and civil contractors, as well as security and cleaning service providers. Despite our lack of direct control over these activities, we can influence the decisions made by our contractors on the selection of materials and the working conditions of their employees, by setting clear expectations. Engaging our suppliers is a key focus area for us and allows us to:

- Manage shared risks in relation to green tools and regulatory reporting,
- Discover shared innovation opportunities,
- Work together to enhance our relationships with the communities in which we operate.

In FY10 we began integrating CR&S requirements, systems and targets into scope of work documents and specifications for our suppliers.

We have developed sustainability guidelines in our business units to help suppliers better understand our sustainability goals.

Most suppliers already recognise that sustainability initiatives and obligations are part of doing business with us. We are working with suppliers to support them as they expand their commitments and face emerging regulatory requirements and growing stakeholder expectations.

Sustainability obligations for our suppliers

Our suppliers' performance, where possible, is measured against specified sustainability obligations. These measures are generally reviewed monthly or as part of the project completion review. Examples of our sustainability obligations are:

Labour – Obligations are embedded in the general conditions of contract and are reviewed regularly to ensure compliance. They cover issues such as wages, insurance and payment of benefits.

Health and Safety – Obligations reflect statutory obligations and are embedded in the general conditions of contract. Compliance with these obligations is monitored as part of asset reviews.

Environmental – Obligations reflect statutory obligations and are embedded in the general conditions of contract. Compliance with these obligations is monitored as part of asset reviews.

Waste – We have set targets for increasing the amount of waste that is diverted from landfill to recycling. For our office business a target of 70 per cent diversion from landfill forms part of the waste agreement.

Mechanical – Capital expenditure (capex) projects now specify low emission and energy-efficient equipment. Where possible low environmental impact materials are being used. Testing and balancing new air conditioning plant and other equipment is now focused on optimising the building's NABERS rating, improving building energy efficiency and maximising overall plant/equipment performance.

Lifts – Capex projects specify, where possible, renewable and environmentally-sensitive material. Systems are also designed to operate in the most energy-efficient manner.

Security – We are introducing customer service training for our security suppliers. This will help increase the skills of security contractors and will lead to improved service levels and customer interaction.

The labour, health and safety and environmental measures are core requirements for all suppliers. The other measures listed above are selected after consideration of the scope of the works and services to be delivered and the opportunities available.

We are committed to ensuring that sustainability remains a consideration for services and construction contracts, and to further improving our responsible supply chain management initiatives. Over the past year we have continued to survey our larger suppliers on their corporate responsibility and sustainability policies, commitments and performance.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Our commitment to responsible supply chain management is driven by the following factors:

- Corporate values – aligning our corporate values with our procurement practices,
- Legislation – now and emerging,
- Cost reduction – creating sustainable value,
- Improving efficiencies,
- Market and customer requirements,
- Risk management – including reputational risk.

In recognition of the need to continually improve our supply chain management performance we are developing a Group Procurement strategy, led by our Chief Financial Officer. The strategy will embed responsible supply chain management into our day-to-day operations and improve controls, processes and transparency across our supply chain. This will build on the work that we have already undertaken.

The benefits of this strategy will be increased governance, stronger partnerships with suppliers and more innovative, efficient and cost-effective products and services.

We have recruited a General Manager of Procurement to manage this strategy.

Programs and strategies on responsible supply chain management now form part of our sustainability policies in our Residential, Commercial Property and Retirement Living businesses. The policies include social and environmental expectations in supplier agreements, where possible, and ensure that the sustainability aspects of each service are considered and addressed by the business. This work will feed into the Group Procurement strategy.

We will work with major suppliers over the next 12 months as we continue to refine our responsible supply chain management policies and practices. This will involve reviewing current practices, improving outcomes and aligning our approach to responsible supply chain management with our suppliers. Our goal is to help suppliers develop their systems and practices over and above the requirements that are specified.

SAFETY AND PERFORMANCE

Our business partners play an important role in the overall health and safety performance of our organisation. Our FY10 Health, Safety and Environment (HSE) strategy sets out clear actions on the accountability of health and safety planning and performance not only for our people, but also for our business partners and suppliers. In FY10 we:

- Refined our contract documents to clarify responsibilities at sites where we have multiple contractors working,
- Introduced improvements to our contractor briefing and induction processes and established clear policies for control of tenancy fitout works carried out by our contractors,
- Began developing an online induction process for contractors in our Residential business to build on the success of the system already implemented for our Commercial Property contractors.

We continued to share learning from incident investigations across our contractor community by distributing safety alerts and meeting contractors on site. Our incident reporting system helped us identify recurring incidents involving contractors striking buried and overhead electrical and gas services and we worked closely with contractors to improve the processes they use to manage these hazards.

Understanding our and our contractors' HSE responsibilities

At the commencement of a construction project we appoint a construction contractor as 'principal contractor' for the purpose of workplace health and safety legislation. This appointment covers the whole of the 'site' which is handed over to the construction contractor to carry out the works. This is also consistent with individual state legislative requirements.

If we engage a separate contractor to carry out work on the 'site', that contractor is subject to the control of the construction contractor as is necessary for the construction contractor to meet its 'principal contractor' obligations.

We appoint the main construction contractor as principal contractor and they are responsible for the site and their own works as well as the management and control of access and movements on the site and in common areas. The tenant, or the tenant's fit-out contractor, will then be principal contractor in the 'shell', and in control of the activities of theirs and/or the main contractor when working within that shell. Contracts clearly stipulate that HSE requirements are to be consistent with our HSE Commitment Statement.

We continue to work closely with our Project and Development Managers to ensure clarity on responsibilities for contractors. HSE Managers and Advisers continue to work closely with both Principal Contractors and Contractors directly engaged by Stockland to ensure that systems are in place and are being applied consistently and effectively.

Contractor HSE performance

We do not currently include contractor lost time injuries and other indicators in our HSE reporting. In FY11, we will investigate how to incorporate this information into our regular reporting frameworks. This will include assessing the viability of extending our Injury Reporting and Investigation System (IRIS) database to include contractors.

HSE survey of contractors

We conducted our first comprehensive HSE survey of contractors this year and received feedback from more than 60 civil construction contractors.

We learned that, like us, our contractors view health and safety as a collaborative effort and 97 per cent said that we have high standards and are clear about health and safety expectations. We received positive feedback on our collaborative approach and on our pre-start briefings, risk assessments and reporting processes. The contractors also suggested a number of improvements that we can make, such as ensuring everyone observes full compliance to contractors' site rules and conducting joint site audits and inspections. We will respond to these suggestions.

Supporting contractors' HSE initiatives

During the year, we maintained our support of contractors' safety initiatives, such as toolbox talks, and ran a program of events for contractors during Safe Work Week. The HSE team is also building relationships with contractors and their HSE personnel, which is resulting in more open and timely communication.

We continue to work closely with contractors to identify and apply sustainable solutions that, where possible, reduce environmental impacts.

Reducing slip, trip and fall incidents at our retail centres

We launched a number of initiatives in FY10 to reduce the number of slip, trip and fall incidents at our retail centres. We mapped incidents at each property using our improved incident reporting system and used this to identify and eliminate common causes.

CASE STUDY

Retail Shareholder research



Stockland Shareholder Review 2009

We are committed to effectively communicating with all our stakeholders. Our retail shareholders are a key group of stakeholders for whom targeted and effective communication can significantly impact their investment choices.

To better understand if our retail shareholders are satisfied with our communication methods, such as our Shareholder Review, we conducted research in April 2009.

The results of the research led to improvements to the content and the format of our Shareholder Review and website in June 2009.

To find out if these changes were well received we undertook quantitative research in October 2009. Shareholders were invited to participate in a 13-minute Computer Assisted Telephone Interview. A total of 400 interviews were completed and 69 per cent of retail shareholders contacted were willing to participate in the research.

The survey findings allowed us to answer the following questions:

- Are retail shareholders satisfied with Stockland's communication?
 - Overall satisfaction of retail shareholders with communications from Stockland was high: 7.9 out of 10,
 - 90 per cent of retail shareholders felt the frequency of our communications was appropriate.

- How should we communicate with our retail shareholders?
 - Despite the vast majority having access to the internet, 80 per cent preferred to receive printed communications in the mail rather than electronically.
- Are retail shareholders satisfied with the updated corporate reports, particularly the Shareholder Review?
 - 73 per cent of shareholders recalled receiving the Shareholder Review,
 - 81 per cent of those shareholders who recall the report read or skimmed the report,
 - 98 per cent of retail shareholders rated the Shareholder Review positively and it achieved a high overall satisfaction score of 7.33 out of 10.

To keep on top of these insights, we will revise our communications strategy at least every three years. This will help us to capture changes to our 'typical' shareholder demographic and will ensure that our communications continue to be useful for our target groups.

Our investors

INVESTOR RELATIONS

We have over 50,000 securityholders in Australia and overseas. We aim to ensure that securityholders are kept well-informed of all major developments and business events that are likely to materially affect our operations and financial standing and the market price of our securities. A copy of our policy on our communication to securityholders is provided in our Annual Report and is available on our website in accordance with Principle 6 of the ASX Corporate Governance Principles and Recommendations.

We provide securityholders with information through our annual and half year financial reports and 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 report is 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.

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

Over the past year we have enhanced access to online investor information and encourage investors to receive electronic communications and ask questions via our website. In May 2009, we undertook qualitative research with some of our retail shareholders to understand attitudes and preferences for communication channels. In response to this research, in November 2009, we conducted quantitative research to validate our findings and highlight the extent to which our findings were representative of our overall retail shareholder base.

Federal energy efficiency programs



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 relations 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 emphasise our longstanding ethical principle 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 are our primary representative bodies at both federal and state levels.

EMERGING REGULATION

Perhaps the most significant policy deliberation that will inform our business decisions in the coming years is the long overdue national debate about sustainable population levels and proper land use planning. We believe that population growth and both brownfield and greenfield development are sustainable in the long term provided governments engage in radical 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.

Reform should include strategic planning for our urban areas in line with the Development Assessment Forum principles, and an increase in infrastructure funded by broad-based taxes and bond-style investment options. We support the close involvement of the current and future Federal Governments in these processes.

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 planning panels, land tax valuation changes, koala preservation, industrial land zoning, bans on covenants, developer levies, urban boundary extensions and greater strictures relating to moth populations. 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.

Also, in early 2010 the Federal Government announced that it would defer the development and introduction of an emissions trading scheme, referred to as the Carbon Pollution Reduction Scheme (CPRS). Despite this announcement, the government continues to regulate for increasingly robust energy and greenhouse gas reporting.

Our marketplace

Over the year, and particularly since the announcement to defer the CPRS, the government has increased 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,
- Adaptation to the physical impacts of climate change,
- Increasingly stringent building code requirements.

In general, regulation related to 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 of reporting and regulatory requirements.

Over the year, we have also engaged with government on energy, climate change and wider environmental policy development.

National Greenhouse and Energy Reporting System (NGERS)

The National Greenhouse Emissions Reporting Act (NGERA) is a national system for reporting greenhouse gas emissions and energy consumption and production by corporations. We sought advice in preparation for our first NGERS report in October 2009, accounting for emissions in FY09. Our preparation has included:

- Improving the quality of our emissions data collection and analysis system, known as the Climate Change Action Plan (CCAP) online reporting and analysis tool,
- Preparing a gap analysis to identify and then confirm that data sets are captured by the data system,
- Seeking legal advice on the application of the NGERA to Stockland,
- Engaging with property peers to develop an 'Industry View Document' to assist with the interpretation of the NGERA, and the implementation of NGERS reporting for property organisations and those contracting to property organisations.

In working towards meeting the requirements of NGERS, Development Managers, Facility Managers and Operations Managers have been engaged, along with many of their impacted contractors, to make them aware of these new reporting requirements. Responsibility for greenhouse gas emissions data collection is being transferred from the sustainability teams to our group and business unit finance teams to support the level of rigour and accuracy required by the NGERA.

Energy Efficiency Opportunities (EEO) Act, 2006

The EEO Act aims to improve the identification and evaluation of energy efficiency opportunities by large energy-using businesses and encourages implementation of cost-effective opportunities. In 2007, we registered for EEO participation and set out a reporting schedule, which was approved by government in 2008.

We commenced training and identification of opportunities to implement energy efficiency initiatives across the retail and office portfolios and have implemented some of the identified initiatives.

We submitted our first formal report to government in December 2008 and reported again in December 2009. Our EEO report is available on our website.

Planning approvals and climate change assessment

Climate change assessments, particularly in relation to floodplain risk management, are increasingly expected as part of the planning approval process for property development in Australia. The Victorian coastal strategy now requires consideration of sea level rise as part of planning assessment, proposing a minimum 100 year sea-level rise estimate of 80cm be applied for planning purposes. The New South Wales Government has prepared a draft sea level risk policy statement, and includes reference to benchmarks of a rise of 40cm by 2050 and 90cm by 2100 relative to 1990 levels. Similar statements and policies are being developed by other state and local governments. The Federal Government is also exploring policy related to climate change adaptation, specifically sea level risk and storm surge.

Building Code of Australia (BCA) – draft amendments

The BCA has established minimum requirements for energy efficiency in new buildings. Specific requirements vary from state to state. Significant draft changes to the BCA's energy efficiency provisions were announced in June 2009. Changes to the code include requirements for increased energy efficiency performance and requirements for renewable energy. We have engaged with peers and industry groups to better understand the implications of these changes.

State-based residential energy efficiency requirements

The development of our Residential Communities, Apartments and Retirement Living businesses is subject to a range of energy efficiency requirements. These state-based requirements vary in focus, leading to different built form outcomes in different states.

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

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 (to be phased in from October 2010 – see page 58), now known as Commercial Building Disclosure (CBD),
- Introducing mandatory disclosure of eco-efficiency performance of residential buildings at point of lease or sale (to be phased in from May 2011, commencing with energy),
- Increasing energy-efficiency standards for residential buildings to 6 Stars nationally (proposed for implementation by May 2011).

CASE STUDY

Framing energy efficiency tools and policy

As Australia prepares for a lower carbon future, and grapples with the security of energy supply to meet the needs of a growing population, the Council of Australian Governments (COAG) released a National Strategy for Energy Efficiency (NSEE) in July 2009. Since the release of the strategy, focus on energy efficiency has continued to grow, particularly in the wake of the deferral of the Carbon Pollution Reduction Scheme.

We have been responding to the actions and intentions set out in the NSEE strategy by informing policy and helping to shape emerging, related regulation. We have also provided guidance to peers on understanding new energy efficiency and reporting compliance requirements. In particular, we have engaged with the Department of Climate Change and Energy Efficiency (DCCEE) to share our experiences on realising eco-efficiency outcomes.

Distributed Energy National Forum

The NSEE proposed a national forum on co-generation and tri-generation. We hosted and participated in this dialogue in June 2010. Participants agreed to expand the forum's remit to address the challenges and opportunities with distributed energy. The forum explored existing barriers, and the work required by government, industry bodies, the property sector and the energy sector, to support widespread implementation of distributed energy solutions.

We are keen to explore significant distributed energy solutions – however, we are mindful of the barriers, particularly regulation and grid connection. Our tri-generation plant at our corporate headquarters, Stockhome, was our first experience in local energy generation.

The next step is to realise greater efficiencies across a group of buildings and we recognise that distributed energy supply will be key in developing future precincts and communities.

National Australian Built Environment Rating System (NABERS) Retail – Energy and Water

Over the past four years, we have contributed to the development of NABERS Retail by the New South Wales Department of Environment, Climate Change and Water (DECCW). We have supplied energy data to assist DECCW with benchmarking the performance of different types and sizes of retail centres. The tool was released in late 2009, and we have now commenced rating our shopping centres. We anticipate that the tool will be required for future mandatory disclosure of the energy performance of retail centres. We will continue to test and review the tool and provide feedback to DECCW.

