

Corporate Governance

Lend Lease is committed to continually reviewing all Group corporate governance policies and practices to ensure the ongoing transparency of the Group's practices, and the delivery of high standards and quality information to stakeholders.

Contents

1	The Lend Lease Board	18
1.1	Role and Responsibilities	18
1.2	Composition of the Board	19
1.3	Independent Directors	19
1.4	Retirement and Re-election of Directors	21
1.5	Chairman of the Board	21
1.6	Meetings	21
1.7	Board Performance	21
1.8	Shareholdings	21
1.9	Induction and Briefing Programmes	21
1.10	Independent Decision-Making	21
1.11	Company Secretary	21
2	Senior Management	22
3	Directors' and Executives' Remuneration	22
4	Board Committees	22
4.1	Membership	22
4.2	Nomination Committee	23
4.3	Personnel and Organisation Committee	23
4.4	Risk Management and Audit Committee	24
4.5	Sustainability Committee	25
5	Governance Structure	26
6	Communicating with Shareholders	26
7	Risk Management	27
7.1	Enterprise Risk Management	27
7.2	Integrity in Financial Reporting, Risk Management and Internal Control	27
8	External Auditor	28
8.1	Performance Management	28
8.2	Appointment and Rotation	28
8.3	Provision of Non Audit and Other Services	28
8.4	Attendance at Annual General Meeting	28
8.5	Auditor's Independence	28
8.6	Fees	28
9	Trading in Lend Lease Shares	28
10	The Lend Lease Core Values	29
10.1	Core Values	29
10.2	Code of Conduct	29
10.3	Conflicts of Interest	29
10.4	Political Donations	29
11	Corporate Governance – Further Information	29
12	Compliance with ASX Recommendations	30

Lend Lease Commitment to Governance

The Directors believe that good corporate governance is fundamental to the long term prosperity of the Lend Lease Group. The Board continually reviews the Group's governance practices to ensure that they promote sustainable value for shareholders and address the Group's responsibilities to all of its stakeholders.

As a listed Company, Lend Lease must comply with the ASX Listing Rules, which require the Company to provide a statement in the Annual Report disclosing the extent to which the Company has followed the ASX Corporate Governance Council's Principles and Recommendations (**ASX Recommendations**).

During the year the ASX Corporate Governance Council revised its principles and recommendations and encouraged their early adoption by companies for the current reporting year. As detailed in this Corporate Governance Statement, Lend Lease considers that the Group's governance policies and practices comply with the revised ASX Recommendations. A table summarising the Group's compliance is provided at the end of this Statement.

In addition to the information set out in this Statement, the Corporate Governance section of the Lend Lease website at www.lendlease.com contains further information on the Group's governance practices, including copies of key policies and charters.

A reference in this Corporate Governance Statement to the Board is a reference to the Board of Directors of Lend Lease Corporation Limited unless indicated otherwise.

Date of this Corporate Governance Statement

This Corporate Governance Statement reflects the corporate governance and other related policies and practices in place for the Lend Lease Group as at 31 August 2008.

1 The Lend Lease Board

1.1 Role and Responsibilities

The main focus of the Lend Lease Board is the long term success and prosperity of the Group for the benefit of shareholders. The Board is responsible for leading Lend Lease in the achievement of its objective to continually deliver strong shareholder value.

The Board has adopted a formal Board Charter, which sets out the division of responsibilities between the Board and management. The responsibilities of the Board pursuant to the Charter are set out in the table below. The Board delegates authority for all other matters necessary for the day-to-day management of the Group to the Chief Executive Officer (**CEO**). The Board may alter this division of responsibilities at any time in accordance with the Board Charter, the Constitution and the requirements of any applicable laws.

Limits of authority have been put in place by the Board for the CEO and senior management, and the CEO is accountable to the Board for the authority delegated to other levels of management.

The Board has established various Committees to assist it in discharging specific responsibilities. Details of the Board Committees and their respective Charters are provided in Section 4 of this Corporate Governance Statement.

As part of the Board's regular review of corporate governance practices, the Board Charter was revised in September 2008. A copy of the Charter is available at the Corporate Governance section of the Lend Lease website at www.lendlease.com.

Stakeholders

Board Responsibilities

Shareholders	<ul style="list-style-type: none">– Approval of business strategy and vision in line with efforts to drive shareholder value creation– Approval of business plans, ensuring that sufficient resources are available to implement strategy and monitoring of the implementation of strategy– Approval and monitoring of major investments or divestitures and strategic commitments– Determination of capital structure and dividend policy– Approval and monitoring of financial reporting– Oversight of risk management, internal control and compliance systems– Appointment or removal of external auditors, and determination of the remuneration and terms of appointment of the auditors– Oversight of shareholder reporting and communications
Customers	<ul style="list-style-type: none">– Benchmarking the delivery of value to customers, clients and partners
Employees	<ul style="list-style-type: none">– Reinforcement of culture, core values and employer of choice– Approval of employee share ownership, superannuation and pension plans– Review of CEO and Executive Management Team performance and results– Review and approval of CEO and Executive Management Team contractual arrangements, remuneration and benefits– Oversight of succession planning for the CEO, Executive Management Team and such other executives as the Board may determine
Community	<ul style="list-style-type: none">– Oversight of the management of social, economic and environmental concerns consistent with the delivery of sustainable outcomes for stakeholders and achievement of the Group's Incident & Injury Free vision– Reinforcement of reputation, brand and community relations
Directors	<ul style="list-style-type: none">– Review of the size and composition of the Board– CEO and Executive Director selection or removal and oversight of succession planning– Non Executive Director nomination, selection, removal, succession planning and remuneration– Review of Board performance

1.2 Composition of the Board

The Constitution of Lend Lease sets the minimum number of Directors at three. The Board, which is permitted to do so in accordance with the Constitution, has fixed the maximum number of Directors at nine.

