

The way in which we conduct our operations is key to ensuring our sustainability as a business.

BUSINESS CONDUCT

STRATEGIC OBJECTIVE:

TO OPERATE ETHICALLY, EFFECTIVELY AND TRANSPARENTLY, IN LINE WITH EXTERNAL REGULATORY AND LEGISLATIVE REQUIREMENTS AND INTERNAL GOVERNANCE PROCEDURES, IN ORDER TO ACHIEVE SUSTAINABLE BUSINESS OUTCOMES.



BUSINESS CONDUCT

GOVERNANCE: AT MIRVAC WE BELIEVE A STRONG CORPORATE GOVERNANCE FRAMEWORK IS CRITICAL TO FOSTERING A CULTURE THAT VALUES ETHICAL BEHAVIOUR, INTEGRITY AND RESPECT TO PROTECT THE INTERESTS OF SECURITYHOLDERS AND OTHER STAKEHOLDERS AT ALL TIMES.

We are committed to ensuring that our systems, procedures and practices reflect a high standard of corporate governance.

During the year ended 30 June 2011, Mirvac's corporate governance framework was consistent with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007.



THE MIRVAC BOARD

The primary objective of the Board is to build long term securityholder value with due regard to other stakeholder interests. The Board does this by setting strategic direction, including Mirvac's mission, vision and values, and focusing on issues critical for its successful execution. These critical issues include effectively managing our workforce, maintaining excellent performance and managing risk.

The Board is also responsible for overseeing Mirvac's corporate governance framework.

The Directors of Mirvac Limited are:

- 1 **James MacKenzie**
(Chairman);
- 2 **Nicholas Collishaw**
(Managing Director);
- 3 **Peter Hawkins**
(Non-Executive Director);
- 4 **James Millar**
(Non-Executive Director);
- 5 **Penny Morris**
(Non-Executive Director);
- 6 **John Mulcahy**
(Non-Executive Director); and
- 7 **Elana Rubin**
(Non-Executive Director).

Together the Board members have the broad range of experience required to effectively oversee Mirvac's business. The Board comprises six Non-Executive Directors and one Executive Director (the Managing Director). The Chairman of the Board, James MacKenzie, is an independent Non-Executive Director. The skills, experience and expertise of each Director are set out in our 2011 Annual Report.

The Board and its committees are responsible for robust corporate governance, which can add to our performance, create securityholder value and engender the confidence of the investment market.

AN OVERVIEW OF THE RELATED GOVERNANCE COMMITTEES:

Audit, Risk and Compliance Committee ("ARCC")

Responsibilities

Reviewing major risks, risk management strategies, external audit function, internal audit plan, business continuity plan, risk management reporting and control systems, group insurance, compliance obligations, systems and processes.

Human Resources Committee ("HRC")

Responsibilities

Succession planning, remuneration reviews, contract terms, incentive schemes, termination benefits and employee share acquisition schemes.

Executive Leadership Team ("ELT")

Responsibilities

Strategic planning, business Key Performance Indicators ("KPIs"), group vision, strategy, culture, capital allocation between business units and budgets, policies.

Board support has resulted in an extensive focus on sustainability across all areas of Mirvac, with sustainability strategy and performance monitoring reported to and reviewed by the Board.

HEALTH SAFETY ENVIRONMENT AND SUSTAINABILITY MANAGEMENT

The Health Safety Environment and Sustainability (“HSE&S”) Management Committee¹ reports to the Board and other Board committees to ensure the strategic management and effective implementation of sustainability principles and initiatives across the business.

The HSE&S Management Committee's mandate is:

- a) to establish measurable objectives and targets aimed at the continual improvement of HSE&S performance, including the plans for the elimination of work related incidents or impacts from Mirvac Groups' activities, products and services;
- b) to monitor compliance with Mirvac Group standards and practices and legal compliance with HSE&S legislation;
- c) to define roles, responsibilities and levels of accountability for HSE&S within the Group;
- d) to implement and review interventions to improve HSE&S management across the Mirvac Group;
- e) to establish and implement measures aimed at achieving HSE&S objectives and targets; and
- f) to assess performance against HSE&S objectives and targets and industry benchmarks.