A National Building Framework for Eco-efficiency

A National Building Framework is being developed as a key element of the National Strategy of Energy Efficiency. The aim of the framework is to provide consistency on how buildings are assessed and rated for energy efficiency, and to set out a pathway for increasing minimum standards over time.

The framework is intended to:

- Apply to all classes of commercial and residential buildings,
- Apply to new and existing buildings,
- Address both building fabric as well as 'hard-wired' appliances (e.g. hot water, lighting),
- Bring together assessment and rating tools for existing and new buildings, to support streamlined reporting and measurement of building performance.

It is expected that the framework will be extended over time to include greenhouse gas emissions and water usage. Principles informing the framework are expected to be released later this year, while the progress of setting targets is expected to be undertaken in 2011. During this time we will continue to engage with DCCEE, particularly on establishing targets and timeframes for eco-efficiency improvements across our sector.

Calling for Incentives

Over the past three years, the property sector has been impacted by a wide range of energy and carbon related government policies and regulations. During this time we have welcomed the introduction of a number of grants programs, such as the Green Building Fund, designed to assist with improved eco-efficiency in the built environment. In FY10 we received \$1.16 million in co-funding from the Green Building Fund for energy efficiency projects in some of our office buildings. Each of these programs has been limited in reach and application. We see that there is wider scope for more effective incentives to rapidly lift the environmental performance of our built environment. We have worked with the Property Council of Australia (PCA) and engaged with government to convey our views.



Tri-generation plant, Stockhome, NSW

We have continued to support the PCA's push for **accelerated green depreciation**. This mechanism would enable the retrofit of existing income-earning buildings to a high environmental performance standard and bring forward the retrofitting cycle of existing stock.

We have also supported the establishment of a **nationally-consistent energy efficiency 'white' certificate scheme**. This would draw together existing state and territory schemes and help deliver significant greenhouse gas emission abatement.

'Green doors' would see sustainable developments prioritised for development assessment by state and local governments.

Our marketplace

The strategy sets out the intent of proposals only. There is significant work yet to be done in setting out the detail of legislation and how it will be implemented. We have welcomed the proposed improvements to rating tool harmonisation including consistency of GHG emissions metrics and will continue to engage with government, sharing our views and experiences towards the effective development of standards and simplified disclosure protocols.

Carbon Pollution Reduction Scheme (CPRS)

Due to a lack of bipartisan support, the Australian Government has delayed the introduction of the CPRS until after 2012 (the end of the current commitment period of the Kyoto Protocol). This emissions trading scheme has been designed to place a limit on the amount of carbon pollution that industry can emit. Under the proposed scheme, we will not be obliged to participate directly in the scheme (as our emissions are principally Scope 2 rather than Scope 1), however we will be exposed to downstream cost impacts, including increased costs of energy and emissions-intensive building materials. We have sought external advice to model the likely costs impacts of the CPRS, specifically in relation to rising energy costs. We are using this data to inform our cost benefit analysis of the ongoing energy-efficiency program for office and retail assets. This modelling is helping us to understand how we might effectively roll out low carbon technology, such as co/tri-generation across a number of assets.

Mandatory Disclosure of Energy Efficiency of Commercial Buildings

The Australian Federal Government's Ministerial Council on Energy agreed in December 2007 to a package of energy-efficiency measures as part of the National Strategy on Energy Efficiency. This initiative includes mandatory disclosure of the energy performance of buildings. The mandatory disclosure of energy efficiency of commercial buildings and their tenancies will commence in late 2010. The first phase will require disclosure of NABERS Energy Star ratings. Full commencement from November 2011 will require building owners selling or leasing office space over 2,000m² to obtain a Building Energy Efficiency Certificate (BEEC). The certificate will include a NABERS Office Energy base building rating, information on tenancy lighting efficiency rating and identification of potential energy saving suggestions. These measures have been deferred until 2011. Mandatory disclosure of energy, greenhouse and water performance for residential properties at the time of sale or lease is proposed to be phased in during 2011. It is proposed that mandatory disclosure for other building types, including shopping centres, will be introduced in future years.

Green Star Business Partnership Agreement

This voluntary agreement established in 2007 commits us to using the Green Star tool to rate all newly-developed office buildings, and publicly report on our Green Star achievements.

Commonwealth Government's Green Lease Schedule – Energy Efficiency in Government Operations (EEGO) Policy

The Australian government introduced green lease schedules in 2006. Green leases are a management mechanism for tenants and building owners to monitor and meet a building's energy target annually. Currently Federal Government agencies are required to specify minimum performance standards (generally a NABERS Office Energy rating of 4.5 stars) in contracts and leases for new buildings, major refurbishments and new leases for over 2,000m².

Our ongoing commitment to improve the energy efficiency of our office buildings (as rated by the NABERS Office Energy tool) seeks to meet demand from government tenants for high eco-performance buildings and tenancies.

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 of 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, 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,
- Taking 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, koala preservation, industrial land zoning, bans on covenants, developer levies, urban boundary extensions and greater strictures relating to moth populations.

Key outcomes over the past year include:

- Widespread support for the National Greenhouse and Energy Reporting System (NGERS) Industry View document – whereby the largest members of the Australian property sector took a collaborative approach to establish guidelines to help property organisations meet their current or future NGERS reporting obligations,
- Ongoing support of the PCA's Corporate Responsibility Guidelines,
- More balanced outcomes regarding key state regulations as above.

CASE STUDY

EnviroDevelopment at Point Lonsdale



Point Lonsdale, Vic

Together with our urban designers, we have incorporated environmental considerations into the design of our proposed residential development at Point Lonsdale on the Bellarine Peninsula in Victoria. The development will comprise residential, recreational and community amenities.

The project has received EnviroDevelopment accreditation, which recognises those projects that have been designed to protect the environment and manage resources while offering benefits to homeowners, industry and government.

The site, which we acquired in 2002, has been considered by all three tiers of government, ensuring a stringent approval process. These included a Planning Scheme Amendment, an Environment Effects Statement, consideration of the Environment Protection and Biodiversity Conservation Act, and an environmental audit by an EPA-appointed independent auditor.

The project also needed to comply with state government processes such as the Victorian Coastal Spaces Strategy, the Victorian Coastal Strategy, the Cultural Heritage Act, and the Victorian Native Vegetation Framework. For more information on the approvals process and community consultation please see the case study in our CR&S report 2009.

EnviroDevelopment is a voluntary rating system. Certification requirements have been determined by a panel of government, industry and environmental experts.

In the EnviroDevelopment scheme, either one or a series of categories may be awarded to environmentally sustainable developments if certain criteria are met in the following categories: ecosystems, waste, energy, materials, water and community.

EnviroDevelopment accreditation was awarded to the Point Lonsdale project for all six categories of sustainability.

We have learned many important lessons in planning this development including:

- Finding the balance between affordability, cost and effectiveness of sustainable initiatives,
- The importance of working with the council and other authorities, and engaging more broadly with stakeholders particularly in the early phase of planning,
- Realisation that very few builders are committed to using only non-toxic and sustainable materials, fittings and furnishings,
- The need for builders to document their sustainability credentials in terms of design, materials use and furnishings,
- Understanding the benefits that a 'site responsive' masterplan design can deliver in terms of establishment cost, maintenance and the viability of existing and created ecosystems.

In recent times both developers and customers have realised that there are significant rewards in investing in sustainability initiatives.

As the emphasis on sustainable development increases, so will the competitive environment to achieve results.

This will ultimately deliver better living environments to residents without any significant financial burden.



Our community

We aim to create sustainable and vibrant communities that thrive long after we have completed our developments.

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Our community – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Improve alignment of community involvement and development with business activities and continue to involve our people.	Commenced the development of a Community strategy to address issues that impact communities where we operate.	 ONGOING	> Complete our organisation-wide Community Development strategy. > Identify core not-for-profit partners to address shared material issues. > Establish metrics to quantify our community outcomes. > Develop means to assess the livability of our communities. > Integrate community development into business plans. > Commence measuring the success of key community development initiatives at priority projects. > Pilot a Community Development Toolkit in our Commercial Property business.
Implement the Community Development Toolkit in our Residential business and train Development Managers on our approach.	Launched the Community Development Toolkit in our Residential business and trained internal stakeholders on our approach. Identified priority Residential projects to embed our new community development approach. Completed community development plans for priority Residential projects.	 ACHIEVED OUTCOME	
Continue to use and improve the quality of data captured by the London Benchmarking Group to measure our community contributions.	Implemented a new system to capture community contributions across our organisation.	 ACHIEVED OUTCOME	

CASE STUDY

Rockhampton teens and 'Stockmotion'



Rockhampton, Qld
Photo Courtesy
The Morning Bulletin

Teenagers and shopping centres go hand in hand. Usually the relationship is a positive one for retailer and teenage shopper, but occasionally there can be difficulties. In January 2010, our Rockhampton shopping centre was presented with behavioural difficulties that had increased to a point where the centre was fast becoming a hang-out zone for unruly behaviour, particularly on Thursday nights. Since then, our centre staff have worked quickly and collectively with the local police, council representatives, local schools, community and youth groups to address safety and behaviour concerns affecting the whole of the Rockhampton community.

In response to this issue, we created 'Stockmotion' – a stop motion training program to engage teenagers in a positive way in our shopping centre and in the community. Working with the Rockhampton safety committee, the program will train groups of teenagers on how to make stop-motion animation films, (poseable figures brought to life on screen), over a 10 week period. At the end of the program

there will be a community screening of the films at the local cinema and prizes will be awarded to the winning team. Industry professionals will talk to the teenagers about careers in animation and film and further education courses.

'Stockmotion' is due for completion in the latter half of 2010. Once it is completed we will review the success of the program and consider rolling it out to other centres where there is a need for positive engagement with our teenage shoppers. We see this as a way of not only engaging teenagers around a positive activity, but also as a way to provide them with skills they may not have had access to previously.

As part of Commercial Property's sustainability strategy, young people, crime, safety and small business capacity building have been identified as priority areas to focus on in our community engagement work. The Stockmotion program is an example of the types of initiatives we will be progressing in FY11 to meet our strategic direction in community engagement.

COMMUNITY DEVELOPMENT

Community development is a key priority in our sustainability strategy. We aim to create sustainable and vibrant communities that thrive long after we have completed our developments. To achieve this we recognise that social sustainability considerations need to be integrated into 'the way we do business'. Social sustainability and community development are included in the Residential, Retirement Living and Commercial Property sustainability policies that set minimum sustainability standards for all projects. As an example, all projects in FY11 will have a community development plan. To achieve this we have developed standards for stakeholder engagement and community development for projects.

In our Residential business, our community development initiatives involve engaging with the local community and government. Community consultation takes place both at the planning stage and once residents have moved in. This engagement influences the hard infrastructure (such as parks and schools) and soft infrastructure (such as walking groups and other social networks) of the project.

In our Commercial Property business community development is about strengthening and building relationships in the communities in which we operate.

This involves better understanding, interacting with, and contributing to the community.

Our understanding and engagement with the community will guide our social initiatives such as community activities and partnerships, art and cultural initiatives, economic, employment and learning programs, and health and safety activities.

In our Retirement Living business, community development includes the layout and design of the community centres, activity centres and Independent Living Units. It also includes our support of resident associations and community activities. Findings from our customer research show that these factors are important for residents who live in our villages.

COMMUNITY INVOLVEMENT

Our employees engage with and participate in community activities as part of our Community Involvement program. We are working to align our Giving and Volunteering activities within our business unit-led community development activities. This will provide opportunities for employees to volunteer their time and expertise in and around the communities in which we operate.

Community development

OUR COMMUNITY DEVELOPMENT APPROACH

Our approach to community development continues to evolve. In 2009 the Peter Daly Fellowship, a program which provides employees with the opportunity to travel overseas to research world-class practice, examined social sustainability. The research looked at international best practice in community development from the US, Canada and Europe and we have used the findings from the research to develop our community development strategy. Our aim is to develop communities that achieve a positive community legacy.

The research identified that social sustainability (and community development) must be:

- Integrated with the way we do business,
- Better communicated to stakeholders – internally and externally,
- Customised to the locality,
- Focused on building capacity,
- Mindful of how we exit.

Community development plans

We have developed a community development plan template that is included in the toolkit and will form the basis of future community development plans. This will be used in our Residential, Retirement Living and Commercial Property businesses. We are currently testing these templates in our Residential business at six priority projects. Community development plans will be developed for all projects in FY11.

Some examples of community development initiatives recently undertaken include health and wellbeing initiatives, safety initiatives and engagement with tenants and schools to identify ways to reduce individual carbon footprints.

Projects with a community development plan (%)

Residential	23
Retirement Living	25
0* Commercial	

* In FY11 we are aiming for 80 per cent of Commercial Property assets to have community development plans.

We only had a slight increase in the number of projects with a community development plan. This is due to a new approach being adopted in FY10. This approach has involved identifying priority projects to pilot our new community development approach and plans. The new format community development plans are now in place for the priority projects. A further 10 projects have plans in place. In FY11 all projects will have consistent community development plans.

Community development toolkit

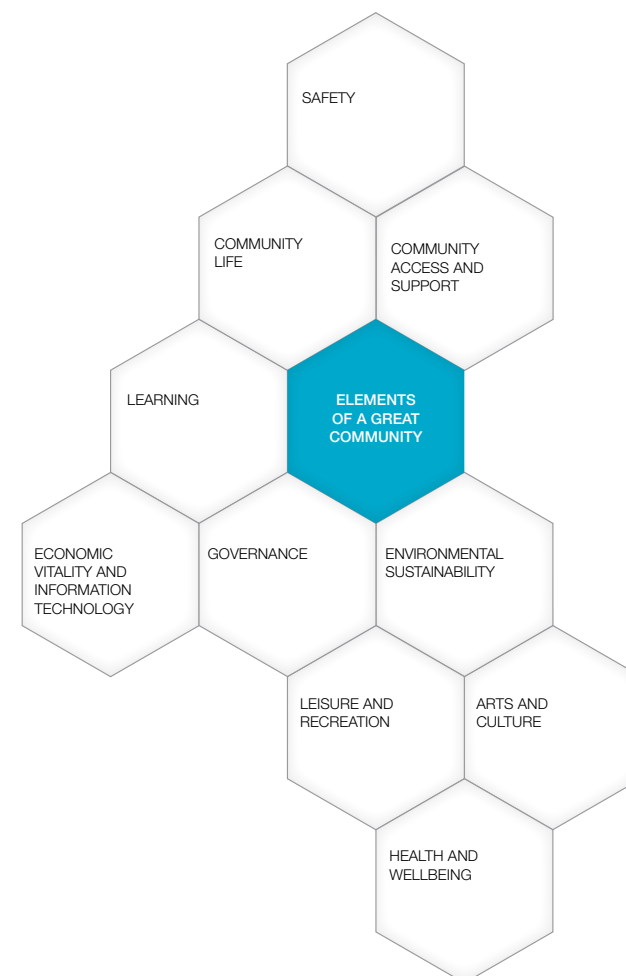
Findings from our early research and more recent pilot projects have been used to develop and launch a national community development toolkit in our Residential business. The toolkit provides a consistent community development approach for projects nationally. The community development approach is based on having:

- A clear and comprehensive understanding of the community,
- Working with the community,
- Having a defined action plan that focuses on the hard and soft infrastructure.

The toolkit helps projects concentrate on the key elements in their community and enables them to create initiatives to contribute to these elements:

The aim of this approach is to create healthy, viable and sustainable communities. In FY11 we will focus on integrating this approach into all projects.

Elements of a great community



CASE STUDY

Selandra Rise – Evolving community creation



Selandra Rise, Vic

Selandra Rise is a 115 hectare residential development located in Cranbourne East, south-east of Melbourne, Victoria. The project will comprise around 1,200 lots when completed in 2016. Formally known as East Village, this project was established in 2008 when the Victorian State Government and the Planning Institute of Australia recognised the need to establish a new design standard to guide the development of suburbs of the future.