There are currently nine Directors on the Board, two Executive Directors and seven Non Executive Directors. Membership of the Board as at the date of this Annual Report is set out in the table on the facing page.

The composition of the Board embraces diversity. The Directors have a range of local and international experience and expertise, and specialised skills to assist with decision making and leading the Group for the benefit of shareholders.

Assisted by the Nomination Committee, the Board selects Directors having regard to, among other things, an individual's skills, experience and expertise. For further information on the selection of new Directors, refer to part 4.2 of this Corporate Governance Statement. Biographical details for the Directors' Report are provided in the Directors' Report on page 70.

1.3 Independent Directors

Current Board Composition

The Board has a majority of independent Directors. This is in accordance with the Board Charter, which requires the Board to have a majority of Non Executive Directors who are considered by the Board to be independent.

The Board considers that all seven Non Executive Directors, David Crawford (Chairman), Phillip Colebatch, Gordon Edington, Peter Goldmark, Julie Hill, Mark Selway and David Ryan, are independent.

Executive Directors, Greg Clarke (Managing Director and CEO) and Ross Taylor (Global Chief Operating Officer), are not considered to be Independent Directors due to their integral involvement in the day-to-day management of the Group's business.

Policy on Independence

The Board's Policy on the independence of Directors, which sets out the criteria and guidelines for assessing the independence of Directors, assists the Board in determining whether a Director is to be regarded as independent.

The predominant test used by the Board is whether the Director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment. This general test of independence is supplemented by specific criteria and thresholds, which encompass the definition of independence set out in the ASX Recommendations. A copy of the Policy is available at the Corporate Governance section of the Lend Lease website at www.lendlease.com.

The Board evaluates the materiality of any interests or relationships that could be perceived to compromise independence on a case-by-case basis, having regard to the circumstances of each Director. Where the Board is satisfied in the circumstances that the Director meets the general test of independence, the Board may, in its absolute discretion, determine that a Director is independent even though not all of the criteria under the Policy are satisfied. Where the Board makes such a determination, it will make an appropriate disclosure to the market and in the Annual Report at the time of the Director's appointment.

The Board assesses the independence of each Director annually and on disclosure by a Director of any new interests or relationships. Where the Board considers that an independent Director has ceased to be independent, appropriate disclosures will be made to the market.

Circumstances Which May Be Perceived to Affect a Director's Independence

Having regard to the current composition of the Board, the Board has determined two Directors to be independent notwithstanding the existence of factors which could be perceived to impact on their independence.

The Board does not consider David Crawford's independence to be compromised by his previous association with KPMG, on the basis that he resigned as a Partner and Australian National Chairman of KPMG in June 2001, prior to his appointment to the Lend Lease Board, and has no financial arrangements with KPMG, including pension arrangements, retainers or advisory fees. Mr Crawford has never been part of KPMG's audit practice, nor in any way involved in, or able to influence, the audit activity associated with the Group.

The Board considers David Ryan independent notwithstanding that, before his appointment to the Board, Mr Ryan (as a principal of Ryvan Pty Limited) provided professional advisory services to Lend Lease in respect of the then proposed merger with General Property Trust. The Board does not consider Mr Ryan's advisory role to have compromised his independence given that his role related to a specific transaction and was for a limited period in the year leading up to his appointment.

Director	Independent	Appointed	Last Elected	Retiring and Seeking Re-election in 2008
Executive Directors				
Greg Clarke				
Managing Director and CEO	No	2002	n/a ¹	n/a ¹
Ross Taylor				
	No	2004	2005	Yes
Non Executive Directors				
David Crawford				
Chairman	Yes	2001	2007	No
Phillip Colebatch	Yes	2005	2006	No
Gordon Edington	Yes	1999	2007	No
Peter Goldmark	Yes	1999	2006	Yes
Julie Hill	Yes	2006	2006	No
David Ryan	Yes	2004	2005	Yes
Mark Selway	Yes	2008	n/a ²	Yes

1 The Directors have appointed Greg Clarke as Managing Director for a term not exceeding five years in accordance with the Lend Lease Constitution.

2 Mark Selway was appointed to the Board on 17 June 2008, and will retire and seek election at the 2008 Annual General Meeting.

1.4 Retirement and Re-election of Directors

Pursuant to the Constitution of Lend Lease, at each Annual General Meeting one-third of the Directors and any other Director who will have been in office for three or more Annual General Meetings since he or she was last elected (excluding the Managing Director) must retire from office and may offer themselves for re-election by the shareholders. Newly appointed Directors must seek election at the first meeting of shareholders following their appointment.

The Board has reviewed the performance of those Directors standing for election or re-election at the 2008 Annual General Meeting, Peter Goldmark, David Ryan, Ross Taylor and Mark Selway and unanimously endorses their re-election.

1.5 Chairman of the Board

The Chairman of the Board is elected to the office of Chairman by the Directors. The Directors may, in accordance with the Constitution of the Company, determine the period of office the Chairman will hold.

David Crawford has been Chairman of the Board since May 2003. As noted above, the Board considers that the Chairman is independent.

The Chairman serves as the primary link between the Board and management, and works with the CEO and Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company.

