Measuring value supports sustainability business case

August 2012
Our approach to sustainability

COMMERCIAL PROPERTY SUSTAINABILITY POLICY

OUR PRIORITIES

CUSTOMER RELATIONSHIPS
Improving customer understanding, satisfaction, retention and performance

COMMUNITY RELATIONSHIPS
Strengthen and sustain Stockland’s corporate relationship within every community it operates in.

ENERGY AND CLIMATE CHANGE
Maximising business and asset performance within emerging climate and energy risk parameters

NATURAL RESOURCES
Reducing water use and waste, diverting waste from landfill and managing impacts on biodiversity

RESIDENTIAL SUSTAINABILITY POLICY

OUR PRIORITIES

SOCIETY PRIORITIES
Contributing to a strong, vibrant, healthy and economically viable society through influencing housing affordability, local economic vibrancy and job creation

COMMUNITY DEVELOPMENT
Contributing to soft and hard infrastructure that supports livable, vibrant communities

ENERGY AND CLIMATE CHANGE
Achieving energy efficiency, reducing carbon emissions and planning for climate change impacts

NATURAL RESOURCES - WATER AND BIODIVERSITY
Reducing water use and managing biodiversity impacts

RETIREMENT LIVING SUSTAINABILITY POLICY

OUR PRIORITIES

AGING POPULATION
Leveraging critical mass in the provision of appropriate, affordable, vibrant and healthy accommodation and service

COMMUNITY DEVELOPMENT
Creating and enabling vibrant communities that improve the quality of life for residents

ENERGY AND CLIMATE CHANGE
Achieving energy efficiency, reducing carbon emissions and planning for climate change impacts

NATURAL RESOURCES
Reducing water use and managing biodiversity impacts
Valuable recognition

DOW JONES SUSTAINABILITY INDEX WORLD (DJSI WORLD) 2011–12
REAL ESTATE SUPER SECTOR LEADER

Dow Jones Sustainability Indexes
Member 2011/12

RANKED 55TH, CORPORATE KNIGHT GLOBAL 100
MOST SUSTAINABLE CORPORATIONS IN THE WORLD,
ANNOUNCED AT THE WORLD ECONOMIC FORUM,
DAVOS, JANUARY 2011

2011 EMPLOYER OF CHOICE FOR WOMEN,
equal opportunity for women in
the workplace agency (EOWA)

MEMBER, FTSE4GOOD INDEX, 2011

GOLDMAN SACHS JB WERE CLIMATE LEADERSHIP
INDEX, CARBON DISCLOSURE PROJECT 2011

CARBON DISCLOSURE PROJECT

GLOBAL100

EOWA

FTSE4Good

GRESB
Energy focus has a clear return on investment

**Issue**
Measuring, quantifying and reporting the value delivered by energy efficiency

**Response**
Using evidence-based decision-making tools to invest in the right projects at the right time

**Measurement**
- Meeting 2014 targets in energy and emissions intensity reduction
- All centres to meet minimum standards (e.g. energy intensity, NABERS ratings, Green Star ratings)

**Results**
- Since 2006 current savings on energy are approximately $25 million
- Closely tracked and reported through to the Board
Beyond anecdotal evidence and intuition- Livability

**Collaboration**

**Steering Committee**

- **External**
  - KPMG
  - Colmar Brunton
  - Deakin University

- **Internal**
  - CR&S
  - CD Managers
  - Project Teams

**Measurement Tool**

- Affordable Living
- Economic Prosperity
- Access & Connectivity
- Belonging & Identity
- Health & Wellbeing
- Governance & Engagement

**To Develop**

• Affordable Living
• Economic Prosperity
• Access & Connectivity
• Belonging & Identity
• Health & Wellbeing
• Governance & Engagement

**50 Questions**

**Locations**

- Highlands
- Mernda Villages
- North Shore
## An evidence based approach to community satisfaction

<table>
<thead>
<tr>
<th>Community insights</th>
<th>Our response</th>
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<tbody>
<tr>
<td><strong>Belonging and identity</strong></td>
<td>• Greater emphasis on effective engagement via community governance mechanisms (e.g. residents groups) and delivery of community events catering to all life stages.</td>
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<tr>
<td>Young families have a high sense of belonging and identity, but this score is lower amongst other life stages</td>
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<tr>
<td><strong>Demand for services</strong></td>
<td>• Use of evidence for timely delivery of services and facilities that meet the needs of our communities (e.g. retail at North Shore).</td>
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<tr>
<td>Insights provide a true and immediate reflection of present needs within the community</td>
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<td>Results indicate higher satisfaction can be attributed to early delivery of amenity</td>
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<tr>
<td><strong>Lifelong learning</strong></td>
<td>• Use of evidence to influence key stakeholders in the delivery of quality learning facilities.</td>
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<td>Residents are least satisfied with the quality and accessibility of education in their communities</td>
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<tr>
<td><strong>Health and wellbeing</strong></td>
<td>• Leverage the perception of safety through an emphasis on community connection and design.</td>
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<tr>
<td>Residents believe safety is the most important ingredient for a vibrant community and want to be mentally and physically active in their communities</td>
<td>• Activation and programming of public open space and community facilities.</td>
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<tr>
<td><strong>Product and design</strong></td>
<td>• Greater attention to design solutions and quality in delivery of smaller product.</td>
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<td>Housing quality and product mix can negatively impact resident satisfaction.</td>
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</table>
Referrals are driven by the need residents have for social connection