The result is an innovative and collaborative partnership between industry, government and the private sector to realise affordable, healthy and liveable communities.

Our key project partners include the Growth Areas Authority (GAA), The Planning Institute of Australia (PIA), and The City of Casey.

In the past year we have completed a formal stakeholder engagement plan for the project and we regard Selandra Rise as a key opportunity to evolve our community development approach nationally. This project has put wellbeing at the centre of planning by committing to:

- Having a healthy and engaged community,
- Providing local employment opportunities,
- Serving diverse housing needs.

A healthy and engaged community

Research shows that the economic and social cost of preventable chronic disease in the community continues to grow at an alarming rate. In response to this, a key objective of Selandra Rise is to better understand the role the built environment can play in responding to the community

health and wellbeing challenges that face new communities. Initiatives to help build a healthy and engaged community include:

- A program is being developed to allow communities to provide input into the design of key project elements such as parks and community services,
- Well-located walking and bike paths, playgrounds, parks, sports facilities, wide footpaths and pedestrian-friendly local streets encourage recreation and non-motorised travel,
- The local Casey residents helped decide, via a competition, the name of their new community – 'Selandra Rise'.

VicHealth joined the project team in 2009 to measure the health and wellbeing of the community through a longitudinal study. This study will be important in understanding the role of communities in shaping the place in which they will live. Building on the opportunity, VicHealth is currently commissioning tenders for a Research Practice Fellow to investigate how urban design can shape health outcomes in the community. It is critical that we understand and measure the success factors of Selandra Rise as we seek to improve how we create communities nationally.

Local employment opportunities

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. Connecting to the broader City of Casey business incubator network will allow the Selandra Rise community to have access to relevant employment, training and network information.

Key local employment initiatives include:

- Local employment opportunities promoted through online business networks,
- Delivering facilities to support businesses in the local village centre, including meeting spaces, administrative services and technology access,
- Flexibility to work locally or from home through creating dedicated business precinct as well as housing product that caters for home-based businesses.

Diverse and affordable housing

Selandra Rise offers a diverse range of housing options. As many of the first residents will be young couples or families, we have therefore worked collaboratively with house builders to design a house and land package that meets the needs of the home owner at a relatively moderate price. The planning of Selandra Rise has included the following initiatives:

- A broad mix of quality, affordable housing options making this community accessible to more people,
- A range of lot sizes within the community that meet the needs of a variety of home buyers,
- Housing for all ages including retirement living and aged care facilities adjacent to the local village centre.

Good governance

Our project partners have been heavily involved in all stages to ensure there has been continued focus on achieving the key objectives of a 'healthy and engaged community, diverse and affordable housing and local employment opportunities'.

Stakeholder engagement

As outlined in the Stakeholder Engagement section of this report, we are committed to engaging with our key stakeholders – our customers, our suppliers, the wider community, employees and government. As such, we have created stakeholder engagement plans for all our projects which help us identify who our stakeholders are in each community and the most appropriate ways to engage with them. Our stakeholder engagement plans also ensure we have a consistent approach to community engagement across the property portfolio.

OUR LOCAL CONTRIBUTION

We are developing a local employment policy which seeks to:

- Recognise our role in our local economies,
- Contribute to the skills base of our local communities,
- Facilitate employment, training and skills development in our local communities.

We contribute to our local economies in a variety of ways. We provide a range of services and facilities to accommodate numerous employment opportunities in our communities. We will continue to invest in our properties to build local employment infrastructure and to develop partnerships with our suppliers, customers and the service sector to identify economic development opportunities.

We are committed to undertaking a range of local employment and economic development initiatives where we will:

- Measure our economic contribution to our local communities in operations and construction,
- Develop online training programs in the areas of security and diversity,
- Develop partnerships to facilitate social enterprises,
- Facilitate partnerships with key community groups and our suppliers to encourage local employment and diversity initiatives,
- Continue to provide training and development opportunities through partnerships with education providers (such as TAFE for the Green Hills Retailer Rookie Program) and key social service providers to create youth initiatives (e.g. Stockmotion@Rockhampton),
- Investigate opportunities to build on the education and development of our tenants in the areas of financial training modules and environmental sustainability initiatives with our retailers and tenants.

Our community

Community involvement

GIVING AND VOLUNTEERING

We support our local communities through our dedicated Community Involvement program that we call Giving and Volunteering. This program was developed by our employees as a way of offering long-term support to the communities in which we operate by volunteering both our time and expertise and consists of four key areas:

- Workplace Giving Program,
- Student mentoring activities through our association with the Australian Business and Community Network (ABCN),
- Team and personal volunteering opportunities,
- Other state-based initiatives.

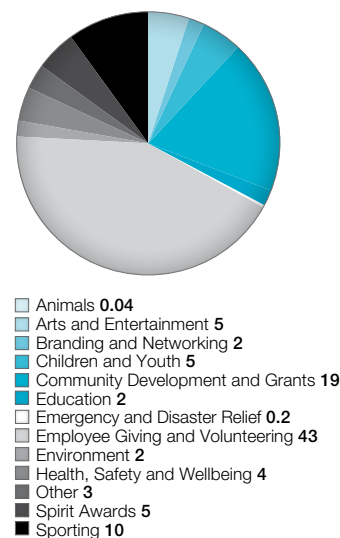
Our current activities reflect the three areas of concern identified in the 2009 Giving and Volunteering employee survey:

- Disadvantaged children,
- Developing skills and re-training programs for homeless and disadvantaged people,
- The environment – biodiversity/conservation.

The next phase will see us explore a more strategic approach to Giving and Volunteering, connecting these activities to the purpose and impacts of our organisation in the wider community. We expect that an outcome of this strategy will lead to forging meaningful partnerships with a select group of not-for-profit organisations addressing shared material issues.

Partnering with national not-for-profit organisations will allow us to offer more focused and substantial support for community partners. It will create a more diverse range of opportunities for our employees to volunteer their time and expertise in and around the communities in which we operate. We also hope to streamline our giving and volunteering activities with community development initiatives undertaken by our Commercial Property and Residential business units.

Stockland contributions by category and contribution (%)



Volunteering activities

This year we continued to encourage our employees to participate in volunteering activities. Employees are given a range of opportunities and support to volunteer, including two personal volunteering days per year, participating in team volunteering days and mentoring school students through an ABCN program.

The number of teams taking a dedicated team volunteering day increased to 18, involving 650 employees. This is an increase on the 11 team volunteering days in FY09.

Employees who took part in team volunteering days

FY10	650
FY09	338
FY08	272

EMPLOYEES WHO VOLUNTEERED DURING STOCKLAND TIME

772

The most popular choices continue to be environmental work and volunteering at homeless shelters, both of which align with the core areas of concern identified by our employees.

Mentoring students

This year 359 employees mentored school students and partnered with teachers through an ABCN program. Through our partnership with the ABCN, employees are given opportunities to participate in programs including:

- **SPARK – Reading and Literacy Support** – SPARK brings together corporate volunteers and primary aged students to help improve their reading skills.
- **GOALS – Growing Opportunities and Learning Skills** – GOALS aims to widen the life choices for Year 9 students considered to be at high risk of disengagement from school. Students are provided with mentoring on topics including goal setting, effective communication and building confidence.
- **Partners in Learning** – This program pairs principals and senior teachers with CEOs and executives to share experiences and leadership challenges.

STUDENTS MENTORED

355

CASE STUDY

Dress for Success



Stockhome, NSW

On Monday 8 March 2010, as part of International Women's Day, employees from our Melbourne and Sydney offices were encouraged to support the 'Dress for Success' initiative.

Dress for Success is a not-for-profit organisation which encourages working women to donate their old suits, blouses, shoes, handbags and accessories to disadvantaged women.

The aim is to provide women who are re-entering the workforce with suitable attire for their job interviews.

Our employees were encouraged to contribute their old work clothes and accessories to help assist women. Men were also invited to participate by donating clothes from their wives, girlfriends, mothers, sisters and friends. Sixty-three bags of clothes were donated to the Dress for Success Sydney office in Burwood. These clothes have gone a long way to helping Dress for Success meet their 2010 target of dressing 500 women. In addition to this support, women from across our organisation have participated in two volunteering days at the Dress for Success showroom.

Founded in 1997, Dress for Success has helped more than 500,000 women around the world. These women include refugees, newly-arrived migrants, victims of domestic violence as well as women who have recently re-entered society after time in custody. Every client receives an outfit for her interview and one more outfit when she receives a role. In addition, Dress for Success provides a number of employment retention programs including:

- *Professional Women's Group* – Offers ongoing support as women successfully transition into the workforce,
- *Career Centre* – An initiative that promotes confidence and professionalism by providing women career guidance. The centre also provides practical advice on presentation and job interview skills,
- *Steps to Success* – An initiative which focuses on the first 30 days of employment, during which newly-hired women face many potential challenges. During this time, Dress for Success volunteers help women prepare for their new jobs and identify potential barriers they may encounter in the first few days of their new job.

Dress for Success is a practical, hands-on resource which supports some of the most disadvantaged women in our society. This initiative not only provides women with the necessary clothing to re-enter the job force, it also provides them with the skills and confidence to do so.

Our employees identified developing skills and re-training programs for homeless and disadvantaged people as a key area of concern for our business. The Dress for Success initiative provides a much-needed resource for hundreds of disadvantaged women in our community and additionally provides meaningful opportunities for our employees to volunteer their time and expertise.

"In April and May 2010 staff from Stockland provided two days of volunteer time to assist with our seasonal stock changeover – this involved sorting and culling clothing, packing away summer stock, cleaning shoes and boots, ironing shirts and tops and re-stocking with winter clothing. It was hard work but offered a great opportunity for both organisations to work co-operatively for the benefit of disadvantaged women."

Organisations like Dress for Success Sydney cannot exist without the assistance of organisations such as Stockland."

Jen Levy – Dress for Success Sydney

CASE STUDY

Heart Foundation walking groups



North Lakes, Qld

The nature of our business means we have the potential to contribute to healthy and active communities. One of the ways we do this is through our support of the Heart Foundation Walking Program, which is Australia's largest network of free community-based walking groups. The program aims to improve the health of Australians by encouraging them to take physical exercise in the form of group-based walks. The groups provide a social environment for participants to exercise, meet friends and stay motivated.

Our partnership with the Heart Foundation began in September 2007 when the first Heart Foundation Walking Group was established in the North Lakes residential community in Queensland. This has now expanded to include another two walking groups in our Townsville and Rockhampton shopping centres. There are currently 174 members in the three Stockland walking groups and more than 200 people have participated in Stockland walking groups since they began.

Our retail centres provide a safe and secure environment for the groups. The walking groups meet several times a week and walk several laps around our centres.

We open the centres early and arrange for the air-conditioning and PA music to operate for the groups. Participants are able to walk in the comfort of air-conditioning during the summer months, and in a warmer and well-lit environment in winter. These benefits remove a number of the barriers typically associated with exercise.

Many participants find the walks provide a great social opportunity as well as reporting weight loss and improved health. In April 2010 the Heart Foundation surveyed participants (2,400 respondents) to gain feedback on the program. The social aspect (61.8 per cent) was rated as the number one reason the participants enjoyed the program. When asked what would prevent them from walking, respondents cited lack of motivation/commitment (20.8 per cent) and safety (18.4 per cent) as the two main barriers, both of which we have addressed as part of this program.

We will examine how we can implement this program in our other Residential and Retail properties. We will also investigate the potential of introducing the program into our Retirement Living communities, given its strong social and health benefits.

Marjorie Horne underwent a triple bypass surgery on 10 December 2009. As part of her recovery she was encouraged to begin walking. However living in Townsville, the hot and humid environment made this difficult. A friend introduced Marjorie to the Stockland walking group and three months later Marjorie was able to walk four laps of the centre. Marjorie cited the participants as being very supportive and encouraging of her progress, and would recommend joining the Heart Foundation Walking program.

MEASURING COMMUNITY INVESTMENT

We use the London Benchmarking Group (LBG) methodology to measure and benchmark our community involvement. The LBG captures all of the data relating to our community investments and also allows us to put a dollar figure on our time, cash and in-kind donations to community groups.

This year we have started using Credit 360, an online system developed by an external organisation that allows our employees to capture and report their community activities throughout the year. In FY10, our employees contributed close to 11,500 volunteering hours and \$3.2 million in community involvement.

Value of community involvement

FY10	\$3.2m
FY09	\$3.4m
FY08	\$1.7m

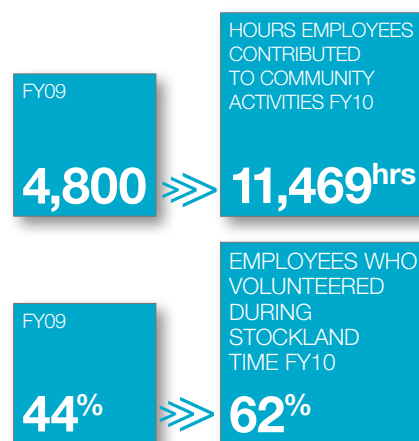
The number of hours invested by our employees has significantly increased, from 4,800 hours in FY09.

Hours employees contributed to community activities

FY10	11,469
FY09	4,800
FY08	3,500

This was driven by a desire to use teambuilding activities as an opportunity to volunteer in the community. Conversely, there has been a decrease in the dollar amount invested in the community. This anomaly is primarily due to the spike caused by the Victorian bushfires in February 2009. This tragedy saw an additional \$555,000 contributed to the community.

In FY11 we will explore opportunities to form a strong, long-term national partnership with an appropriate not-for-profit organisation with links to grassroots communities.





Climate and our environment

We are serious about protecting
and enhancing the natural, built
and human environment.