1.6 Meetings

The number of meetings of the Board and the Committees of the Board held during the financial year, and the attendance of Directors at those meetings, is disclosed in the Directors' Report. There are nine scheduled meetings each year, and additional meetings are held in between scheduled meetings as required. Members of senior management may be invited to attend and present at Board meetings.

The number of Directors required to constitute a quorum is three.

1.7 Board Performance

The Board reviews its performance and the performance of each of the Directors each year. In accordance with the Board Charter, the Board undertakes an external performance review on a biennial basis, and a self-assessment of its performance each alternate year. Matters addressed in performance reviews include an evaluation of the performance of the Board and its Committees against the requirements of their respective Charters, and a review of the performance, contribution and time commitment of the Chairman, Committee Chairmen and individual Directors. The review process includes interviews with the Directors and senior management, and generates recommendations to ensure the Board continues to operate effectively and efficiently with the requisite mix of skills and experience. The Chairman of the Nomination Committee, acting in close consultation with other Board members, is responsible for conducting the annual evaluation of the CEO and the Chairman.

During the financial year, a consultant was engaged to conduct an external performance review. The review examined the performance of the Board and Board Committees, including an evaluation of the Chairman, Committee Chairmen and individual Directors.

Further, Non Executive Directors are required pursuant to the Board Charter to consult with the Chairman before accepting new commitments which could impact on their available time.

1.8 Shareholdings

Pursuant to the Constitution of the Company, Directors are required to hold a minimum of 1,000 Lend Lease shares. In order to more closely align the interests of shareholders and Directors, it is the Board's current policy that Non Executive Directors move, over a reasonable period, to hold the equivalent of one year's Directors' fees in shares. Details of Directors' shareholdings in Lend Lease are disclosed in the Directors' Report.

The Directors are prohibited from trading Lend Lease securities at certain times and under certain circumstances as set out in the Group's Securities Trading Policy. More information on the Policy is provided in Section 9 of this Statement.

1.9 Induction and Briefing Programmes

New Directors are provided with a letter of appointment which sets out their rights, duties and responsibilities as a Director of Lend Lease. New Directors participate in an induction program involving comprehensive briefings from management and site visits.

All Directors have access to Group information, senior management and employees as required to enable them to fulfil their responsibilities. In addition to management briefings at every Board meeting, Directors are regularly briefed on key business and industry developments and matters material to their role as Directors. Directors also have access as required to externally administered training seminars and programs to assist the Directors in discharging their obligations as Directors of Lend Lease.

1.10 Independent Decision-Making

Pursuant to the Board Charter, any Director may seek external, independent, professional advice at the Company's expense. The policy of the Board is that external advice will be made available to all Directors, unless the Chairman of the Board determines otherwise. It is expected that a Director will consult the Chairman of the Board, Managing Director or Company Secretary before obtaining external advice.

To further facilitate independent decision-making by the Board, a separate session for Non Executive Directors to meet without management present is scheduled as a permanent agenda item at Board meetings.

1.11 Company Secretary

Appointed by the Board, the Company Secretary works with the Chairman of the Board to monitor and enhance corporate governance processes and to ensure that Board policies and procedures are followed.

During the financial year William Hara and Sue Sharpe undertook the role of Company Secretary. Sue Sharpe retired as Company Secretary on 31 August 2008.

2 Senior Management

The Company's management structure consists of the Executive Office, Corporate Office and Executive Management Team.

The Executive Office comprises Managing Director and CEO Greg Clarke, Global Chief Operating Officer Ross Taylor and Group Finance Director Steve McCann. The Executive Office is responsible for developing organisational and business strategy and sponsoring innovation and development of best practices across the Group.

The Corporate Office comprises the Executive Office and Group functional heads and is responsible for organisational effectiveness, corporate governance activities, talent and performance management and the development of the Group's values and culture.

The Executive Management Team comprises the Executive Office, the Corporate Office and business stream CEOs. The Executive Management Team is responsible for managing the Group's performance and key business issues in line with the Group's long term strategy.

Both the Corporate Office and the Executive Management Team are chaired by the Managing Director and CEO Greg Clarke. Members meet face-to-face on a regular basis.

3 Directors' and Executives' Remuneration

Details of the Group's Remuneration Policy and the remuneration of Directors and senior executives are contained in the Directors' Report.

Details of the retirement plan for Non Executive Directors are also provided in the Directors' Report.

Bonus payments to all senior executives are based on performance measured against financial and individual targets. The Personnel and Organisation Committee conducts a detailed review of the performance of senior executives against these targets on an annual basis. Information on executive incentive programs is set out in the Directors' Report.

4 Board Committees

4.1 Membership

The Board has established four permanent Board Committees to assist, advise and make recommendations to the Board on matters falling within their respective responsibilities:

- Nomination Committee;
- Personnel and Organisation Committee;
- Risk Management and Audit Committee; and
- Sustainability Committee.

Each Committee is governed by a formal Charter approved by the Board setting out its objectives, responsibilities, structure and operation. Copies of the Committee Charters are available from the Corporate Governance section of the Lend Lease website at www.lendlease.com.

The membership of the Board Committees as at the date of this Annual Report is set out in the table below.