% of Residents That Have Referred Family / Friends

- All Highlands households: 74%
- Avg. # of Referrals: 5.9

Source: LCDI Pilot (Dec 2011)
Base: All Highlands households (n=254)

Main driver of referral
- I have a place to live
- Where I feel safe
- Where I belong
- That I’m proud of
- I’ve Made It

To refer, residents must believe that what their area has to offer meets these needs better than if they lived elsewhere.

If these needs are not met it may impact on number of people referred and the caveats they would place on the referral.

Average # of Referrals

- High sat.: 93%
- Moderate sat.: 71%

North Shore: 30% more likely to refer
- High sat.: 82%
- Moderate sat.: 78%

Mernda Villages: 5% more likely to refer
- High sat.: 83%
- Moderate sat.: 68%

Highlands: 22% more likely to refer
- High sat.: 83%
- Moderate sat.: 68%
Social contribution of our retirement villages

Issue
Demonstration of the social value created by our business

Response
Undertake a Social Return on Investment study to quantify impact

Results
- A typical village contributes $2.9m of value to residents, family and the local community every year
- Physical and emotional improvements for residents and family significant
- Overall Stockland RL impact $110m year on year

Next steps
- Compare village social value with referral rates and occupancy – do high social value villages have lower vacancy rates?
- Use results to guide areas of wellbeing focus at villages – opportunities
- Develop social value assessment tool to improve future developments

Wellbeing survey results - peace of mind / security and emotional wellbeing are significantly improved for residents in our villages
Summary

Measuring and reporting value is critical in building the internal business case for the work we do as sustainability professionals.

We have:

- Proven a return on investment using direct cost savings benefits from energy efficiency
- Used our liveability index work to provide insights on the focus areas and activities that drive satisfaction, referrals and ultimately sales
- Valued the social return on investment that our retirement Living Villages deliver for residents, their families and the broader community

We will:

- Continue to apply and expand these approaches to measuring business benefit from sustainability activity
- Report this value through integrated reporting – reporting financial and non-financial metrics
- Use the insights from this work to focus on the right things at the right time
Some local examples of how sustainability is delivered on the ground
The Handbook
Making Sense of Sustainable Building
The Handbook

Partnership with Ergon Energy and Stockland

Educate those building a new home on:

- How simple choices they make today will significantly affect the running cost of their home in the future;
- What simple mistakes to avoid
- What choices are available
- The Townsville Climate and how to capture the prevailing summer breeze and how to orientate living areas

Educate builder sales staff on:

- Energy efficiency in new homes
- How to answer questions from the public on energy efficiency
- Help their customers avoid costly mistakes

Bring Energy and sustainability to the table when choosing, designing and building a new home
Stockland Townsville and North Shore

- Both achieved a 4 star Green Star Retail Design rating in 2011 with North Shore the first one in Queensland
- Aiming to achieve a 4 star Green Star Retail As Built rating in late 2012 / 2013

Common sustainability initiatives:

- Energy and water submetering to monitor consumption and ensure any leaks can be detected and fixed straight away
- Ample amounts of daylight to allow electric lighting to be turned off during the day to save energy
- Rainwater collection for reuse in the bathrooms and irrigation. This results in a 31% reduction in net potable water usage and discharge to sewer
- Low toxicity paints and sealants (low VOC)
- Water efficient toilets, taps and showers
- Bike storage facilities with showers provided for staff
- Over 80% of construction waste recycled

“This is the first retail project in Queensland to gain a Green Star – Retail v1 rating, and only the third project in the country. We congratulate the project team responsible for Stockland North Shore for demonstrating that green outcomes are achievable in a retail setting.”

Romilly Madew, Chief Executive of the Green Building Council of Australia
Townsville Green Building Fund Grant

- Federal Government Funding for building energy efficient retrofits
- Townsville shopping centre won $500k for upgrading the existing centre with new lighting and controls, energy submetering and a new central, chilled water air-conditioning plant.
- These retrofits should see the centre go from a 1.5 star NABERS Retail Energy rating to 3 stars and achieve an annual reduction of 2,000 tonnes of CO2.
- The energy submetering is part of a wider Stockland roll-out of submetering to nearly all of its shopping centres. Gives us greater visibility of the energy consumption in the base building so we can check on items that are using too much energy or be able to see if items are left on overnight when they should be off.