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Climate and our environment – progress and priorities

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Energy and climate change			
Attain a 4.5 Star average NABERS Office Energy rating for our Office portfolio by FY14.	Achieved a NABERS Office Energy average across the portfolio of 3.6 Stars – an increase of 0.2 in a year of limited capital expenditure. Commenced rating our retail centres with the new NABERS Retail Energy and Water tool.	 ON TRACK FOR TARGET	> Make progressive capital expenditures across our office portfolio towards our greenhouse gas emissions and energy efficiency targets: • 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. > Continue to test the NABERS Retail tool. > Consider broader application of LED lighting. Commence building tuning on several assets. > Expand the capability of our Climate Change Action Plan tool to track the eco-efficiency performance of assets against our target FY14 target. > Continue to contribute to the discussions and development of market-based mechanisms that encourage low carbon, sustainable property. > Provide energy efficiency training to our retail tenants. > Expand and strengthen our green lease clauses in standard leasing contracts across our Commercial Property portfolio. > Develop a Distributed Energy Strategy addressing the supply and generation of low carbon and renewable energy for our operational and development sites. > 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.
Continue to invest in energy efficiency across assets, achieving a balance between targeting the most cost-effective initiatives and piloting emerging technology with long-term potential.	Our Commercial Property business developed more rigorous targets to help determine and guide our medium-term performance. We trialled retail sub-metering, LED lighting in office assets and entered into agreements to complete building tuning to improve energy management.	 ONGOING	
Continue to advocate and participate in market-based mechanisms designed to encourage and reward energy efficiency.	Contributed to the development of the NABERS Retail tool and trained our key employees on applying the tool. Sponsored the development of the Green Star Community Development tool.	 ACHIEVED OUTCOME	
Expand our work with suppliers and tenants on energy efficiency.	Expanded our office green leases to cover approximately 20 per cent of our net lettable area. Administered over 850 green leases with retail tenants. Facilitated several energy audits for tenants in retail and office assets to share knowledge and reduce impacts. Received government support to deliver online sustainability training for our retail tenants and centre management teams.	 ACHIEVED OUTCOME	
Reduce greenhouse gas emissions intensity and energy use intensity (per m ²) across our Commercial Property portfolio by 20 per cent by FY14.	Attained mixed results for greenhouse gas emissions intensity across our Commercial Property business. Our retail portfolio emissions intensity increased 2 per cent. This result has been more than offset by the 7 per cent emissions intensity reduction in our office portfolio.	 ON TRACK FOR TARGET	

Climate and our environment – progress and priorities (continued)

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Pilot emerging technology and capture lessons learned to inform the business case for wider application across our operations.	Piloted emerging wind technology with varying success. Commissioned a review into the future application of tri-generation technology, after the successful application of the technology at our Head Office in Sydney for one year.	 ACHIEVED OUTCOME	
Seek feedback on the effectiveness of our energy and carbon metrics.	We have engaged with environmental, social and governance (ESG) analysts over the past year on our energy and carbon metrics and performance. Feedback confirmed that we have adopted the metrics that are of most interest to analysts, including NABERS, Green Star and intensity (energy use and greenhouse gas emissions per m ² net lettable area/gross lettable area).	 ACHIEVED OUTCOME	
Implement plans to mitigate potential risks of climate change. Continue to research emerging risks.	Completed further reviews of risks from bushfire, flooding, storm surge and possible sea level rise on Residential and Retirement Living assets. Developed recommendations for high-risk sites for flooding, storm surge and possible sea level rise and required all new acquisitions to consider flooding, bushfire and potential sea level rise.	 ONGOING	
Water			
Reduce water use intensity across our Commercial Property portfolio by 10 per cent by FY14.	We attained mixed results for water use intensity across our Commercial Property business. Our retail business increased its water use intensity 13 per cent. This was marginally offset by a 9 per cent water use intensity reduction across our office portfolio.	 ON TRACK FOR TARGET	> 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, • attaining 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 Projects 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.
Attain a 4.0 Star NABERS Office Water rating for our office portfolio by FY14.	Maintained our average NABERS Water rating of 3.6 Stars. Installed smart meters and participated in the Sydney Water BizFix program.	 ON TRACK FOR TARGET	
Include water reporting requirements in the monthly Residential and Retirement Living contractor Health, Safety and Environment (HSE) reports and improve the accuracy of data collected for our direct activities.	Included water reporting requirements in the monthly HSE reporting for Residential and Retirement Living contractors. Completed two rounds of data collection in FY10 for our direct Residential and Retirement Living water consumption.	 ONGOING	

Climate and our environment – progress and priorities (continued)

Past LAST YEAR, WE SAID WE WOULD:	Present THIS PAST YEAR, WE HAVE:	RESULTS	Future IN THE COMING YEAR, OUR PRIORITIES ARE TO:
Waste			
Work with our waste providers to improve the understanding and standard of waste reporting. The recycling rate target for retail assets is 20 per cent and for office assets it is 70 per cent.	Achieved our waste recycling rate target for our retail business with 26 per cent of waste diverted from landfill. Our office business fell short of its waste recycling rate target with 66 per cent of waste diverted from landfill. Implemented minimum standards for waste in our Commercial Property sustainability policies.	 ONGOING	> 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.
Extend reporting to all new Commercial Property sites.	Significantly expanded waste reporting to cover all Commercial Property sites.	 ONGOING	
Biodiversity			
Refine inventory of biodiversity on our land bank and develop a register of threatened and endangered flora and fauna.	Refined our register of threatened and endangered species and communities and gained a better understanding of our biodiversity holdings.	 ONGOING	> Review our biodiversity approach and build best practice case studies of biodiversity management to improve the capability of our Development Managers.

Climate and our environment

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 climate change risk,
- Minimising carbon emissions,
- Improving energy and water efficiency,
- Improving diversion of waste from landfill,
- Managing our use of, and impact on, natural resources.

Climate change and energy

CLIMATE CHANGE

The risks of climate change affect the way in which our organisation, governments, communities and other key stakeholders view the built environment. We are committed to improving our understanding of these risks and 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 response to these potential risks our CR&S Board Committee approved our Climate Change Action Plan (CCAP), which complements our CR&S strategy. The vision for our CCAP is to mitigate and adapt to the risk of climate change. The plan focuses on five long-term action themes: monitor, reduce, adapt, innovate and communicate.

Over the past 12 months we have undertaken work in these five areas as we have focused on understanding and addressing our climate change risks and opportunities. These risks and opportunities are explained in detail in our Carbon Disclosure Project submission.

Climate Change Action Plan



CASE STUDY

Retirement Living solar panels

MONITOR: Streamline our reporting and monitor emissions and energy targets

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 and its integration into our online CCAP tool. This has helped us to understand and better communicate the most cost effective actions to reduce emissions across our portfolio. In FY09 we used our CCAP tool to establish evidence-based targets. In FY10 we undertook further evidence-based modelling, splitting out the cost and benefits of energy efficiency for both us and our tenants and demonstrating the very real problem of 'split incentives'.

We have commenced the transfer of responsibility for greenhouse gas data collection from our sustainability teams to our group and business unit finance teams, further embedding carbon and energy reporting as a standard business practice.

REDUCE: Reduce emissions where we have both direct control, and scope to influence

Energy efficiency is the most cost-effective way for our organisation to reduce emissions. Our emission intensity results for FY10 were mixed. Our office portfolio reduced emissions intensity by 7 per cent and our retail portfolio increased emissions intensity by 2 per cent. These results are discussed in our energy efficiency section.

We will continue to invest in energy efficiency across our organisation. Minimum development and operation standards have been put in place by each of our business units to ensure a consistent approach to emissions reduction.

* Split incentives occur where the costs and benefits of energy efficiency and emissions reductions accrue to different parties. In the case of property, this typically occurs where the building owner invests in energy efficiency programs, however the benefits of reduced energy costs may be largely realised by the tenant.



Gowanbrae, Vic

In 2009 the Federal Government introduced an initiative to provide funding for solar panels in private dwellings. To help residents in our Retirement Living villages access this funding we:

- Developed a communications plan,
- Held a roadshow to introduce the program and the nominated providers,
- Nominated a Stockland Project Manager,
- Provided a contact point for feedback on individual issues,
- Established a schedule for the roll out of the program,
- Put in place a quality assurance program.

Village roadshow sessions were held across the portfolio to provide residents with information on the application process. The selected contractors were vetted to ensure they met our standards and the requirements of the program. This approach ensured that we leveraged the scale of the solar panels project so that all works could be completed within the funding available, resulting in a project which was cost neutral for our residents.

Regular status reports were compiled by our Project Manager and circulated to the village associations. Residents' concerns included the impact of the panels on the streetscape and the timing of the required access to the individual units. At the completion of each village a review of the works was undertaken by our Project Manager. Any remedial works required to ensure compliance with standards, or repairs to the building, were completed at the cost of the contractor prior to payment being made from the Federal Government scheme.

Benefits of the program

While the direct results from this program are measured in the numbers of units to which solar panels were installed (approximately 2,400 upon program completion) the short and long-term benefits have been significant and varied. These include:

- 70 per cent of our independent living unit portfolio was fitted with a solar panel at no cost to the resident,
- Reduced greenhouse gas emissions for our villages,
- Reduced power utility costs for our residents of approximately 20 per cent,
- Potentially enhanced property values.

As with any major undertaking that involves a wide range of stakeholder groups, the importance of clear and frequent communication was crucial to the project's success. In this particular project the key lessons learned were that our residents require respectful, frequent and simple communication to overcome resistance to change and that they are sympathetic to initiatives that reduce environmental impacts.

CASE STUDY

Saving energy at Stockland Forster



Stockland Forster, NSW

Our shopping centre at Forster, on the mid-north coast of New South Wales, is our first naturally-ventilated shopping centre. This means there is no central air-conditioning system to condition the internal mall. Redeveloped in 2007, the centre is designed to rely on prevailing breezes to cool the centre – high-level louvres draw the hot air up and out of the centre and cool the centre without the need for any additional mechanical cooling. Individual tenancies use split-ducted or package-style air conditioning units servicing these spaces exclusively and maintaining varied air conditioning needs for tenants and customers.

In addition, the centre is designed to maximise the use of natural daylight, thereby reducing the need for artificial lighting. The open and airy nature of the centre means that there is sufficient daylight to light the centre on a typical sunny day. On cloudy days and during the evenings, photosensors sense light levels in the centre, triggering and adjusting artificial lighting accordingly. Other energy-saving measures include timers to control air-conditioning in amenities and lighting in car parks and the centre at night.

As a result of these energy-saving initiatives, Stockland Forster has achieved Australia's first 5 Star NABERS Retail Energy rating awarded by the New South Wales Department of Environment, Climate Change and Water. Stockland Forster demonstrates that redevelopments provide an opportunity to increase energy efficiency. By implementing a variety of relatively simple measures, such as refining lighting schedules and using natural ventilation and daylight, energy usage can be dramatically improved. This also leads to significant financial savings and reduces carbon emissions.

In FY11 we will continue to engage with our suppliers and customers to deliver significant energy efficiency improvements. This engagement will be supported by tools such as our Green Office Fitout Guide and best practice examples similar to our engagement with CSR Limited.

ADAPT: Research and respond to potential climate risks

We have undertaken a series of climate change risk studies. These studies have examined:

- Flooding risk, including sea level rise and storm surge risk in coastal areas,
- Exposure of our residential communities and retirement living villages to bushfire risk,
- Exposure of our retail centres to extreme weather events (e.g. cyclonic winds).

In Commercial Property we include sustainability reviews in acquisitions to examine exposure to climate change through, for example, exposure to flooding and extreme weather risks. In addition, we have improved the capacity of our roofs in our northern Queensland properties to withstand high winds, given the occurrence of cyclones in this region.

Climate change risk and adaptation have been included in the Residential and Retirement Living sustainability policies and our acquisitions team are required to consider flooding, bushfire and potential sea level rise before property purchases are made.

In our Residential business we completed an initial review of risks from flooding, storm surge and possible sea level rise on all residential property assets and with more detailed assessments undertaken on nine potentially high risk projects/regions.

The assessments concluded that only a small number of landholdings are at risk of being impacted by an inundation event prior to 2100. Advice indicates that this inundation would be limited to only small areas on the fringes of landholdings and is unlikely to reach the proposed minimum ground floor levels for these sites.

Bushfire assessments were also undertaken for all Residential and Retirement Living assets with a small number of Retirement Living sites identified to have a moderate level of risk from bushfires. All Retirement Living sites were checked for appropriate evacuation plans and specific actions developed for sites at moderate risk. Further work will be done in the coming year to refine the Residential property assessments.

The key recommendations from these assessments will be developed into action plans for relevant projects in FY11.

The outcomes of our research are now informing development management practices, including monitoring of risks through regular project and asset reviews as part of our Project Performance Review process in our Residential communities business, and environmental risk reviews as part of our acquisition processes as set out in our business unit sustainability policies.

INNOVATE: Integrate innovative solutions into operations and developments

Over the past few years we have demonstrated our commitment to innovation through our 'World Leadership' Green Star 6 Star projects, such as 2 Victoria Avenue and our Sydney offices known as Stockhome. We are presently investigating wind and solar energy generation and tri-generation systems across our organisations, including both new developments and existing buildings.

We will continue to strive for leadership through innovations in our projects, such as the incubation of low carbon and renewable energy supply and generation solutions. In FY11 we will develop a Distributed Energy strategy setting out a pathway for low carbon and renewable energy (also known as distributed generation). Our approach is to pilot and then implement successful projects at scale, achieving long-term efficiencies.

COMMUNICATE: Effectively communicate our position and performance.

We have already undertaken a significant amount of work in the area of climate change. We engage with all levels of government and our peers to share our learnings and partner in research projects. We also engage with environmental, social and governance analysts and participate in the development of a global common carbon metric for property. This engagement and communication process ensures that our prioritisation, reporting and management of our climate change response remains relevant.

In FY11 we will work on improving our communications, making our response to climate change risk clearer to our key stakeholder groups.

ENERGY EFFICIENCY

Over the past year we have continued to improve how we set and monitor energy efficiency and emissions targets for each of our businesses. We have undertaken a number of energy efficiency projects and have set minimum standards for energy efficiency in our operations and developments.

Commercial Property energy efficiency

Despite difficult economic conditions, we have continued to manage our greenhouse gas emissions and increase our capability in improving energy efficiency within

existing and new buildings. We have also improved our evaluation of low carbon and measurable energy solutions.

Using the NABERS Energy rating tool to benchmark building performance, we are improving energy efficiency through capital investment in high-efficiency chillers, building management systems, lighting controls and variable speed drives. Once again we were awarded a number of grants through the Federal Government's 'Green Building Fund' to implement initiatives across our office portfolio and commenced a trial of energy sub-metering in several shopping centres.

Last year we committed to a NABERS Office Energy portfolio average rating of 4.5 Stars by FY14. In FY10 we achieved an office portfolio average of 3.6 Stars. The NABERS Retail Energy and Water rating tools were released in early 2010. We have since prepared ratings for two shopping centres. We have received confirmation that our Forster Shopping Centre has been awarded the 5 Stars NABERS Retail Energy rating. We will undertake further NABERS Retail ratings during FY11.



Average NABERS office energy rating (stars)

2009	3.6
2008	3.4
2007	2.9
2006	2.9
2005	2.5

Energy intensity targets are set for the whole Commercial Property portfolio. Last year we committed to a 20 per cent reduction on FY09 figures by FY14. This target complements our NABERS target of an average office rating of 4.5 Stars over the same timeframe, and our commitment to undertaking Green Star ratings for development projects.

This year we have had mixed energy intensity results. The electricity intensity of our retail centres increased by 4 per cent, while the electricity intensity of our office assets (where we have operational control) was reduced by 5 per cent. While we are disappointed in the increase in the intensity from our retail centres, we expect that embedding minimum standards for energy efficiency, and training our retailers on energy efficiency and capital expenditure on sustainability, will improve energy efficiency across our retail centres over the coming year.

Residential energy efficiency

Our Residential business collects energy data from direct operations and those undertaken by contractors on-site. This data is being used to better understand energy and emissions source and type and will be incorporated in our energy-efficiency targets by FY12. The majority of energy use and emissions is associated with diesel consumed by the heavy machinery used by civil contractors and landscapers and this presents a significant challenge for efficiency improvements.

We have set requirements for energy efficiency and management in our Residential sustainability policy and this includes requirements for all projects to:

- Co-locate services (in a single trench) to reduce excavation efforts,

- Maximise beneficial solar orientation of lots,
- Connect dwellings and other buildings to reticulated natural gas or LPG where available,
- Provide energy-efficient lighting in public domain/areas,
- Use or require energy-efficient hot water systems such as gas-boosted solar.

In addition, we are building the capability of Residential employees in energy generation and management. For example, some employees participated in a workshop on distributed energy with CSIRO to explore opportunities for energy generation and distribution in our developments.

We are now collecting data related to the average Nationwide House Energy Rating Scheme (NatHERS) ratings achieved by homes being built in our display villages or as a result of our partnerships with builders. The NatHERS star rating system refers to the thermal performance of the building's shell.

Retirement Living

The Retirement Living sustainability policy includes requirements for energy efficiency and management. In FY10, an energy infrastructure and usage audit was conducted in this business unit. We will use the results of this audit to identify energy efficiency and saving initiatives in existing villages and inform the design of product in future villages.

An important aspect of energy efficiency and emissions for the Retirement Living business is how residents access and use energy. In FY10 we worked with a solar company to provide discounted solar panels and helped residents access government rebates.

Climate and our environment

Energy and greenhouse gas metrics

OUR GREENHOUSE GAS EMISSIONS

Total greenhouse gas emissions (kgCO₂-e)

	FY10	FY09	FY08	FY07	FY06
Scope 1 + Scope 2	146,273,971	145,326,882*	132,439,692	139,385,591	139,279,841
Scope 1	14,904,868	3,016,281	3,201,338	3,323,881	3,500,090
Scope 2	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–FY09 individual scopes.