Director	Independent	Nomination Committee	Personnel and Management Organisation Committee	Risk and Audit Committee	Sustainability Committee
Executive Directors					
Greg Clarke					
Managing Director and CEO	No				
Ross Taylor	No				Member
Non Executive Directors					
David Crawford					
Chairman	Yes	Member			
Phillip Colebatch	Yes	Member	Chairman	Member	
Gordon Edington	Yes	Member		Member	Member
Peter Goldmark	Yes	Chairman			Member
Julie Hill	Yes	Member	Member		Chairman
David Ryan	Yes	Member	Member	Chairman	
Mark Selway	Yes	Member			

4.2 Nomination Committee

The principal purpose of the Nomination Committee is to provide advice and support to the Board in fulfilling its responsibilities to shareholders to be assured that the Board is comprised of individuals who in combination bring a mix of expertise, skills, experience and perspectives and contribute to the discharge of diligent oversight and effective corporate governance.

Membership of the Nomination Committee comprises all Non Executive Directors, chaired by Peter Goldmark.

During the period 1 July 2007 to 30 June 2008, meetings of the Nomination Committee were held concurrently with full Board meetings, and were generally attended by all Non Executive Directors.

Pursuant to the Nomination Committee Charter, the Committee has the following responsibilities:

- regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives desirable to permit the Board to execute its functions;
- identify any competencies not adequately represented and agree the process necessary to be assured that a candidate with those competencies is selected;
- identify and evaluate Board candidates with the assistance of recruitment consultants if required, and recommend individuals for appointment to the Board;
- be assured that individuals recommended for appointment as Non Executive Directors expressly acknowledge, prior to their appointment, their ability to devote the time necessary to carry out their responsibilities as a Director. In satisfying this requirement, the Committee should review on a regular basis the time commitments of Non Executive Directors to provide a basis for assessing whether candidates for appointment as Non Executive Directors can (having regard to other commitments) meet these commitments;
- review and recommend, in co-operation with management, a process for the induction and education of new Directors and a continuing education and development plan for all Non Executive Directors;
- evaluate the performance of the Board. The Committee will undertake an external review of the Board's performance at a minimum on a biennial basis, and an internal assessment during those years when there is no external assessment. Matters addressed in performance reviews will include but not be limited to an evaluation of the performance of the Board and its Committees against the requirements of their respective Charters, and a review of the performance, contribution and time commitment of the Chairman, Committee Chairmen and individual Directors;

- review the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Constitution and make a recommendation to the Board as to whether the Board should support the re-nomination of the retiring Director. In making the recommendation, the Committee should have regard, among other factors, to an assessment of the retiring Director's performance by both peers and self; and
- establish processes for the review of succession plans for the Board, taking into account both the Company's current business operations and its future strategy and what skills and expertise may be needed on the Board in the future.

The process of selecting a new Director usually involves commissioning an international recruitment firm to identify and present appropriate candidates following a briefing as to the Board's requirements. Candidates are interviewed by the Board. In making its selection, the Board considers the ability of candidates to devote the time necessary to fulfil their duties as a Director.

4.3 Personnel and Organisation Committee

The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to establishing people management and compensation policies that:

- foster exceptional human talent and motivate and support employees to pursue the growth and success of the Group in alignment with the Company's values;
- ensure that human capital considerations are central to and integrated into the Company's strategy and business plans;
- enable the Group to attract and retain employees who can create sustainable value for stakeholders; and
- equitably and responsibly reward employees, having regard to the performance of the Group, individual performance and statutory and regulatory requirements.

Membership of the Personnel and Organisation Committee comprises three Non Executive Directors, Phillip Colebatch (Chairman), Julie Hill and David Ryan.

The Chairman of the Committee liaises with the Group Head of Human Resources to ensure that the Committee is appropriately briefed on matters relating to employees.

During the period 1 July 2007 to 30 June 2008, three meetings of the Committee were held, which were attended by all Committee members.

Pursuant to the Personnel and Organisation Committee Charter, the Committee has the following responsibilities:

- review and make recommendations to the Board on:
 - the specific contractual arrangements for the CEO and Executive Directors;
 - remuneration programs and performance targets for the CEO and Executive Directors, and assessing individual performance against those targets; and
 - termination payments for the CEO and Executive Directors for consistency with contractual entitlements and the rules of any incentive scheme or policy;
- review and approve:
 - the specific contractual arrangements for members of the Executive Management Team;
 - remuneration programs and performance targets for members of the Executive Management Team, and assessing individual performance against those targets; and
 - termination payments for members of the Executive Management Team for consistency with contractual entitlements and the rules of any incentive scheme or policy;
- monitor and advise the Board on succession planning for the CEO and Executive Directors;
- monitor succession planning for members of the Executive Management Team;
- review and approve strategy and principles for people management, including:
 - career, skills and leadership development and continuing education programs;
 - employee remuneration and benefit programs to be adopted across the Group;
 - employee share ownership, superannuation and pension plans; and
 - international assignee policies;
- review and approve any individual employee remuneration arrangement materially diverging from Group policy or practice;
- review and make recommendations to the Board on the remuneration framework for Non Executive Directors including:
 - the level of fees payable to each Non Executive Director including the fee payable as Chairman or Committee Chairman (within the maximum aggregate level of remuneration approved by shareholders);
 - any changes to the maximum level of remuneration approved by shareholders;
 - superannuation, retirement or other benefits;
 - the manner in which fees may be taken; and
 - any other applicable arrangements;
- review and make recommendations to the Board on remuneration and related disclosures required under statutory and regulatory requirements, including the remuneration report in the Company's Annual Report and disclosure of the Committee's membership, functions and responsibilities; and
- perform other functions referred to the Committee by the Board.

4.4 Risk Management and Audit Committee

The Risk Management and Audit Committee assists the Board in fulfilling its corporate governance responsibilities and is responsible for overseeing the Group's risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting.