The HSE&S Management Committee's responsibilities include:

- a) compliance with the Group's standards and practices and legal compliance with health safety and environment legislation;
- b) monitoring the performance of the Group relative to industry benchmark standards and compliance with the Group's Health Safety Environment Policy and the Corporate Responsibility and Sustainability Policy;
- c) overview of lost time injury and other statistical measures, rehabilitation status, incident reporting, energy use and intensity, audit outcomes and other performance indicators across the Group;
- d) performance against set objectives and targets and review on an annual basis;
- e) the HSE Management System, its regular review and application to activities undertaken by the Group;
- f) the effectiveness of corrective action to eliminate or minimise HSE&S risks;
- g) the development and integration of industry-leading HSE&S initiatives to minimise risk to employees, service providers (contractors and suppliers), visitors and customers, and minimise impacts on the environment arising from the Group's activities;
- h) the development and integration of appropriate initiatives to establish and maintain the Group's position as a leader in corporate social responsibility and sustainability;
- i) management initiatives related to emerging sustainability strategic issues, including applicable legal and regulatory requirements, trends and technologies; and
- j) overview and endorsement of the Group's annual Corporate Responsibility and Sustainability Report, strategic plans and other reports prepared for regulatory bodies, such as the reporting of energy efficiency opportunities.

1) The HSE&S Management Committee was established in March 2011. Prior to this HSE&S was managed by a Board Committee.

OUR RISK MANAGEMENT PROCEDURES WITH REGARD TO CLIMATE CHANGE RISKS AND OPPORTUNITIES ARE INTEGRATED INTO RISK MANAGEMENT PROCESSES ACROSS THE MIRVAC GROUP.

RISK MANAGEMENT

The Group operates in property development and construction, property investment, and hotel management. Each of these businesses face differing risks. We have established a detailed risk register for each business which outlines the key risks, the controls in place to mitigate those risks and the person(s) responsible for implementing and reviewing those controls. These registers are reviewed quarterly and updated on a periodic basis by the Executive Management of each business unit and cover all business risks associated with the regulatory and physical impacts of climate change.

Business units routinely report to the Group's Executive Leadership Team on the effectiveness of the management of their risks. The Managing Director and the Executive Leadership Team assess the Group's material business risks and report to the Board on the effectiveness of mitigation strategies and controls employed.

To ensure consistent and effective risk management practices throughout the Group, an enterprise risk management framework approach has been adopted. The application of this framework is overseen by the Group Risk function and is based on ISO 31000:2009 Risk Management – Principles and Guidelines.

Risk identification, determination and assessment at a company level are undertaken by Finance, Legal, Sustainability, Health, Safety and Environment and all key business units. The identified risks are reported at Board level, overseen by Mirvac's Risk Management Team and documented within the Group's risk register.

Risk assessment at an asset level is undertaken within each business unit, as required in the acquisition, development or redevelopment of sites. Climate change risks and opportunities are assessed in terms of physical impact on individual facilities, as well as the potential risk to life and livelihood from climate change, including extreme weather events.

Reporting is undertaken at least quarterly, where associated Board committees report to the Board on current and emerging risks facing the business. Risk assessment, mitigation and management is also undertaken on an as-required basis, throughout property acquisition and management processes.

The Group's Risk Management Policy and underlying strategies are reviewed annually by the Board of Directors to ensure continued application and relevance. Management review of the implementation and effectiveness of this Policy is also undertaken by the Executive Leadership Team.

Risk registers are reviewed and updated on a periodic basis by the executive management of each business unit. Any significant changes are reported internally to the Board, the ARCC, the HSE&S Management Committee, as well as to the relevant Business Units.

COMPLIANCE

Mirvac and its business operations are subject to compliance with both Federal and State environment protection legislation.

At the Federal level, Mirvac has triggered the Energy Efficiency Opportunities Act 2006 ("EEO") threshold and is required to report. Mirvac has completed assessments in accordance with the scheme's assessment and reporting schedule.

Mirvac has also triggered the reporting threshold of the National Greenhouse and Energy Reporting Act 2007 ("NGER"). The NGER Act requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, energy consumption and production figures. Mirvac must report annually by 31 October.

Mirvac is also subject to the commercial Building Energy Efficiency Disclosure Act 2010 ("BEED"). This involves the disclosure of energy efficiency related information at the point of sale or lease of commercial office space greater than 2,000 square metres.

A SUSTAINABILITY LEADER WE ARE COMMITTED TO SUSTAINABLE PRACTICES IN OUR OWN ORGANISATION AND TO ADVANCING THESE PRINCIPLES IN OUR INDUSTRY AND THE WIDER COMMUNITY.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

Mirvac became a signatory to the UNPRI on 11 January 2011 and is committed to embedding the six principles into core business practice operations.

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

BOND UNIVERSITY

Mirvac is now in the fifth year of our partnership with Bond University through the Mirvac School of Sustainable Development.

Bond University is a world innovator in sustainable development education, and is Australia's highest rated university as rated in the 2012 Good Universities Guide. It offers a unique educational experience in Australia, boasting state-of-the-art facilities, the smallest student-staff ratio in the nation and world-class education.

Bond University's Mirvac School of Sustainable Development is one of Australia's leading integrated academic institutions with a holistic adoption of sustainable development. The Institute recognises the importance of balancing human needs while protecting the environment. The practices of sustainable development will become a necessity for all professionals and the Institute's mission is to produce graduates who will be industry leaders in their field and who will bring knowledge of sustainability to the business world.