* In FY09 total 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)

	FY10	FY09	FY08	FY07	FY06
Office gas	1,574,047	1,759,961	1,937,412	2,489,555	2,549,324
Industrial gas	36,037	20,597	Not reported	Not reported	Not reported
Retail gas	29,216	40,455	262,380	262,932	517,766
Vehicle fleet*	178,083	287,548	1,001,546	571,395	433,000
Refrigerants	1,108,671	907,720	Not reported	Not reported	Not reported
Residential gas	50,778	Not reported	Not reported	Not reported	Not reported
Residential contractors	11,669,158	Not reported	Not reported	Not reported	Not reported
Retirement Living gas	2,930	Not reported	Not reported	Not reported	Not reported
Retirement Living contractors	255,948	Not reported	Not reported	Not reported	Not reported
Total	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.

* Total FY10 fuel consumption of our vehicle fleet was 74,496L.

Total Scope 2 emissions (kgCO₂-e)

	FY10	FY09	FY08	FY07	FY06
Corporate tenancies	1,511,979	1,558,899	Not reported	Not reported	Not reported
Office	56,761,064	62,487,006	66,238,591	69,544,494	68,134,207
Industrial	3,261,711	99,391	2,878,686	5,223,895	5,030,872
Retail	63,205,479	55,855,304	60,121,076	61,293,321	62,312,820
Residential	4,435,837	Not reported	Not reported	Not reported	Not reported
Residential contractors	96,149	Not reported	Not reported	Not reported	Not reported
Retirement Living	2,096,884	Not reported	Not reported	Not reported	Not reported
Total	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–FY09 individual scopes.

Greenhouse gas emissions (kgCO₂-e)

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 FY06–08 individual scopes.

* In FY09, total Scope 1 and 2 emissions for Residential and Retirement Living were estimated and included in our total greenhouse gas emissions.

Scope 1 greenhouse gas emissions (kgCO₂-e)

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 FY06–09 individual scopes.

Scope 2 greenhouse gas emissions (kgCO₂-e)

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 FY06–09 individual scopes.

TOTAL EMISSIONS
(NGERA BOUNDARY)
FY10 (kgCO₂-e)*

146,273,971

* NGERA boundary includes Scope 1 and Scope 2 emissions.

Total Scope 3 (kgCO₂-e)

	FY10	FY09	FY08	FY07	FY06
Total transmission and production losses from purchased electricity and gas and fuel for vehicle fleet	23,159,819	19,718,223	21,248,048	22,702,571	23,090,218
Car hire	65,048	42,105	79,460	66,572	65,048
Air travel	1,241,197	1,070,393	1,078,377	1,099,714	1,241,197
Total	24,466,064	20,830,721	22,405,885	23,868,857	24,396,463

Notes: Residential and Retirement Living data was not reported for FY06–FY09 individual scopes.

Scope 3 greenhouse gas emissions (kgCO₂-e)

FY10	24,466,064
FY09	20,830,721
FY08	22,405,885
FY07	23,868,857
FY06	23,532,424

Residential and Retirement Living data was not reported for FY06–09 individual scopes.

Our methodology

This report uses the Australian Government's Department of Climate Change National Greenhouse Accounts (NGA) Factors Workbook (June 2009) to calculate Scope 1, 2 and 3 emissions from the following sources:

- Electricity,
- Gas,
- Refrigerants,
- Fuel: petrol, diesel, LPG and ethanol 10 per cent.

The 2009 WRI Workbook CO₂ Mobile (version 1.3) has been used to calculate emissions from air travel. The 2003 Workbook was used to derive the medium haul emissions factor.

Scope 1 incorporates fuel use in our vehicle fleet, gas burned in our Office, Industrial, Retail, Residential and Retirement Living assets, gas from a decommissioned coal seam gas plant, refrigerant emissions, and fuel, grease and oil used by our contractors.

Scope 2 covers base-building electricity purchased for our Office, Industrial, Retail, Residential and Retirement Living assets, our corporate tenancies, and electricity used by our contractors.

Scope 3 covers transmission and production losses from purchased electricity, gas and fuel for our assets and contractors, and emissions from employee travel (flights and car hire).

Our emissions boundary

All figures are Australian operations. We report according to our 'operational control' boundary under the National Greenhouse and Energy Reporting Act (NGERA). We report on the base-building electricity and gas consumption and the resulting greenhouse gas emissions from the Office, Industrial, Retail, Residential and Retirement Living assets for which we have operational control. The GHG emissions from our four largest office tenancies were 1,621,578 kgs of CO₂ for calendar year 2007. This figure has not been included in the emissions totals. Our tenancy consumption for FY10 has been included. For those assets that do not have 12 months of data, estimates are provided for those missing months.

For our Residential assets we report electricity and gas consumption for our operations and emissions from contractors working on projects under our operational control. This includes electricity, gas, fuel, oil and grease consumption. Our emissions boundary includes a decommissioned coal seam gas mine. Annual emissions from this site are estimated at 12.4 tCO₂-e pa.

Greenhouse gas intensity

The most appropriate measure of emissions intensity is on a per square metre basis for the individual asset classes. We use the same 'operational control' boundary for our total figures. The greenhouse gas emissions of our office and retail business are divided by the floor area of those assets.

Climate and our environment

GHG emissions intensity (kgCO₂-e/m²)

	FY10	FY09	FY08	FY07	FY06
Office	97.0	103.8	113.3	127.8	136.6
Floor area (NLA) of buildings in intensity metric (m ²)	600,788	508,342	527,511	570,091	524,618
% floor area in intensity metric	100%	76%			
Retail	76.0	74.6	77.2	82.2	88.6
Floor area (GLA) of buildings in intensity metric (m ²)	831,821	735,733	784,846	748,437	709,490
% floor area in intensity metric	99%	97%			

Boundary: We use the same 'operational control' boundary for our total figures. The greenhouse gas emissions of our office and retail businesses are divided by the floor area of those assets. For those office and retail assets that do not have 12 months of data, estimates are provided for those missing months. Due to our limited number of industrial projects we have not included intensity metrics for our industrial portfolio.

GHG intensity % reduction

	FY06-10	FY09-10	FY08-09	FY07-08	FY06-07
Office	29%	7%	8%	11%	6%
Retail	14%	-2%	3%	6%	7%

Office greenhouse gas emissions intensity (kgCO₂-e/m²)

FY10	97.0
FY09	103.8
FY08	113.3
FY07	127.8
FY06	136.6

GHG emissions for office assets divided by the leased floor area of these assets.

OFFICE GHG
EMISSIONS
INTENSITY
FY06-10

29%



Retail greenhouse gas (GHG) emissions intensity (kgCO₂-e/m²)

FY10	76.0
FY09	74.6
FY08	77.2
FY07	82.2
FY06	88.6

GHG emissions for retail assets divided by the leased floor area of these assets.

RETAIL GHG
EMISSIONS
INTENSITY
FY06-10

14%



OUR ENERGY CONSUMPTION

Purchased electricity – Total Australian kWh

	FY10	FY09	FY08	FY07	FY06
Corporate tenancies	1,622,297	1,655,224	Not reported	Not reported	Not reported
Office	63,370,687	68,639,145	73,337,524	77,526,965	75,460,030
Industrial	3,662,030	108,900	2,715,742	4,928,202	5,030,872
Retail	69,030,062	60,110,466	64,762,680	66,085,690	67,071,111
Residential	4,724,216	Not reported	Not reported	Not reported	Not reported
Residential contractors	89,785	Not reported	Not reported	Not reported	Not reported
Retirement Living	1,725,830	Not reported	Not reported	Not reported	Not reported
Retirement Living contractors	7	Not reported	Not reported	Not reported	Not reported
Total	144,224,914	130,513,736	140,815,946	148,540,858	147,562,013

Boundary: This data captures the base-building electricity purchased for office, industrial and retail assets owned and managed by Stockland for FY06, FY07 and FY08. For FY09 and FY10 we have reported against an 'operational control' boundary. Tenant usage is not included, except where we are the tenant. For those retail, industrial and office assets that do not have 12 months of data, estimates are provided for those missing months.

Gas consumption – Total Australian MJ

	FY10	FY09	FY08	FY07	FY06
Office	30,665,244	34,287,190	37,766,323	48,300,919	49,278,237
Industrial	702,056	401,271	Not reported	Not reported	Not reported
Retail	569,172	788,136	5,114,614	5,114,614	9,977,497
Residential	747,679	Not reported	Not reported	Not reported	Not reported
Retirement Living	57,082	Not reported	Not reported	Not reported	Not reported
Total	32,741,233	35,476,597	42,880,937	53,415,533	59,255,734

Boundary: This data captures the base building gas consumption for office, retail and industrial assets owned and managed by Stockland for FY06–FY08. For FY09 and FY10 we have reported against an 'operational control' boundary. Tenant usage is not included. For those retail, office and industrial assets that do not have 12 months of data, estimates are provided for those missing months.

Purchased electricity (kWh)

FY10	144,224,914
FY09	130,513,735
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.

Gas consumption (MJ)

FY10	32,741,233
FY09	35,476,597
FY08	42,880,937
FY07	53,415,533
FY06	59,255,734

Residential and Retirement Living data was not reported for FY06–09 consumed gas.

Climate and our environment

Electricity intensity (kWh/m²)

	FY10	FY09	FY08	FY07	FY06
Office	104.8	109.79	121.8	135.9	144.0
Floor area (NLA) of buildings in intensity metric (m ²)	600,788	508,342	527,511	570,091	524,618
% of portfolio covered in intensity metric	100%	76%			
Retail	82.99	80.12	82.8	88.3	94.5
Floor area (GLA) of buildings in intensity metric (m ²)	831,821	735,733	784,846	748,437	709,490
% of portfolio covered in intensity metric	99%	97%			

Boundary: We use the same 'operational control' boundary for our total figures. The greenhouse gas emissions of our office and retail business are divided by the floor area of those assets. For those office and retail assets that do not have 12 months of data, estimates are provided for those missing months. Due to our limited number of industrial projects we have not included intensity metrics for our industrial portfolio.

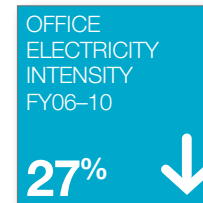
Electricity intensity % reduction

	FY06–10	FY09–FY10	FY08–09	FY07–08	FY06–07
Office	27%	5%	10%	10%	6%
Retail	12%	–4%	3%	6%	7%

Office electricity intensity (kWh/m²)

FY10	104.8
FY09	109.8
FY08	121.8
FY07	135.9
FY06	144.0

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



Retail electricity intensity (kWh/m²)

FY10	83.0
FY09	80.1
FY08	82.8
FY07	88.3
FY06	94.5

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



Our natural environment

BIODIVERSITY

In our endeavour to create sustainable developments we continue to examine how we impact the land we develop. Improving our knowledge of the plants, animals and ecosystems that are part of, or adjacent to, our sites enables us to retain and improve the biodiversity value of the land within our projects.

Adequately assessing the biodiversity value of the sites we own and acquire also reduces the risk of planning delays. These delays may arise from environmental conservation legislation at state and federal levels of government, or from community concerns. In cases where we are developing a greenfield site, or the site has ecological or conservation value, we are required to produce an Environmental Impact Assessment.

Development typically impacts biodiversity through the removal of native vegetation. As a result threatened species and their habitats, or corridors through which species migrate and forage, may be impacted.

Examples of our approach to preserving and remediating environmentally significant landholdings include the Carnaby's Black Cockatoo case study, relocating heathland at our Brightwater project in Queensland and remediating ground contamination at our Glenrose shopping centre.

Our Residential sustainability policy includes a requirement for each project to conduct an ecological and/or biodiversity assessment to identify and preserve areas of prime significance. These assessments will contribute to building an understanding of our net biodiversity impacts and opportunities.

Biodiversity management plans

Biodiversity assessments have shown that several of our landholdings serve as habitat for threatened species. In FY10 we reviewed our Residential Communities and Apartment projects – 33 per cent of these have threatened species or communities located on, or near, the projects.

A quarter of the projects reviewed have biodiversity plans in place. Some approval authorities have required biodiversity management plans regardless of whether there are threatened species or impacted flora and fauna communities.

Register of threatened species

In the past year we have refined our register of threatened species and communities so that we can better understand our biodiversity holdings.

Our register includes:

- *The area of our land that provides habitat for threatened species, and the entire area of local land that forms the habitat of threatened species.* In each case, the relevant regulatory authority reviews our proposal. The outcome of this review process is that the habitat will usually be conserved on site or offset.

- *The area of land that provides habitat for threatened species that has been or is to be cleared.* Species habitat may either be maintained within the development or cleared to accommodate development construction. We expect up to about 170 hectares may be cleared in the projects reported this year, out of a total of 850 hectares serving as habitat to threatened species. Some of these projects remain in planning stages. This number may change as a result of further planning and approval processes. The remaining 680 hectares of habitat to threatened species on our sites will likely be secured for ongoing conservation.
- *The area of land that has been regenerated or improved to provide habitat for threatened species.* At this stage, about 55 hectares of land is under restoration nationally, including revegetation and weed removal.

In FY11 we will use the knowledge gained through the use of our species register and management plans to review our biodiversity approach. We will develop best practice case studies of biodiversity management which will enable us to improve the capability of our development managers and their project teams.

Biodiversity project updates

Brightwater heath translocation process

In 2008 we reported on our \$5 million heath translocation project at Brightwater on Queensland's Sunshine Coast. The project was a success, with the relocated heath taking well. Ongoing monitoring of the translocation is being undertaken by an approved independent arborist. The monitoring has confirmed that the performance requirements for the health of the heath-land, post-translocation, are being met or are progressing as expected. A further 18 months of monitoring is required in accordance with the approvals, but we are confident that the translocation will remain a success throughout and beyond this monitoring period.

Glenrose contamination

As part of our demolition, remediation and proposed redevelopment works, we continue to monitor and manage the ground contamination we inherited when we acquired the Stockland Glenrose shopping centre in Northern Sydney. Indoor air-quality testing began in February 2010 in the operating parts of the centre and centre management office. A specialist consultant conducted a risk assessment for retailers, management and visitors and indicated that there is no adverse impact on human health. In March 2010, a six-month groundwater remediation pilot trial commenced as part of a Remediation Action Plan using a 'biostimulation' strategy.

Further testing will continue to mid-2010 in order to make a definitive assessment of the trial.

CASE STUDY

Carnaby's Black Cockatoo



Corimbia, WA

Assessing the impacts of our developments on biodiversity and the local community is critical to obtaining approval from regulatory authorities and by community stakeholders.

Our newest residential community in Western Australia, Corimbia, has been identified as requiring, under legislation, both onsite and offsite measures to balance our impact on the local biodiversity.

A key piece of environmental legislation of particular relevance to Corimbia and our Residential business is the Environmental Protection and Biodiversity Conservation (EPBC) Act. The EPBC Act aims to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places.

Our Corimbia project will yield 850 residential lots from its 61.8 hectares of landholdings that we began acquiring in 2003. When we acquired the land it was zoned as 'rural' (land dominated by horticultural activities such as market gardens and remnant bushland) but in 2008 it was rezoned to 'urban'.

The remnant bushland in the area is dominated by Banksia woodland with Jarrah and Marri eucalyptuses scattered among heath vegetation in the upland areas, and Banksia woodland interspersed with Melaleuca preissiana and Banksia ilicifolia trees in the low-lying areas. The Banksia woodland is considered to support suitable foraging habitat for the EPBC Act-listed endangered Carnaby's Black Cockatoo. As a result, the proposed clearing of approximately 16 hectares was referred to the Department of Environment, Water, Heritage and the Arts (DEWHA) in December 2008 to determine whether there was a potential to impact a matter of National Environmental Significance.