The Risk Management and Audit Committee comprises three Non Executive Directors, David Ryan (Chairman), Gordon Edington and Phillip Colebatch. All members of the Committee are independent Directors. The Committee Chairman regularly meets with the Chief Financial Officer, the Group Head of Internal Audit and the Group Head of Risk and Insurance to ensure that Committee members are kept regularly informed of key issues. The Committee also meets with the external auditor, without members of management present, as it deems appropriate.

It is a requirement of the Risk Management and Audit Committee's Charter that all Committee members are financially literate and that at least one member has accounting or relevant financial expertise. Information about the qualifications and experience of Committee members can be found in the Directors' Report.

During the period 1 July 2007 to 30 June 2008, four meetings of the Committee were held, all of which were attended by all members of the Committee at the relevant time.

Pursuant to the Risk Management and Audit Committee Charter, the Committee has the following responsibilities:

Audit

- make recommendations to the Board as to the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner;
- review with the external auditor the scope and terms of the audit and audit fee in accordance with the Board's Policy on the provision of audit and other services by the external auditor, and make recommendations to the Board in respect of the audit fee;
- review and approve the scope and terms of the internal audit and, where appropriate, the audit fee;
- monitor the coordination between the external audit and internal audit programs;
- oversee and appraise the quality and effectiveness of the audits conducted by the auditors;
- discuss and resolve any issues arising from audit reports, including any matters the auditors may wish to discuss in the absence of management;
- discuss with the external auditor any relationship that may impact on the auditor's objectivity or independence, and recommend to the Board any appropriate action to satisfy itself of the auditor's independence;
- require the external auditor to provide a formal written statement on an annual basis confirming the auditor's independence;
- obtain confirmation that the external auditor is aware that the auditor is responsible to the Board as the representative of shareholders;
- approve non audit assignments that will be

undertaken by the external auditor in accordance with the Board's Policy on the provision of audit and other services by the external auditor, and monitor compliance with the Policy; and

- review the performance of the Group Head of Internal Audit and the internal audit function and recommend to the Board, if necessary, the replacement of the Group Head of Internal Audit;

Risk Management

- review the parameters of the Group's risk/reward strategy;
- monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to the Group's risk profile;
- review the Group's Risk Management Policy Statement and the effectiveness of the Enterprise Risk Management system within the Group and be assured that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies;
- evaluate the adequacy and effectiveness of administrative, operating and accounting controls used by the Group;
- review actual and potential material risk exposures;
- monitor the implementation of business unit and corporate risk management plans;
- review insurance and other risk transfer arrangements, and consider whether appropriate coverage is in place;
- review the business contingency planning process within the Group and be assured that material risks are identified and appropriate contingency plans are in place; and
- review the performance of the Group Head of Risk and Insurance and the risk management system and recommend to the Board, if necessary, the replacement of the Group Head of Risk and Insurance;

Financial Reporting

- review the half year and annual financial statements presented by management, together with reports and opinions from external auditors;
- review significant financial reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant estimates and judgments;
- consider and make appropriate recommendations to the Board regarding major changes to Group accounting policies and procedures;
- review the reliability and appropriateness of disclosure in the financial statements and financial reporting to stakeholders, particularly with regard to estimates and judgments; and
- make appropriate recommendations to the Board as to whether financial statements should be approved;

Compliance

- monitor the effectiveness of Group policies and practices that relate to compliance with laws, regulations and accounting standards; and
- consider the impact of changes in accounting standards, Listing Rules and the Corporations Act;

Related Party Transactions

- review and monitor related party transactions; and

Other Matters

- conduct or authorise investigations into any matters within the Committee's charter;
- review disclosure in the Annual Report of information regarding the membership, functions and responsibilities of the Committee, including its views on the independence of the external auditor; and
- perform other functions referred to the Committee by the Board.

4.5 Sustainability Committee

The role of the Committee is to assist the Board in monitoring the decisions and actions of management in achieving the Lend Lease aspiration to be a sustainable organisation.

Sustainability encompasses how Lend Lease conducts business, now and in the future, through the pursuit of workplace safety, a commitment to corporate social responsibility, environmentally sustainable solutions and employee diversity, development and opportunity. Lend Lease is strategically and culturally committed to achieving commercial success in ways that honour ethical values and respect for people, communities and the natural environment.

The Sustainability Committee comprises three Non Executive Directors, Julie Hill (Chairman), Gordon Edington and Peter Goldmark, and one Executive Director, Ross Taylor.

Pursuant to the Sustainability Committee Charter, the Committee has the following responsibilities:

Health and Safety

- oversee the Global Health and Safety function of the Group; and
- review the effectiveness of Group policies and initiatives designed to be assured of the wellbeing of employees and the workforce;

Corporate Social Responsibility

- review the effectiveness of Group policies on corporate social responsibility, workplace diversity and equal opportunity;

Environment

- oversee the Global Environment function of the Group; and
- review the effectiveness of Group policies and initiatives designed to deliver best practice environmentally sustainable solutions;

