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**
    - **AGEING 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

GLOBAL100 Most Sustainable Corporations in the Worl
EOWA Employer of Choice for Women
FTSE4Good
GRESB Global Real Estate Sustainability Benchmark
CARBON DISCLOSURE PROJECT

Stockland
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

![Graph showing energy savings](Image)
Beyond anecdotal evidence and intuition - Liveability

Collaboration

Steering Committee

External
KPMG
Colmar Brunton
Deakin University

Internal
CR&S
CD Managers
Project Teams

Measurement Tool

To Develop

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

50 Questions

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

Highlands

Mernda Villages

North Shore
## An evidence based approach to community satisfaction

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

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

Main driver of referral

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

### Highlands
- **High sat.**: 83%
- **Moderate sat.**: 68%

### North Shore
- **High sat.**: 93%
- **Moderate sat.**: 71%

### Mernda Villages
- **High sat.**: 82%
- **Moderate sat.**: 78%

### Highlands
- **22% more likely to refer**
- **5% more likely to refer**
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

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

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nef
economics as if people
and the planet mattered
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
Spacecubed – 45 St Georges Terrace

• Spacecubed is a 550m² co-working, collaboration and innovation space in the heart of the Perth CBD

• The space has been designed to facilitate communities looking to make an impact through their project or organisation

• The space provides a community area, hot desks, permanent desks and meeting and seminar rooms

• At its core Spacecubed is about increasing opportunities for Collaboration and Innovation
Partnering to explore technology roll-out

- Partnership with CSIRO to assess viability of solar pv and wind energy at our Amberton residential development (north of Perth)

- Also explored feasible penetration level of solar pv

- Found that penetration up to 100% was possible though there are complications to be addressed (e.g. fluctuation)

- The findings are now being considered as part of our planning for future developments
Stockland Head Office - 2 Victoria Avenue Perth

- **First building in WA to achieve Green Star Office** Design (6 stars), As Built (5 stars) and Interiors (5 stars) ratings.
- **5 star NABERS** Energy ratings for both the base building and Stockland tenancy

Common sustainability initiatives:

- Active chilled beams for air conditioning
- Energy efficient lighting systems with intelligent controls
- Automated louvres on the western elevation that track the sun for shading
- Energy and water sub metering to monitor consumption
- Grey water recycling for reuse in toilets and garden irrigation
- Low toxicity paints, carpets and sealants (low VOC)
- Water efficient toilets, taps and showers, waterless urinals
- Bike storage facilities with showers provided for staff