DEWHA provided its conditional approval to the proposed clearing within the area.

Conditions included, but were not limited to:

- Limiting the clearing of remnant vegetation to 14 hectares and retaining 2 hectares of foraging habitat as public open space,
- Planting 372 seedlings of nominated species as street trees in the development area,
- If after three years from the date of planting, a survival rate of 90 per cent has not been achieved, all planted trees that have not survived must be replaced and maintained for a further two years,
- Provision of \$370,000 to the Department of Environment and Conservation (WA) to acquire 44.6 hectares of foraging habitat at two locations north of Perth.

We consider that the suite of onsite and offsite offsets approved by DEWHA are effective and appropriate long-term mitigation measures for the loss of 14 hectares of suitable foraging habitat for Carnaby's Black Cockatoo.

Threatened or endangered species or communities impacted by projects

	Total 2010	Total 2009	Residential Communities 2010	Residential Communities 2009	Apartments 2010	Apartments 2009	Retirement Living 2010	Retirement Living 2009
Percentage of projects that impact threatened or endangered species (%)	33	21	39	24	11	9	0	0
Total area of land that impacts species habitat or makes up community (hectares)	852	1,077	850	1,075	2	2	0	0
Projects with a biodiversity plan approved by relevant approval authority (%)	24	21	30	24	0	9	0	0
Total projects that partnered with or involved community and non-government organisations in natural resource management	11	7	11	7	0	0	0	0

WATER

The increasing demand for water caused by population growth, coupled with drought and water restrictions, means that a sustainable water supply remains a major challenge for all Australians. We can make a positive contribution by reducing water consumption and maximising water efficiency.

Reducing our impact on natural resources and effectively managing our water use is a priority for our business. Each of our business units has reflected this priority by implementing minimum standards for each of our assets.

Commercial Property water consumption

Financial year water intensity targets were set for the whole of our Commercial Property portfolio. In FY09 we committed to a 10 per cent reduction by FY14 and a NABERS Office Water portfolio average rating of 4 Stars by FY14. Our office portfolio has continued to deliver water efficiency within existing and new buildings by installing low-flow or waterless fixtures and fittings. This year we achieved a portfolio average of 3.6 Stars and a 9 per cent reduction in the water intensity of our office portfolio. We will continue to work toward achieving these targets in FY11.

AVERAGE
NABERS
WATER OFFICE
RATING

3.6stars

Average NABERS water rating (stars)

2009	3.6
2008	3.6
2007	3.0
2006	2.2
2005	1.2

This year we had disappointing water results across our retail portfolio with a 13 per cent increase in water intensity. We have investigated this result and are resetting operating systems to ensure efficient water use and transparency of leakages in our assets. In FY11 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.

The NABERS Retail Centre rating tool was released in 2010 and we are undertaking ratings initially on two of our shopping centres. Our participation in NABERS and programs such as Sydney Water's 'BizFix' program will help us to gain a deeper understanding of water efficiency across our business.

CASE STUDY

Our 'Green Office Fitout Guide'



Stockhome, NSW

Over the past 12 months we have been working closely with our office tenants on sustainability. This allows us to improve our understanding of our tenants and their needs. It also provides an opportunity for us to share our sustainability knowledge and experience. Our 'Green Office Fitout Guide', for example, helps tenants integrate sustainability measures into the planning, design and construction of new office fitouts in our buildings. The guide provides advice on:

- Efficiency in energy and water use,
- Minimisation of waste during construction and operation,
- Reductions in the operating cost of the building and business activities,
- Improved indoor air quality,
- Increased employee morale and productivity,

- Minimisation of hazardous materials used,
- Minimisation of activities that negatively impact on the environment,
- Increased recycling of materials and recycled material use.

The guide highlights the benefits of a sustainable fitout, such as operational savings, reduced staff turnover, increased company reputation and reduced environmental impacts, and references the Green Building Council of Australia's Office Interiors manual. We encourage our tenants to undertake the Green Star Interiors rating. Our Commercial Property team also helps tenants to access further information on how to effectively implement sustainability in office tenancies.

Climate and our environment

Commercial Property water metrics Water consumption (kL)

	FY10	FY09	FY08	FY07	FY06
Office and Industrial	502,191	552,248	683,964	772,048	695,217
Retail	880,490	746,485	788,304	864,647	863,491
Total	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–FY10	FY09–FY10	FY08–FY09	FY07–FY08	FY06–FY07
Office	28%	9%	0%	15%	6%
Retail	13%	–13%	7%	14%	4%

Intensity (kL/m²)

	FY10	FY09	FY08	FY07	FY06
Office	0.81	0.89	0.89	1.05	1.12
Floor area (Net Lettable Area) of buildings in intensity metric (m ²)	593,603	343,348	592,723	556,710	522,621
Percentage portfolio covered (%)	100	49	80	77	93
Retail	1.05	0.93	1.00	1.16	1.21
Floor area (Gross Lettable Area) of buildings in intensity metric (m ²)	841,297	775,565	790,064	748,520	714,700
Percentage portfolio covered (%)	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.

Water consumption (kL)

FY10	1,382,681
FY09	1,298,733
FY08	1,472,267
FY07	1,636,695
FY06	1,558,708

Water consumption of office, industrial and retail assets.

WATER
CONSUMPTION
FY10

6%



Office water intensity (kL/m²)

FY10	0.81
FY09	0.89
FY08	0.89
FY07	1.05
FY06	1.12

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

OFFICE
WATER
INTENSITY
FY06–10

28%



Retail water intensity (kL/m²)

FY10	1.05
FY09	0.93
FY08	1.00
FY07	1.16
FY06	1.21

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

RETAIL
WATER
INTENSITY
FY06–10

13%



Residential and Retirement Living water consumption

In our Residential business, water is typically used by civil and landscape contractors during site development and construction. This includes water for site dust management, road laying and landscape watering. Our preference is to use non-potable water for these processes, but when this is not available, or too expensive, potable water is used.

While potable water used on our projects is typically sourced from reticulated potable water supplies provided by local water authorities, non-potable water may be supplied via a reticulated recycled water supply or sourced from water runoff captured on-site in basins or water tanks, or extracted from rivers under licence agreement with state or local governments.

Our water consumption also includes project site and sales offices that use potable water and apartment projects that typically access municipal or city water suppliers for construction usage.

The sustainability policies of our Residential and Retirement Living businesses include requirements for water management and conservation such as the need to:

- Complete a general assessment of environmental conditions including contamination, water and ground water, and heritage,
- Apply water-sensitive urban design principles to the public domain,
- Minimise irrigation using potable water in the public domain or for water features,
- Install water-efficiency fixtures and fittings for our built dwellings.

This year we have made substantial improvements to our water data collection and analysis processes, which has resulted in a substantial variation to the results when compared to FY09. We have not included FY09 data in this report because of these variations.

Over the past 12 months we have provided training to data owners and we have improved our methods for collecting the data, which has increased the accuracy of the data. This, together with the separation of our water use and our contractors' water use, has contributed to a greater understanding of where water is being used in our business and where we can reduce our usage. Over the next 12 months we will continue to refine our data collection processes and we aim to trial water-efficiency targets for relevant projects in FY11.

Residential and Retirement Living water metrics Water consumption (kL)

	Total FY10	Potable FY10	Non-potable FY10
Residential	55,464	5,429	50,035
Retirement Living	1,948	1,648	300
Contractors – Residential	15,483,025	432,850	15,050,175
Contractors – Retirement Living	104,357	104,168	189
Total	15,644,794	544,094	15,100,699

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 the 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

WASTE AND MATERIALS

Managing waste efficiently enables us to reduce our environmental impacts and save costs related to waste disposal. We aim to reduce and reuse our waste, rather than sending it to landfill. Waste management is particularly important in our Commercial Property business, where we have a high degree of influence in helping to reduce waste and manage the use of materials.

Our Commercial Property business has set targets to reduce waste to landfill. For our operating assets this includes a target of 20 per cent of waste being diverted from landfill for our retail assets and 70 per cent for our office portfolio. We achieved the target for retail (26 per cent of waste was diverted from landfill) but unfortunately not for our office portfolio (66 per cent) in FY10. This was due to a number of issues at a small number of office sites. We will work closely with our waste management providers to improve this in FY11.

In our Residential business we have collected waste data from our contractor activities for the first time. The data shows that 94 per cent of waste from our civil and landscaping contractors is diverted from landfill.

Commercial Property waste management

We now collect waste data on a monthly basis for 100 per cent of our office sites, where we have operational control over waste, and 100 per cent of our retail sites. Our industrial tenants manage their own waste and we do not have any visibility over their reporting.

We have continued to increase the number of recycling facilities in our office and retail sites. In the second half of FY10 we introduced recycling bins at our retail centres, which enable customers to recycle paper and cardboard and co-mingled waste (aluminium, glass and plastic). We hope these bins will lead to further reductions in waste to landfill at our retail sites.

Waste audits were conducted on three of our assets this year – two office buildings and one retail centre. The findings from the audits indicate that our current processes are good but that higher recycling rates are attainable. To help us achieve this, we will continue to increase the availability of recycling facilities at our assets and to provide information to our tenants, customers and cleaners on how they can reduce waste.

Operational waste (tonnes)

	Office FY10	Office FY09	Retail FY10	Retail FY09
Office				
Total waste	2,781	4,038	12,058	8,546
Total waste to landfill	947	1,401*	8,956	7,203
Total waste recycled	1,834	2,637	3,101	1,343
Diversification from landfill (%)	66	65	26	15
Percentage of portfolio reporting (%)	100	90	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).

* Error in calculation in FY09 report.

Development waste (tonnes)

	Office FY10	Office FY09	Retail FY10	Retail FY09
Total waste	291	12,120	663	1,146
Waste recycled	242	10,580.9	552	994
Waste to landfill	49	1,884	111	152
Diversification from landfill (%)	83	87	83	87
Percentage of the developments included (%)	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 operational control.

CASE STUDY

2 Victoria Avenue – Flagship sustainable office building



2 Victoria Avenue, WA

2 Victoria Avenue is the first project in Western Australia to achieve a 6 Star Green Star rating (Office Design v2 Certified Rating) awarded by the Green Building Council of Australia (GBCA). Completed in 2009, the 7,660m² office building is a Property Council of Australia A Grade building and has also been designed and built to achieve a 5 Star National Australian Built Environment Rating System (NABERS) Energy rating.

It is also the first project to be delivered as part of our 'Green Star Business Partnership' with GBCA. Through this partnership, we have committed to ensuring all newly-constructed buildings in our office portfolio meet a minimum 4 Star Green Star rating using Green Star Office Design and As Built tools for buildings we own, and Green Star Office Interiors for buildings in which we are a tenant.

Some of the sustainable elements include:

- Fully automated louvers on the western façade that respond to solar detection. This feature allows the building to maintain views and natural lighting, while eliminating radiant temperature and glare,
- Three 5kW wind turbines on the rooftop that will provide green energy to a proportion of the building,
- A grey water treatment plant recycles shower and hand basin water for toilet flushing,
- Programmable T5 lighting with daylight perimeter and motion sensors,
- Glass lifts maximum natural light in the office spaces.

The project provided us with opportunities to demonstrate our commitment to sustainable development. There were also some challenges to overcome which provided us with important lessons for the future. The development and design of 'green' office buildings is still at an early stage in Western Australia. The Green Star requirement for suppliers to source alternative materials such as recycled aggregates for concrete and use of sustainable timber proved complicated. Achieving waste diversion from landfill targets was difficult where the local construction industry was not geared to recycle 80 per cent of construction waste.

Despite these challenges, there was enthusiasm from the head contractor, Diploma Construction, and its principal sub-contractors who saw an opportunity to develop experience and skills in an emerging market. The design team, led by Woodhead Architects and AECOM, brought valuable sustainable design expertise.

Our vision for the building is that it will stand the test of time and avoid future obsolescence. We hope that the building will be a catalyst for contractors and suppliers to lead their industries and bring sustainable products and practices into mainstream construction and project delivery.

The development has set a benchmark for future Stockland office developments and we hope it will also encourage others to strive for environmental excellence.

Additionally, the building raises environmental awareness among the public and encourages investment in innovative technologies.

CASE STUDY

Lower energy living at The Hyde



The Hyde, NSW

Overlooking Hyde Park in Sydney, The Hyde is a 34 level tower, comprising 131 apartments. Built on the site of Stockland's former Sydney offices, the redevelopment project was initiated in 2004, and completed in July 2010.

The project incorporates a number of significant sustainability features. The Hyde is the first residential development in the Sydney CBD to supply power through on-site co-generation. The 65kW co-generation plant supplies gas-fired electricity to common area lighting and other base building power needs, with the waste heat used to supply central domestic hot water and warm the residents' swimming pool.

In addition, over 96 per cent of material from the demolished previous structure was diverted from landfill and recycled. An acoustically rated natural ventilation system, 'aeromat' has been installed enabling natural ventilation to all apartments, while limiting noise from adjacent city streets.

The Hyde was one of the first apartment projects to comply with BASIX. In 2006 the New South Wales government introduced energy and water consumption targets for all new dwellings through the mandated BASIX tool, requiring an energy reduction of 22 per cent and water reduction of 40 per cent as compared to the average New South Wales dwelling.

The project was also required to conform to the City's then new Design Excellence program, which involved a design competition to select the project architect and design concept. These requirements, while informing a high quality design outcome, added considerable complexities to the project, including adding time to the overall project program and increased project costs.

Commercial Property materials use

The use of recycled and sustainable materials in our Commercial Property assets is an issue which we need to resolve as a priority. We apply the standards of the Green Building Council of Australia's Green Star environmental rating tool, which has a category which focuses on materials use and the lifecycle of materials. Green Star is currently the primary vehicle for us to exercise our commitment to materials selection in developments in particular in the core categories of timber, concrete, steel and PVC.

The issue of how we engage with our supply chain on materials selection issues is not fully addressed through our commitment to Green Star. This is because Green Star is project-specific and we address materials selection issues separately for each project, as this can sometimes be influenced by project location. For example the availability of recycled supplementary materials to reduce the cement content of concrete may not be readily available in locations away from capital cities.

We are developing a policy for materials selection and our supply chain which will ensure all of our suppliers have been screened and know what is expected of them. This will be a key part of our Partner/ Contractor strategy going forward and will require significant input from our supplier partners, industry bodies and broader stakeholder groups. It is anticipated that the policy will be finalised in FY11 and we will report on progress in next year's report.

Residential and Retirement Living waste management

We have collected waste data from contractor activities for the first time this year. The total waste from our Residential and Retirement Living projects was 112,844 tonnes. Approximately 97 per cent of the total (109,887 tonnes) was diverted from landfill. Our civil and landscape contractors regularly recycle materials on site:

- Topsoil is often stockpiled for later use in parks and gardens and crushed rock is used for drainage and fill material,
- Vegetation which is removed is mulched for use in erosion control during civil works, and to stabilise soil and aid in landscaping water management,
- Metals such as iron, aluminium and steel are set aside and sent to waste transfer stations and metal recycling depots.

The remaining 3 per cent of waste was sent to landfill, primarily because it contained non-recyclable or hazardous materials. Our waste data this year has been collected through monthly reports provided by our civil and landscape contractors. We understand this data is estimated by our contractors where specific data is not available. We will be looking to improve the accuracy of this data over the next 12 months.

Civil construction and landscaping waste in FY10

	Tonnes
Total waste	112,884
Waste diverted from landfill	109,887
Waste sent to landfill	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.

NABERS Ratings

NABERS Office Ratings

We are committed to achieving an average NABERS Office Energy rating of 4.5 Stars and an average NABERS Office Water rating of 4.0 Stars for our office portfolio by FY14. In FY10 we achieved a NABERS Office Energy rating average of 3.6 Stars and a NABERS Office Water rating average of 3.6 Stars for our office portfolio.