Foundation

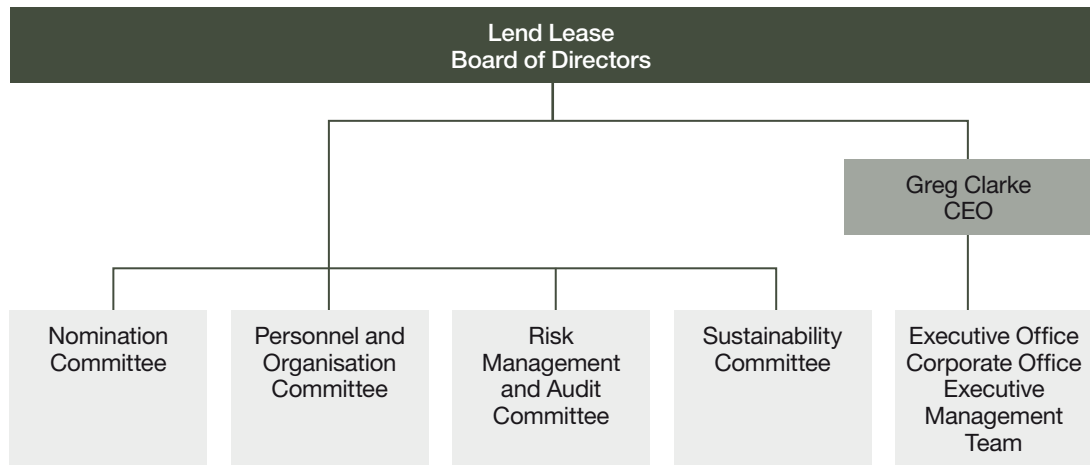
- monitor the activities and programs of the Lend Lease Foundation to be assured that its activities are directed towards opportunities for the development and wellbeing of Lend Lease employees, their families, and the communities in which they work and live; and
- review the performance of the Lend Lease Foundation for consistency with sustainability objectives;

Compliance

- assist the Board in its oversight of the Group's compliance with applicable legal and regulatory requirements in relation to environmental matters, socially responsible initiatives, and health and safety issues.

Information on the Group's sustainability initiatives during the financial year can be found in the Sustainability section of this Annual Report.

5 Governance Structure



6 Communicating with Shareholders

Lend Lease recognises the importance of maintaining investor confidence through full and timely disclosure to shareholders and the market.

The Group has an External Communications and Continuous Disclosure Policy in place, setting out protocols applicable to Directors, executive officers and employees designed to ensure that Lend Lease complies with its continuous disclosure obligations.

Pursuant to the terms of the Policy, the Company Secretary and the Corporate Disclosure Manager are responsible for all communications with the Australian and New Zealand Stock Exchanges. The Policy explains the continuous disclosure obligations of Lend Lease, the procedure to be followed when information needs to be disclosed to the market, and the consequences of breaching the Policy. It sets out management accountabilities for ensuring that the market is fully informed, as well as procedures governing analyst briefings and public comment by Group spokespersons. The Policy is included on the Group's intranet for reference by all employees. A copy of the Policy is also available from the corporate governance section of the Lend Lease website at www.lendlease.com.

In addition to complying with the continuous disclosure obligations imposed by law, Lend Lease is committed to ensuring that information about the Group's activities reaches the investor community in a timely and readily accessible manner. All Stock Exchange announcements are:

- included on the News Room section of the Lend Lease website at www.lendlease.com as soon as practicable following confirmation of receipt by the Australian and New Zealand Stock Exchanges. Additionally, interested parties can register for an email alert service which notifies them of new announcements;
- distributed to major wire services; and
- emailed to major media organisations and investor groups.

The Lend Lease website is the key information dissemination point to the broader market. In addition to including on the website all announcements to the market,

- copies of current and past annual and half-year reports can be downloaded from the website;
- presentations made to analysts or institutional investors are included on the website; and
- market briefings to analysts and institutional investors are webcast live and archived on the website for three months. Presentation material used during a webcast can be viewed simultaneously or accessed from the archive subsequently.

Group executives and the Chairman also meet with investors and their representatives on a regular basis to discuss the Group and its performance.

The Annual General Meeting is the primary opportunity for shareholders to meet face-to-face with the Board and senior executives. All shareholders receive the Notice of Meeting detailing time and venue, and outlining the resolutions to be put to the Meeting. Accompanying the Notice is a proxy form, instructions on completion and lodgement, and a postage paid, addressed return envelope to encourage maximum shareholder participation. The Notice also invites shareholders to submit questions ahead of the Meeting through an online facility. During the Meeting the Chairman will seek to address as many of the more frequently raised topics as possible within the time available.

Shareholders attending the venue are given the opportunity to ask questions during the course of the Meeting. Directors also make themselves available after the formal part of the Meeting to meet with shareholders. Question cards are available for those shareholders who do not wish to raise matters in a public forum. The external auditor attends the Annual General Meeting and is available to answer any questions on the conduct of any audits and the preparation and content of the auditor's report.

For shareholders who are unable to attend in person, the proceedings of the Annual General Meeting are webcast live on the Lend Lease website and later archived for three months. Access to the archive is via a link from the home page. Presentations made at the Meeting are also included on the website for access by interested stakeholders. In addition, representatives of the media are invited to attend the Meeting to enable a report of the proceedings to reach as wide an audience as possible. As soon as practicable following the Meeting, a summary of the questions and answers taken from the transcript of the meeting is included on the Lend Lease website.

7 Risk Management

7.1 Enterprise Risk Management

The Group uses an Enterprise Risk Management approach to identify, evaluate, address, monitor, quantify and report material risks to the Risk Management and Audit Committee. The objective of this approach is to enhance stakeholder value through continuous improvement in the Group's management of risk.

The Group's Corporate Risk Management is led by the Group Head of Risk and Insurance. Corporate Risk Management liaises with business unit CEOs and risk specialists on both business specific and enterprise-wide risks.