The Mirvac School of Sustainable Development includes an interactive 'Living Laboratory' for sustainable education with the building being the first educational facility in Australia to achieve a 6 Star Green Star – Education PILOT Certified Rating for design by the GBCA.





EARTH HOUR

In March 2011 Mirvac was an official sponsor of Earth Hour and the first annual World Wildlife Fund ("WWF") Earth Hour Awards. Earth Hour is a global sustainability movement which aims to bring attention to energy consumption and sustainability principles by encouraging corporations and the general public worldwide to simultaneously switch off their power for one hour.

Having participated in Earth Hour since it began in 2007, Mirvac was proud to be an official sponsor of the campaign this year and encourages everyone to participate by switching off and thinking about what changes can be made to go beyond the hour and into the future.

Mirvac is committed to excellence in sustainability, managing and creating innovative premium real estate assets now and in the future. Supporting Earth Hour is part of this ongoing commitment to change.

The inaugural WWF Earth Hour Awards recognised the efforts of people from around the country who have gone 'beyond the hour' and taken action to help create a more sustainable planet.

Mirvac sponsored the Workplace Champions Award, which recognises individuals with big ideas, taking exceptional initiative within their workplace to positively impact the environment.

BUSINESS CONDUCT

GREEN BUILDING COUNCIL SUMMIT

Mirvac sponsored the 2011 GBCA Summit Series, designed to give green building practitioners a greater level of skill and understanding, and provide the edge and know-how to push the green building revolution even further.

Held in each capital city and developed in response to industry feedback, the Summit helps push the Australian green building industry to the fore in international competition.

GREEN STAR COMMUNITIES RATING TOOL

In 2010 Mirvac became a Silver sponsor of the new Green Star Communities Rating tool.

Developed by the GBCA in response to government and industry needs, the rating tool assesses the application of the five national Green Star Communities principles in planning and development projects. This tool is called 'Green Star – Communities' and is a voluntary tool available for government and industry to demonstrate best practice in the planning, delivery and performance of innovative sustainable development projects.

Mirvac has been involved from the outset as part of the technical working committee to develop the credit criteria within each of the categories. Mirvac participated in the Beta testing phase of the tool development with two projects, and look forward to seeing the tool develop into a useful addition to the Green Star suite of sustainability measures.

BETTER BUILDINGS PARTNERSHIP

Mirvac became a signatory to the City of Sydney's Better Buildings Partnership in 2011.

As a foundation member of the Partnership, Mirvac supports the drive to reduce greenhouse emissions across the City of Sydney. Being the first in Australia to deploy trigeneration in an existing building at 101 Miller St, North Sydney, Mirvac remains a leader in implementing new technology to achieve environmental and economic dividends.

The Better Buildings Partnership was launched by the Lord Mayor of Sydney, Clover Moore MP on 30 June 2011. The Better Buildings Partnership signatories represent 58 per cent of the office floor space across Sydney's CBD, enabling commercial landlords to play an important role in improving the energy, water and waste efficiency of Sydney's existing buildings.

CITYSWITCH

Mirvac has been a member of CitySwitch since 2005. CitySwitch is the only national tenant energy efficiency program working with organisations committed to addressing their greenhouse impact. Tenants can influence up to 50 per cent of the energy use in office buildings, therefore simple changes to improve day-to-day energy efficiency can help organisations make a positive impact on climate change and save money.

As a signatory to CitySwitch, Mirvac became part of a growing national partnership between local government and corporate leaders, demonstrating our ongoing commitment to environmental sustainability.

FY11 SUSTAINABILITY AWARDS

- > Harmony 9, Waverley Park, VIC, Banksia Foundation, Built Environment Award Finalist
- > The Eco Collection, WA HIA Greensmart Award for Energy Efficiency
- > The Eco Collection, WA Property Council Awards, The AECOM Award for Sustainable Developments
- > Mirvac, Green Globe Awards, 10 Year Sustainability Achievement Award Finalist



Better Buildings Partnership

Mirvac became a signatory to the City of Sydney's Better Buildings Partnership in 2011.

LOOKING FORWARD

SOME OF OUR KEY ACTIONS FOR 2012 ARE:

Continue to meet statutory requirements for environmental disclosures

Articulate our sustainability strategy consistently with The Mirvac Way and Strategic Driver of 'Sustainability Excellence'

Create an integrated framework for compliance reporting

Schedule key dates for sustainability communications within the Group-wide communications schedule to improve coordination of work across business units and align communications content with strategy

Embed Mirvac's sustainability principles into strategic plan

Communicate the Group sustainability strategic plan to internal and external stakeholders