PROPERTY	NLA	Energy Rating 2009	Energy Rating 2008	Energy Rating 2007	Energy Rating 2006	Water Rating 2009	Water Rating 2008	Water Rating 2007	Water Rating 2006
NSW									
110 Walker Street, North Sydney	4,532	4.5	4.0	3.5	3.5	3.5	4.0	3.5	3.0
118–120 Pacific Hwy, Street Leonards	5,131	4.0	3.5	3.0	3.0	4.0	4.5	4.0	3.5
Piccadilly Tower, 133 Castlereagh Street, Sydney	29,876	4.5	3.5	4.0	N/A	4.0	4.0	3.0	N/A
Piccadilly Court, 222 Pitt Street, Sydney	9,724	4.0	4.0	4.5	4.0	3.5	3.5	4.0	3.5
135 King Street, Sydney	27,056	2.0	2.0	N/A	1.5	2.5	2.5	1.5	N/A
175 Castlereagh Street, Sydney	11,984	4.0	4.0	2.5	3.5	3.5	3.5	3.0	1.0
9 Castlereagh Street, Sydney	21,185	3.0	3.0	N/A	N/A	3.5	3.0	N/A	N/A
234 Sussex Street, Sydney	11,071	4.5	4.5	4.0	4.0	4.0	4.0	1.0	0.0
333 Kent Street, Sydney	8,938	N/A	N/A	2.5	N/A	N/A	N/A	3.5	N/A
52 Martin Place, Sydney	39,071	4.0	3.0	N/A	N/A	2.5	1.5	N/A	N/A
601 Pacific Hwy, St Leonards	12,690	4.0	4.0	3.5	2.0	3.5	3.5	3.5	2.0
7 Macquarie Place, Sydney	13,641	3.5	3.0	N/A	N/A	3.0	1.0	N/A	N/A
72 Christie Street, St Leonards	11,221	3.0	N/A	N/A	N/A	4.0	N/A	N/A	N/A
75 George Street, Parramatta	9,545	3.5	2.5	3.0	1.5	2.5	N/A	0.0	N/A
77 Pacific Hwy, North Sydney	9,337	3.5	N/A	2.5	2.0	2.5	N/A	3.5	2.5
16 Giffnock Avenue, North Ryde	11,701	2.0	2.0	1.5	N/A	2.0	1.5	2.0	N/A
60 Waterloo Road, North Ryde	8,167	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
66 Waterloo Road, North Ryde	10,082	5.0	5.0	N/A	N/A	TBC	4.0	N/A	N/A
11–17 Khartoum Road, North Ryde	4,212	4.0	4.5	4.0	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
Centrecourt Estate, North Ryde	84,194	TBC	N/A	N/A	N/A	TBC	N/A	N/A	N/A
ACT									
15 Mort Street, Cox Building, Canberra	3,701	U/R	4.0	3.0	3.0	U/R	4.5	3.5	4.0
17 Mort Street, Todd Building, Canberra	1,765	3.0	3.0	3.0	N/A	U/R	N/A	N/A	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 (typically where metered performance has not been supplied by utilities for the reporting period).

NABERS Ratings

PROPERTY	NLA	Energy Rating 2009	Energy Rating 2008	Energy Rating 2007	Energy Rating 2006	Water Rating 2009	Water Rating 2008	Water Rating 2007	Water Rating 2006
68 Northbourne Avenue, Canberra	9,786	U/R	1.5	0.0	N/A	U/R	2.0	1.0	N/A
70 Northbourne Avenue, Drakeford Building	3,811	2.5	3.5	3.0	3.0	U/R	N/A	2.5	0.0
72 Northbourne Avenue, Trace Building, Canberra	5,196	U/R	3.0	2.5	2.5	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
40 Cameron Street, Belconnen	15,506	TBC	2.5	3.5	N/A	TBC	N/A	N/A	N/A
VIC									
452 Flinders Street, Melbourne	38,496	3.5	3.5	2.0	2.0	3.5	3.0	3.0	3.0
541 St Kilda Road, Melbourne	8,208	U/R	4.0	4.0	4.0	U/R	3.5	4.5	2.5
QLD									
Waterfront Place, 1 Eagle Street, Brisbane	59,166	4.0	4.0	3.5	3.0	4.0	4.0	3.5	3.5
Garden Square, 643 Kessels Road, Upper Mount Gravatt	12,681	3.0	1.0	1.0	N/A	4.0	4.0	4.0	N/A
150 Charlotte Street, Brisbane	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
80–88 Jephson Street, Toowong	6,397	2.0	1.5	1.5	N/A	4.5	4.5	4.5	N/A
WA									
Exchange Plaza, 2 The Esplanade, Perth	34,178	4.5	4.5	N/A	N/A	N/A	N/A	N/A	N/A
Durack Centre, 263 Adelaide Terrace, Perth	17,312	3.0	N/A	3.0	N/A	N/A	N/A	2.0	N/A
45 St Georges Terrace, Perth	9,876	3.0	N/A	3.0	N/A	N/A	N/A	2.5	N/A
Bankwest Tower	39,360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
181 Great Eastern Hwy, Belmont	4,036	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 Havelock Street, West Perth	5,087	2.0	N/A	N/A	N/A	3.5	N/A	N/A	N/A
267 St Georges Terrace, Perth	3,484	3.0	N/A	N/A	N/A	3.0	N/A	N/A	N/A
255 St Georges Terrace, Perth	590	1.0	N/A	N/A	N/A	1.5	N/A	N/A	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.

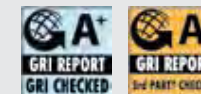
U/R – Documentation for NABERS rating not sufficient for NABERS rating.

GRI Index

Global Reporting Initiative (GRI) Index

Indicators refer to the Global Reporting Initiative (GRI) G3 framework and draft Construction and Real Estate Sector Supplement (CRESS), and the Property Council of Australia's draft Guide to Corporate Responsibility Reporting in the Property Sector.

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
1. Strategy and analysis			
1.2 Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy.	Yes	Message from CR&S Committee	
1.2 Description of key impacts, risks and opportunities.	Yes	Message from CR&S Committee Progress and priorities – Our people, Our marketplace, Our community, Climate and our environment	
2. Organisational profile			
2.1 Name of the organisation.	Yes		
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	
2.8 Scale of the reporting organisation.	Yes	About Stockland – What we do, Key financial results Our people – People metrics	
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	Yes	About Stockland – What we do Our approach – Stockland UK – UK approach	
2.10 Awards received in the reporting period.	Yes	About Stockland – Awards and memberships	



GRI Index

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
3. Report parameters			
Report profile			
3.1 Reporting period for information provided.	Yes	Our approach – About this report	
3.2 Date of the most recent previous report (if any).	Yes	Our approach – About this report	
3.3 Reporting cycle.	Yes	Our approach – About this report	
3.4 Contact point for questions regarding the report or its contents.	Yes	Contact us	
3.5 Process for defining report content.	Yes	Our approach – About this report	
3.6 Boundary of the report.	Yes	Our approach – About this report	
3.7 State any specific limitations on the scope or boundary of the report.	Yes	Climate and our environment – Our natural environment – Biodiversity, water, waste and materials Climate and our environment – Climate and environment metrics	
3.8 Basis for reporting in joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.		We report according to our 'operational control' under the National Greenhouse and Energy Reporting Act.	
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 people – People metrics Climate and our environment – Climate and environment metrics Climate and our environment – Our natural environment – Biodiversity, water, waste and materials	
3.10 Explanation of the effects of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Yes	Climate and our environment – Waste and materials Our people – People metrics restated for FY08 and FY09 to exclude UK	
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Yes	Climate and our environment – Our natural resources – Water	
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	Assurance Statement	

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
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 2010 page 14 Financial Report page 11–14	
4.2 Indicate if the Chair of the highest governance body is also an executive officer (and if so, their function within the organisation's management and the reasons for this arrangement).	Yes	Shareholder Review 2010 page 14	
4.3 For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Yes	Shareholder Review 2010 page 14	
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 (including departure arrangements), and the organisation's performance (including social and environmental performance).	Yes	Financial Report 2010 page 11	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Yes	Financial Report 2010 page 9–11	
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Yes	Financial Report 2010 page 9–11 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	http://www.stockland.com.au/about/about-stockland2_vision-and-values.htm	
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	Our approach	
4.10 Processes for evaluating the performance of the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Yes	Financial Report 2010 page 11	

GRI Index

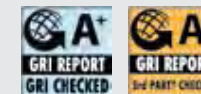
GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Yes	Climate and our environment	
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Yes	About Stockland – Awards and memberships	
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	Yes	About Stockland – Awards and memberships	
Stakeholder engagement			
4.14 List of stakeholder groups engaged by the organisation.	Yes	Our approach – Stakeholder engagement	
4.15 Basis for identification and selection of stakeholders with whom to engage.	Yes	Our approach – Stakeholder engagement (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 corporate responsibility and sustainability strategy Our approach – Stakeholder engagement Our people – Employee engagement Our customers – Customer engagement Our marketplace – Our suppliers – Engaging our suppliers Our marketplace – Our investors – Investor relations Our marketplace – Our industry and government – Industry engagement Our community – Our community development approach	
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 – About this report Our approach – Our corporate responsibility and sustainability strategy Our approach – Stakeholder engagement	
Disclosures on management approach			
Economic	Yes	Message from CR&S Committee About Stockland – Key financial results Financial Report 2010 page 17 Shareholder Review 2010 page 7	
Environmental	Yes	Climate and our environment – Climate change	

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
Labour practices	Yes	Our people – Overview	
Human rights	Yes	Our marketplace – Our suppliers – Responsible supply chain management Our people	
Society	Yes	Our community – Overview About Stockland – Governance	
Product responsibility	Yes	Our marketplace – Overview	
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	Financial Report 2010 pages 45, 61, 91 About Stockland – Key financial results Our community – Community involvement	
EC2. Financial implications and other risks and opportunities for the organisation's activities due to climate change. (Core)	Yes	Our marketplace – Emerging regulation Climate and our environment Climate and our environment – Climate change and energy – Climate change Climate and our environment – Climate change and energy – Energy efficiency Carbon Disclosure Project 2009	
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 – Framing energy efficiency tools and policy Our marketplace – Case study – Housing affordability	
Market presence			
EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. (Core)	Yes	Our community – Our local contribution We will examine the percentage of our suppliers who are from the local community in the short-term future.	
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.	

GRI Index

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
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 under our work in: Our marketplace – Housing affordability Our community – Community development and community involvement Our approach – Stakeholder engagement Our community – Case studies – Dress for Success, Heart Foundation walking groups	ECO1
EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partial	About Stockland – Value chain Our marketplace – Our suppliers – Engaging our suppliers, Responsible supply chain management, Safety and performance Our community – Community development – Our local contribution	
Environmental performance indicators			
Materials			
EN1. Materials used by weight or volume. (Core)	Not material	About Stockland – Value chain We do not have operational control over materials use by weight or volume.	ENV2
EN2. Percentage of materials used that are recycled input materials. (Core)	Not material	We do not have operational control over material selection. We aim to increase our influence on the material's selection of our supply chain – please see Climate and Our Environment – Waste and Materials.	ENV2
CRESS1. Percentage of procured materials of its type that are certified to sustainability standards.	No	See above indicator – EN2	
Energy			
EN3. Direct energy consumption by primary energy source. (Core)	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV3
EN4. Indirect energy consumption by primary source. (Core)	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV3
CRESS2. Building energy intensity by square metres or occupant. (buildings in use only)	Yes	Climate and our environment – Energy and greenhouse gas metrics	

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
EN5. Energy saved due to conservation and efficiency improvements.	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV3
Water			
EN8. Total water withdrawal by source. (Core)	Yes	Climate and our environment – Our natural environment – Water	ENV4
CRESS3. Initiatives to reduce water consumption, including improvements to water quality in water reuse and recycling solutions.	Yes	Climate and our environment – Our natural environment – Water	ENV4
CRESS4. Water intensity (buildings in use only) by occupant or square metres.	Yes	Climate and our environment – Our natural environment – Water	
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 – Our natural environment – Biodiversity We do not publicly report this data yet. We will determine how best to report this data in the near future.	ENV5
EN12. Description of significant impacts of activities, products, and services on biodiversity value outside protected areas. (Core)	Yes	Climate and our environment – Our natural environment – Biodiversity	ENV5
EN14. Strategies, current actions, and future plans for managing impacts on biodiversity.	Yes	Climate and our environment – Our natural environment – Biodiversity	ENV5
Emissions, effluents and waste			
EN16. Total direct and indirect greenhouse gas emissions by weight. (Core)	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV6
EN17. Other relevant indirect greenhouse gas emissions by weight. (Core)	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV6
CRESS5. CO ₂ e intensity from building energy (buildings in use only).	Yes	Climate and our environment – Energy and greenhouse gas metrics	ENV6
EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.	Yes	Climate and our environment – Energy efficiency, energy and greenhouse gas metrics	ENV6
EN19. Emissions of ozone-depleting substances by weight. (Core)	Not material	Climate and our environment – Energy and greenhouse gas metrics Our emissions of ozone-depleting substances are minimal and are not material. We report our emissions as required by the National Greenhouse and Energy Reporting Act.	ENV6



GRI Index

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
EN20. NOx, SOx, and other significant air emissions by type and weight. (Core)	Not material	Climate and our environment – Energy and greenhouse gas metrics See comment in EN19	ENV6
EN21. Total water discharge by quality and destination. (Core)		We do not have the data collection systems in place to report on this indicator in FY10 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 – Our natural environment – Waste and materials	ENV7
EN23. Total number and volume of significant spills. (Core)	Yes	Nil.	
Products and services			
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	Yes	Climate and our environment – Overview Climate and our environment – Energy efficiency Climate and our environment – Our natural environment – Water, waste	
EN27. Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	Yes	As a diversified property company, this indicator is not relevant for our business as we are not a product manufacturer.	
Compliance			
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	Yes	Nil.	
Contaminated land and remediation			
CRESS6. Proportion of land, by area, held or projects designated as 'contaminated' according to applicable legal designations.	No	Climate and our environment – Our natural environment – Biodiversity (Glenrose) See comment in CRESS7	
CRESS7. Proportion of contaminated land held that has been remediated.	No	Climate and our environment – Our natural environment – Biodiversity (Glenrose) We will look at an appropriate measure in FY11 for the proportion of land remediated at contaminated sites.	
Labour practices and decent work indicators			
Employment			
LA1. Total workforce by employment type, employment contract, and region. (Core)	Yes	Our people – People metrics We will extend our reporting to workforce by state in the next reporting period.	SOC1

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
LA2. Total number and rate of employee turnover by age group, gender and region. (Core)	Yes	Our people – People metrics	SOC1
LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Partial	Our people – Employee engagement	
Labour/management relations			
LA4. Percentage of employees covered by collective bargaining agreements. (Core)	Yes	Our employees are on individual contracts. We do not have any employees on collective bargaining agreements.	
LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	Yes	Our people – People metrics Minimum notice periods are determined in individual contracts. See comment in LA4.	
Occupational health and safety			
LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	Yes	Our people – Health, safety and wellness Our people – People metrics	SOC2
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 Our people – Case Study – Safe work week at Stockland	SOC2
Training and education			
LA10. Average hours of training per year per employee 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 coming year.	SOC3
LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partial	Our people – Capability development	SOC3
Diversity and equal opportunity			
LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	Yes	Financial Report 2010 page 10 Our people – People metrics Minority group data is not collected.	SOC1
LA14. Ratio of basic salary of men to women by employee category. (Core)	Yes	Our people – People metrics	SOC1
CRESS8. Number of women in management and on board.	Yes	Our people – People metrics	

GRI Index

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
Human rights indicators			
Investment and procurement practices			
HR1. % and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)	Yes	Our investment agreements do not include human rights clauses or screening.	
HR2. % of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	Partial	Our marketplace – Responsible supply chain management As part of our Procurement strategy, human rights screening and performance will be assessed and data will be collected in the near future.	SOC4
Non-discrimination			
HR4. Total number of incidents of discrimination and actions taken. (Core)	Yes	This is the first year we have reported the number of terminations due to breaches of our Code of Conduct (see Employee metrics). We are in the process of analysing how best to analyse, capture and report this data and do not presently publicly report on the number of incidents of discrimination.	SOC4
Freedom of association and collective bargaining			
HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	Yes	There are no operations within Stockland in which the right to exercise freedom of association and collective bargaining may be at significant (or any) risk.	
Child labour			
HR6. Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination 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 identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination 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.	
Security practices			
CRESS9. Percentage of total workforce by employment type and employment contract working on projects in insecure areas.	No	This indicator is not relevant as we do not have projects in insecure areas.	