Corporate Risk Management's objective is to assist the Group's businesses to further develop their risk management processes. Its role includes:

- advising on and implementing risk treatment strategies at Group level;
- assisting management to embed Enterprise Risk Management;
- assisting Group businesses to implement and maintain effective risk management practices;
- maintaining effective early warning reporting systems; and
- consolidating information for presentation to the Risk Management and Audit Committee.

Operational businesses are responsible for implementing self-assurance programs to assess the effectiveness of risk management procedures. Formal internal and external audit procedures are utilised to provide supplementary assurance. The Group uses sensitivity analysis and value at risk modelling to identify the most important assumptions affecting the delivery of the Group's business plans.

The Group's approach to risk management is guided by the Australian/New Zealand Standard on Risk Management, AS/NZ4360 and the Committee of Sponsoring Organisations of the Treadway Committee (COSO) Enterprise Risk Management framework. A copy of the Group's Risk Management Policy Statement is available on the Corporate Governance section of the Lend Lease website at www.lendlease.com.

7.2 Integrity in Financial Reporting, Risk Management and Internal Control

In accordance with the Company's legal obligations, the Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board that, for the year ended 30 June 2008:

With regard to the Company's financial reports:

- the Company's financial records have been properly maintained in accordance with section 286 of the Corporations Act; and
- the Company's financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

With regard to risk management and internal compliance and control systems of the Company:

- the statements made with respect to the integrity of the Company's financial reports are founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors; and
- the risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating effectively and efficiently in all material respects.

Since 30 June 2008, nothing has come to the attention of the Chief Executive Officer and the Chief Financial Officer that would indicate any material change to any of the statements made above.

8 External Auditor

KPMG is the external auditor of Lend Lease and its controlled entities. KPMG, or its predecessors, was appointed at the first Annual General Meeting of the Company in 1958.

8.1 Performance Management

It is the responsibility of the Risk Management and Audit Committee to oversee and appraise the quality and effectiveness of the audits conducted by the external auditor.

8.2 Appointment and Rotation

The Risk Management and Audit Committee is responsible for making recommendations to the Board as to re-appointment or replacement of the auditor and the rotation of the lead audit engagement partner. The audit engagement partner is rotated every five years. The current audit engagement partner is Chris Hall who was appointed with effect from 1 July 2006.

8.3 Provision of Non Audit and Other Services

In September 2006 the Board renewed its Policy on the provision of audit and other services by the external auditor. Pursuant to the Committee Charter, the Risk Management and Audit Committee must approve the appointment of the external auditor for other service engagements in compliance with this Policy.

Pursuant to the terms of the Policy, the auditor should be appointed for other service engagements only where it is best suited to undertake the work. The Policy further provides that the auditor should not provide services having the potential to impair the independence of its role. Generally these include the following services:

- bookkeeping, preparation of, and other services in relation to, accounting records and financial statements;
- design and implementation of financial information systems or financial controls;
- valuation services, appraisals or fairness opinions, where the results are material to the financial statements or where the external auditor would be required to audit those statements or opinions;
- outsourced internal audit services;
- secondments;
- recruitment and other human resources services, including international assignee services;
- actuarial services;
- management functions;
- legal services;
- taxation advice of a strategic or tax planning nature;
- broker-dealer, investment advisor or investment banking services;
- work that is remunerated through a 'success fee' structure;
- expert services unrelated to the audit; and
- work that involves the auditor acting in an advocacy role for the Group.

The Chief Financial Officer and the auditor are each required to provide a statement that the non audit assignment will not impair the auditor's independence. As detailed in the Directors' Report, the Board considers that the provision of non audit services by the auditor during the financial year is consistent with auditor independence requirements.

8.4 Attendance at Annual General Meeting

The external auditor is required to attend the Annual General Meeting, and is available to answer any questions on the conduct of any audits and the preparation and content of the auditor's report.

8.5 Auditor's Independence

In accordance with section 307C of the Corporations Act and in relation to the audit conducted by the external auditor, the external auditor is required to provide to the Company a written declaration that, to the best of the auditor's knowledge and belief, there have been no contraventions of the auditor independence requirements set out in the Corporations Act or any applicable code of professional conduct.

A copy of the Lead Auditor's Independence Declaration as required under section 307C of the Corporations Act has been included in the Directors' Report.

8.6 Fees

Fees paid to the auditor during the financial year are detailed in the Directors' Report.

9 Trading in Lend Lease Shares

Lend Lease has developed a Securities Trading Policy to assist Directors and employees to comply with their legal obligations while they are in possession of price-sensitive information. This policy reinforces the insider trading provisions of the Corporations Act. A copy of the Policy is available at the corporate governance section of the Lend Lease website at www.lendlease.com.

The Policy contains an explanation and prohibition of insider trading, and sets out restrictions on dealing in Lend Lease securities. Directors and designated executives may only deal in Lend Lease securities during the six-week period commencing on the third business day after:

- the announcement of the annual results;
- the announcement of the half-year results; and
- the Annual General Meeting.

The Policy restricts all other employees from dealing in Lend Lease securities between the close of the financial year, or half year, and a day which is at least the next business day after the announcement of the Company's results.

Notwithstanding any period where trading is permitted in accordance with the Securities Trading Policy, each person covered by the Policy is prohibited from dealing in Lend Lease securities if they are in possession of price-sensitive information that is not generally available to the public.

The Company also prohibits Directors, designated executives and employees from entering into transactions or arrangements that operate to limit the economic risk of unvested entitlements to Lend Lease securities.

