

welcome to our corporate responsibility and sustainability report

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About us

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

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

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

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

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

Where we are

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

Our business model

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



Our responsibilities to our stakeholders shape our mission:

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

Our strategic themes:

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

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

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

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

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

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

about this report

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

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

The report this year is being produced in three forms:

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

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

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

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

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

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



our approach to corporate responsibility and sustainability



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

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

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

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

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

CR&S Board Committee

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

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

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

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

Management

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

These roles over the past year included:

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

CR&S Employee Committee

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

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

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

Areas of focus

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

Stockland UK

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

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

message from our cr&s committee



Nick Greiner Deputy Chairman
Matthew Quinn Managing Director
Graham Bradley Chairman

CR&S Board Committee Report

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

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

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

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

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

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

Our long-term approach

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

Addressing climate change

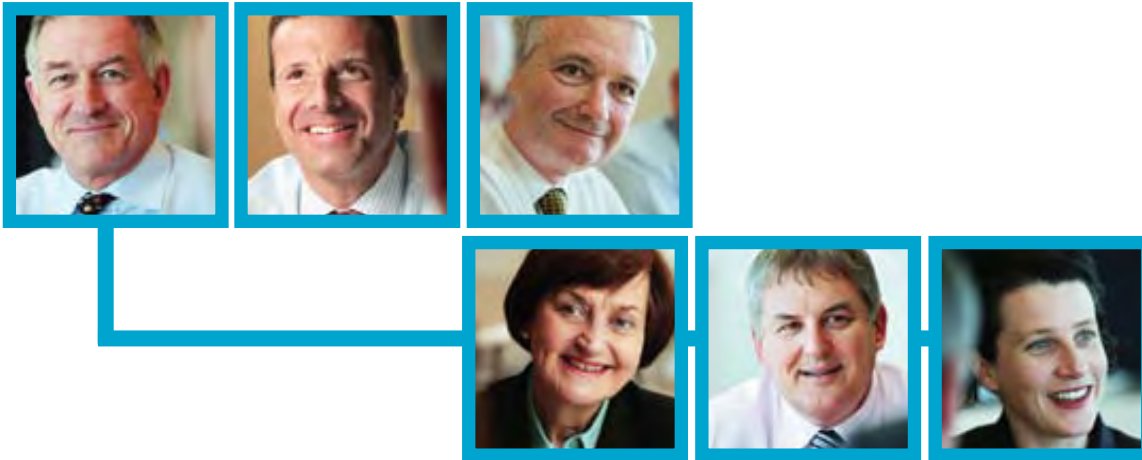
Climate change is now well recognised as being a new challenge with far reaching implications. While global warming and carbon abatement create potential challenges for our business, they also present opportunities for innovation.

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

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

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

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



CR&S Board Committee and Leadership Team

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

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

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

Innovative solutions

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

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

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

Stakeholder engagement

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

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

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

Raising the bar

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

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

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

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

Graham Bradley
Chairman

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

Matthew Quinn
Managing Director