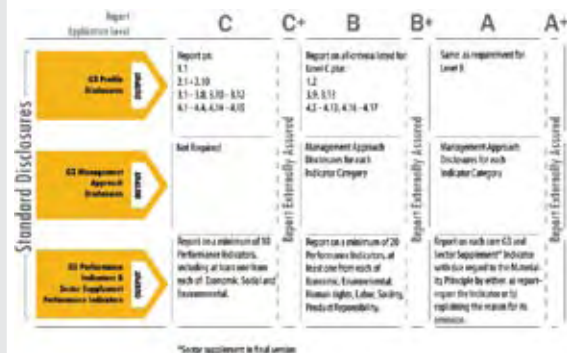
GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
Society indicators			
Community			
SO1. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting. (Core)	Yes	Our community – Community development and community involvement Our community – Case studies – Youth and shopping centres Our approach – Stakeholder engagement Our approach – Case studies – Sandon Point	SOC5
CRESS10. Number of people physically or economically displaced, and compensation, broken down by type of project.	Yes	No people were physically or economically displaced in the reporting period.	
Corruption			
SO2. Percentage and total number of business units analysed for risks related to corruption. (Core)	Yes	About Stockland – Risk management Our people – People metrics*	
SO3. Percentage of employees trained in organisation's anti-corruption policies and procedures. (Core)	Yes	About Stockland – Risk management Our people – People metrics	
SO4. Actions taken in response to incidents of corruption. (Core)	Yes	Our people – People metrics There were no incidents of corruption in this reporting period.	
Public policy			
SO5. Public policy positions and participation in public policy development and lobbying. (Core)	Yes	Our marketplace – Our industry and governance	
SO6. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Yes	Our marketplace – Our industry and governance	SOC6
Compliance			
SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	Yes	Nil.	

* Our Fraud and Corruption policy covers all Stockland employees and business units.

GRI Index

GRI indicator	Responded to in FY10	Position in FY10 Report	Property Council of Australia Performance Indicators
Product responsibility 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 marketplace – Our suppliers – Safety and performance	
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	NABERS Ratings Climate and our environment – Energy efficiency	
PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Yes	Our marketplace – Customer engagement	
CRESS11. Initiatives to promote positive social, environmental and economic legacy following completion, and perceived results, as well as initiatives to mitigate and manage negative legacy impacts.	Yes	Our community – Community development approach Our approach – Case studies – Sandon Point	SOC5
CRESS12. Initiatives beyond minimum statutory requirements to ensure consideration of design and configuration issues for building, community and infrastructure design.	Yes	Climate and our environment – Energy efficiency	
Marketing communications			
PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	Yes	Our People – People metrics (Trade Practices Act training)	
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	Nil.	

Note: The table above includes indicators from the GRI's Construction and Real Estate Sector Supplement (CRESS) which is in draft format and is expected to be finalised by mid-2011.



Independent Assurance Statement

Stockland Corporate Responsibility & Sustainability (CR&S) Report 2010

To the Board, Management and Stakeholders of Stockland,

Banarra was commissioned by Stockland to assure its CR&S Report 2010 (the Report) against the AA1000 Assurance Standard (2008) (AA1000AS). Banarra was also commissioned to validate the Report against the Global Reporting Initiative Sustainability Reporting Guidelines (2006) (GRI). This is Banarra's fourth reporting cycle with Stockland, so we have built on our previous understanding of the organisation and its progress.

Assurance scope

The assurance scope is a Type 2 engagement under AA1000AS and includes:

- 1) Evaluation of the nature and extent to which Stockland adheres to the AA1000 AccountAbility Principles Standard (2008) (AA1000APS) Principles of Inclusivity, Materiality and Responsiveness and how it communicates this adherence in the Report. This was evaluated to a high level of assurance.
- 2) Evaluation of the reliability of the FY10 performance information within the material issues listed below (excluding UK data). The evaluation was at a moderate level for all issues except for Energy and Greenhouse Gas Emissions data which was evaluated to a high level of assurance. The Greenhouse Gas Emissions assurance was conducted in accordance with AS ISO 14064 – Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions (2006) and with reference to the National Greenhouse and Energy Reporting (Audit) Determination (2009).

Material Issues included in Assurance Scope

REPORT SECTION	MATERIAL ISSUE
Our Approach	Stakeholder Engagement
Our People	Employee Engagement (including Pay)
	Diversity and Inclusion
	Health, Safety and Wellness
	Learning and Development
	Employee Turnover
Our Marketplace	Customer Engagement
	Housing Affordability
	Engaging Our Suppliers
	Government Relations
Our Community	Community Development
Our Climate and Environment	Climate Change
	Energy Efficiency
	Water
	Waste
	Energy and Greenhouse Gas Emissions

The performance information was verified using the criteria in the GRI and the draft Guide to Corporate Responsibility Reporting in the Property Sector (2009), along with the National Greenhouse and Energy Reporting (Measurement) Technical Guidelines (2009).

Banarra Assurance Methodology

Within the above scope, our methodology included:

- Interviews with: a) 10 members of the Board and Executive Committee, including Graham Bradley, Nick Greiner and Matthew Quinn; b) 58 Stockland employees at corporate, divisional and site levels; and c) 20 external stakeholders;
- Reviews of documentation including sustainability policies, strategies and CR&S Board Committee Meeting Minutes as well as sustainability management systems;
- Checks of the reliability and accuracy of all quantitative performance information (such as data sets) and the processes for capturing, aggregating and reporting this data, through interviews and document review, comparison with the assurance criteria, re-calculation and cross-checks with corroborative evidence, including sample testing of source data. Banarra did not review the information management systems for any third-party supplied data;

- Checks of the balance and accuracy of sampled qualitative performance information (such as performance claims), through interviews and document review;
- Visits to Stockland's headquarters in Sydney, New South Wales and eight Stockland sites: Balgowlah and Merrylands, New South Wales, North Lakes and Waterfront Place, Queensland, Gowanbrae and Highlands, Victoria, 2 Victoria Avenue and Settlers Hills/Baldivis, Western Australia;
- An independent check of Stockland's material issues and stakeholder views on these issues, including analysis of peer reports, media articles on Stockland in FY10, Stockland's own documentation and engagement records and issues identified from Banarra's interviews;
- A review of the Report to check that it appropriately communicates the nature and extent of Stockland's adherence to the AA1000APS Principles; and
- A review of the Report to check consistency with the GRI application level requirements.

Findings and Recommendations

Banarra's findings and recommendations in relation to Stockland's adherence to the AA1000APS Principles, the reliability of the reported performance information and adherence to the GRI requirements are provided below.

Assurance Opinion: AA1000APS Principles

We believe Stockland has appropriately communicated the nature and extent of its adherence to the AA1000APS Principles in the Report.

Inclusivity – has Stockland engaged with its stakeholders?

Stockland's CR&S Strategy commits the organisation to being responsive to the interests of stakeholders and key stakeholder issues are escalated to Board level. Employees across the organisation are comfortable identifying their stakeholders and the importance of upfront engagement is widely acknowledged. Stakeholder Engagement Plans are now in place across all projects, including Retirement Living, and these have been updated to include conflicting issues between stakeholder groups as per our recommendation from last year.

Banarra identified the following areas for improvement:

- Stakeholder Engagement Plans are seen primarily as documenting current engagement approaches, especially on existing projects – they could do more to drive improvements in practice;
- We are not aware of any formal mechanisms for assessing and building the capacity of stakeholders with additional needs to engage with Stockland – doing this would ensure all key stakeholder groups are heard; and
- Retirement Living measures its residents' satisfaction on an annual basis – the Residential and Commercial business units could also implement longer term customer satisfaction mechanisms, something which we note Residential plans to progress in FY11.

Materiality – has Stockland identified its most important sustainability issues?

The CR&S team and business units have a comprehensive process for identifying Stockland's material issues, which now includes a broader range of internal and external stakeholder views. Stockland's materiality process identified 14 overarching issues for 2010. Banarra's process found evidence to support the materiality of the majority of these issues. Our testing also identified a further four additional issues as being material: responsible design & development, corporate strategy & growth, employee remuneration and leadership. Stockland has acknowledged all these issues in the Report, with the exception of the impact of leadership changes during the reporting year.

The CR&S team has engaged with the risk and strategy teams to identify material issues and there are plans for a joint workshop next year. We believe Stockland should take this further and formally incorporate the materiality process into business planning across the organisation.

Banarra identified the following areas for improvement:

- In FY10 Stockland focused its understanding and strategic response to climate change risks and opportunities on the immediate physical risks of climate change for Residential – it would be beneficial to assess a fuller scope of risks and opportunities across all areas of the business and engage with customers and partners on this issue; and
- The Report contains numerous performance indicators, however in some cases there is minimal or no commentary discussing the results (such as women in leadership positions and in Residential management) – data analysis could be applied more consistently so that Stockland is in a stronger position to communicate its understanding in the Report.

Responsiveness – has Stockland responded to these issues?

There is general agreement that CR&S is well resourced in Stockland. Stockland has responses relating to all of its material issues and the corporate CR&S Strategy is now supported by Business Unit CR&S strategies along with those from other parts of the business, such as Human Resources. At the site level there is now greater awareness of the corporate CR&S strategies, policies and tools.

Banarra found only limited involvement of stakeholders in developing responses and as such our recommendation from last year to better integrate stakeholder feedback into decision-making stands. We also recommended that Stockland ensures its accounting for performance is clear and concise and that there are quantifiable targets for all material issues, however many of the future commitments in the Report are given in broad terms, making it challenging for stakeholders to assess the response and the progress made.

Stockland has again voluntarily piloted the Property Council of Australia's draft Guide to Corporate Responsibility Reporting in the Property Sector and we are pleased that it has responded to our recommendation last year to start to report on land with high biodiversity value lost to development. There are opportunities for Residential and Retirement Living to develop more meaningful and comparable environmental metrics in other areas, such as energy and water efficiency. There are also opportunities for reporting on sustainable supply chain management performance.

Banarra identified the following areas for improvement:

- We commend Stockland for discussing key learnings in the Report, however there appears to be considerable reliance on certain individuals to hold and communicate this information – Stockland could implement more formal processes to reflect and share project learnings;
- On our site visits we also found considerable reliance on the skills of a few technical experts in head office – there are opportunities to build and strengthen CR&S expertise and accountability at the local level;
- Stockland has implemented many programs and initiatives, however there is often no measurement of success in progressing sustainability (for example the extent of uptake by tenants of sustainability initiatives from the Retail Design Fitout Guide) – Stockland should investigate ways to measure the outcomes and impacts of its initiatives; and
- Innovation is identified as a critical practice in Stockland's CR&S Strategy, yet it is unclear how consistently Stockland's responses to sustainability issues go beyond compliance – Stockland should consider how to strengthen its support for both project level innovation as well as 'big picture' innovation associated with sustainability leadership.

Assurance Opinion: Performance Information

Based on our methodology we conclude:

- There is evidence that the performance information for Energy and Greenhouse Gas Emissions is correct in all material aspects and is a fair representation of Stockland's performance in this area in FY10;
- There is no evidence that the performance information for Stakeholder Engagement, Employee Engagement, Diversity and Inclusion, Health, Safety and Wellness, Learning and Development, Employee Turnover, Customer Engagement, Housing Affordability, Engaging Our Suppliers, Government Relations, Community Development, Climate Change, Energy Efficiency, Water and Waste is not correct in all material aspects and is not a fair representation of Stockland's performance in these areas in FY10; and
- Banarra was not able to come to a view on the accuracy of the Residential and Retirement Living greenhouse gas, energy, water and waste data due to incomplete evidence trails for contractor data. We recognise that this is the first full year in which Stockland has collected and reported on environmental data for these divisions and that this is a complex and challenging task.

Without affecting our overall opinion on the reliability of the performance information presented in the Report, Banarra makes the following recommendations for improvement:

- Several errors had to be corrected following assurance of the draft Report – Stockland should strengthen its information management systems, undertake more extensive internal checks on the completeness and accuracy of data and maintain clear evidence trails to enable future assurance; and
- Stockland has started to compile formal procedures for performance indicators – documented calculation protocols for all indicators, including boundaries, definitions, assumptions and compilation methodologies, would help ensure ongoing comparability and institutional knowledge.

Assurance Opinion: GRI Application Level

We agree with Stockland's own assessment that it has achieved GRI application level A+.

We are pleased that Stockland has voluntarily piloted the draft GRI Construction and Real Estate Sector Supplement. We encourage Stockland to report more fully on this in the future, in particular by reporting on the total number of completions that are affordable in order to allow year on year comparisons and benchmarking of performance in delivering affordable housing.

Responsibilities and Independence

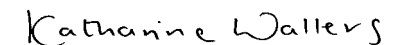
Stockland was responsible for preparation of the Report, stakeholder identification and engagement as well as material issue identification and response. Banarra's responsibility was to provide an independent assurance opinion of the Report using AA1000AS. This opinion is provided to Stockland and any reliance third parties may place on this statement is entirely at their own risk. Banarra has provided Stockland with a management report containing more details on the findings and recommendations in this statement.

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



Richard Boele
Certified Lead Sustainability Assurance
Practitioner IRCA No. 1188527

Banarra
Sydney, Australia
23 September 2010



Katharine Walters
Certified Sustainability Assurance
Practitioner IRCA No. 1192578

Contact us

You can reach us at sustainability@stockland.com.au,
or contact our people directly in relation to your interest.

Overall corporate responsibility and sustainability activities

Siobhan Toohill

General Manager, Corporate
Responsibility and Sustainability
siobhan.toohill@stockland.com.au

Sustainability activities across our office, retail and industrial portfolios

Amanda Steele

National Sustainability Manager,
Commercial Property
amanda.steele@stockland.com.au

Sustainability activities across our residential communities and retirement living villages

Ramana James

National Sustainability Manager,
Residential
ramana.james@stockland.com.au

Government and other stakeholder relations across our development projects and assets

Michael Zorbas

General Manager, Government Relations
michael.zorbas@stockland.com.au

Mellissah Wickham

Senior Manager, Stakeholder Engagement
mellissah.wickham@stockland.com.au

Investor relations

Linda Assatoury

Senior Manager, Investor Relations
linda.assatoury@stockland.com.au

Media relations

Katie Lennon

Media Relations Manager
katie.lennon@stockland.com.au

Giving and volunteering activities

Suzy Upcroft

Community Involvement Coordinator
suzy.upcroft@stockland.com.au

STOCKLAND CORPORATION LTD

ACN 000 181 733

Head Office

Level 25, Castlereagh Street
Sydney NSW 2000

Sydney

Telephone 02 9035 2000

Melbourne

Telephone 03 9095 5000

Brisbane

Telephone 07 3305 8600

Perth

Telephone 08 9368 9222

United Kingdom

37 Maddox Street
London
W1S 2PP

Telephone +44 (0) 845 070 4633



Stockland

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