10 The Lend Lease Core Values

10.1 Core Values

Lend Lease actively subscribes to a set of Core Values. These Core Values underpin how the Group does business, how it interacts with stakeholders, and how its people operate in the workplace. The Core Values are promoted across all of the Group's businesses and are as follows:

Respect	Respect for all people – their ideas, their culture, their views, their health and safety, and their knowledge
Integrity	Integrity is non-negotiable. We don't do it if it compromises the individual or the Company's integrity. In particular, we will not compromise on safety, either within our organisation or in doing business with any of our clients or suppliers
Innovation	Challenge and seek to find a better solution, think outside the box and dare to do things differently. Be innovative and creative – don't just do it because we did it yesterday
Collaboration	Redefine the way our business works by truly sharing knowledge, building on this and drawing insights. Through teamwork we value the insights of others and build on them – we must truly take the time to help
Excellence	We strive for excellence in all we do. It is evident not only in the products and services we deliver, but in how we deliver them. Our employees embody excellence – whether it be in the decisions they make, the products they build, or the service they deliver. On construction sites in particular, but everywhere, excellence equals zero incidents

10.2 Code of Conduct

The Lend Lease Code of Conduct supports the Core Values and provides guidance for employees on the standards that the Company expects in the conduct of its operations. The Code of Conduct has been endorsed by the Board and applies to the Directors and every employee across the Group.

Issues covered by the Code include conflicts of interest, insider trading, bribes and unauthorised payments, proper use of Company assets, equal opportunity for employees, confidentiality, fair dealing, and seeking or providing assistance when faced with behaviour which seems to depart from the Code. The Code is supported by various global, regional and local business unit policies and procedures. Employees are encouraged to report all instances of actual or potential breaches of the Code of Conduct to their manager or a representative from the human resources, legal or compliance teams.

Copies of the Lend Lease Core Values and Code of Conduct are available from the Corporate Governance section of the Lend Lease website at www.lendlease.com.

10.3 Conflicts of Interest

Directors are required, upon their appointment, to disclose to the Company any interests or directorships which they have with other organisations. Directors are required to update this information with the Company if it changes during the course of the Directorship. Further, Directors and senior executives are required to identify any conflicts of interest they may have in dealing with the Group's affairs and refrain, as appropriate, from participating in any discussion or voting on these matters. In addition to general guidelines in the Code of Conduct, a range of procedures designed to ensure compliance with the Corporations Act, the ASX Listing Rules and the highest standards in relation to managing conflicts of interest have been implemented at a Group and business level. Directors are required to raise any matters that may give rise to a conflict of interest with the Company Secretary.

10.4 Political Donations

As a matter of policy, Lend Lease does not use Company funds to make donations to political parties or individuals holding or standing for public office. Lend Lease does, however, participate in public policy debate on issues that may impact the Group's businesses and the interests of stakeholders. At times, fees are paid for Group employees to attend political functions (such as conferences and lunches) which involve discussion of issues relevant to the Group.

11 Corporate Governance – Further Information

The Corporate Governance section of the Lend Lease website at www.lendlease.com contains further comprehensive information on the Company's corporate governance practices. The following material is available for viewing:

- Company Constitution;
- Board Charter;
- Nomination Committee Charter;
- Personnel and Organisation Committee Charter;
- Risk Management and Audit Committee Charter;
- Sustainability Committee Charter;
- Statement of Core Values;
- Code of Conduct;
- Policy on Independence of Directors;
- External Communications and Continuous Disclosure Policy;
- Securities Trading Policy;
- Risk Management Policy;
- Health and Safety Policy;
- Environment Policy; and
- Political Donations Policy.

12 Compliance with ASX Recommendations

ASX Recommendations		Reference ¹	Comply [Yes/No]
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	1.1	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives	3 and Directors' Report	Yes
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i>	1.1, 3 and Directors' Report	Yes
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors	1.2, 1.3	Yes
2.2	The chairman should be an independent director	1.3, 1.5	Yes
2.3	The roles of chairman and chief executive officer should not be exercised by the same individual	1.3	Yes
2.4	The board should establish a nomination committee	4.1, 4.2	Yes
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	1.7	Yes
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i>	1.2, 1.3, 1.7, 1.10, 4.1, 4.2 and Directors' Report	Yes
Principle 3: Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> – the practices necessary to maintain confidence in the company's integrity – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	10.1, 10.2	Yes
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	9	Yes
3.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i>	9, 10.1, 10.2	Yes
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	4.1, 4.4	Yes
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> – consists only of non executive directors – consists of a majority of independent directors – is chaired by an independent chairman, who is not chairman of the board – has at least three members 	4.1, 4.4	Yes
4.3	The audit committee should have a formal charter	4.1, 4.4	Yes
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i>	4.1, 4.4, 8.2	Yes

¹ This is a reference to the relevant sections of this Corporate Governance Statement or to the Directors' Report commencing on page 69.

ASX Recommendations		Reference ¹	Comply [Yes/No]
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	6	Yes
5.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 5</i>	6	Yes
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	6	Yes
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i>	6	Yes
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	4.4, 7.1	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	7.1	Yes
7.3	The board should disclose whether it has received assurance from the CEO (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	7.2	Yes
7.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 7</i>	4.4, 7.1, 7.2	Yes
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee	4.1, 4.3	Yes
8.2	Companies should clearly distinguish the structure of non executive director's remuneration from that of executive directors and senior executives	1.8, 3 and Directors' Report	Yes
8.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i>	4.1, 4.3, 9 and Directors' Report	Yes

¹ This is a reference to the relevant sections of this Corporate Governance Statement or to the Directors' Report commencing on page 69.