Property companies and funds in Australia and New Zealand continue to lead their peers with respect to environmental, social, and governance (ESG) performance. The new 2016 GRESB data show that the region extends its unbroken streak of global leadership despite increasing competition from peers around the world.

The region’s leadership reflects a long-term commitment to sustainability and pervasive spirit of collaboration and knowledge sharing. Companies and funds in Australia and New Zealand are competitive, yet they also work together to address new issues. For instance, firms are unusually open to exchanging experiences and insights. Competitors frequently work together to tackle the intractable issue of operational cost waste generation. At the same time, the sector regards superior ESG performance as a proxy for quality — both at the asset and manager level. Collaboration and competition help drive the region’s companies and funds to higher levels of performance and support its global leadership year after year.

While Australia and New Zealand continue to lead, this year’s relative improvement in average ESG performance trails other regions — from 70 to 74. This reflects the challenge of trying to continue to raise the bar from an already high level of performance. Regardless, companies and funds in the region made notable improvements in Building Certifications, Policy & Disclosure, and Performance Indicators.

Going forward, there will be no rest for the world’s leading region. Governments in Australia and New Zealand are expected to develop more aggressive policies to achieve the goals of the COP21 climate agreement. Investors are moving beyond disclosure to demand tangible improvements in operational performance metrics, such as energy intensity or water consumption. At the same time, companies and funds around the world are working hard to improve their performance and close the gap with Australia and New Zealand. This creates a challenge for companies and funds in the region. Fortunately, owners, investors, and society will all benefit from their efforts to maintain their leadership position.

### Carbon Management
GRESB indicators can be examined individually or as functional groups to understand management and performance in key areas, such as carbon, water, waste, and health. The charts below illustrate average responses to individual carbon management indicators and the cumulative achievement of the set of carbon management strategies.

### Renewable Energy (generated on-site)
The GRESB Assessment provides data on year-over-year growth in on-site renewable energy. The dark shading indicates renewable energy generated by companies and funds based in the region. The light shading indicates renewable energy generated elsewhere in the world.

### Health & Well-being
New data for Australia/NZ property companies and funds show significant variation in health and well-being practices. Many companies are working to promote the health of their employees. A smaller fraction of participants complement these internal efforts with strategies to actively promote the health of customers through their products and services.

### Stakeholder Engagement
GRESB includes 11 indicators addressing the engagement of property companies and funds with employees, tenants, supply chain, and community. Each circle represents a point available for these 11 indicators.

### GRESB Industry Partners
“Investors increasingly understand that sustainability is intimately connected with risk, reward and reputation — which is why they are demanding reliable, standardised data to assess the sustainability of their assets. Green building certification programs are now institutionalised in mature real estate markets, and Australia has more than 1,320 Green Star-rated buildings. GRESB can help investors understand important non-financial metrics that are influencing the value of buildings across global markets.”

Romilly Madew, Chief Executive Officer, Green Building Council of Australia

“Many players, such as policy makers and investors, want to encourage and reward sustainability in the market. To do so, they need reliable sustainability metrics on which to judge businesses and make decisions. Through high quality benchmarking tools like NABERS and Green Star, the Australian property sector has long had such metrics, and the market has consistently rewarded high performance. By providing these metrics to an audience of global institutional investors, the GRESB Assessment maximised their potential as a catalyst for change.”

Carlos Flores, National Program Manager, NABERS
Performance Indicators

**Footprint 2015 (absolute)**
- ENERGY: 3,767,401 MWh
- CARBON EMISSIONS: 2,312,696 tonnes CO₂
- WATER: 26,347,894 m³
- WASTE: 1,472,514 tonnes

**Like-For-Like Change 2014-2015 (relative)**
- ENERGY: 2% increase
- CARBON EMISSIONS: 5.4% decrease
- WATER: 0.07% decrease
- WASTE: 49% diverted from landfill

**Equivalent of Change**
- ENERGY: Equivalent of 3,037 homes
- CARBON EMISSIONS: Equivalent of 19,279 passenger cars
- WATER: Equivalent of 62 Olympic pools
- WASTE: Equivalent of 80,170 truck loads

GRESB defines "like-for-like" as the fraction of a portfolio continuously owned by an entity for at least 24 months. Like-for-like measurements represent a relatively stable subset of a portfolio, and they may better reflect management action to improve performance. GRESB like-for-like metrics do not directly account for variation in weather, occupancy, and other factors.

**Performance Indicator Score Development**

**2016 GRESB Participants - Australia/NZ**

**Sector Leaders - Australia/NZ**

<table>
<thead>
<tr>
<th>Property type</th>
<th>Entity name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>Lendlease Sub-Regional Retail Fund - Lendlease</td>
</tr>
<tr>
<td>Office - Listed</td>
<td>DEXUS Office Trust</td>
</tr>
<tr>
<td>Office - Private</td>
<td>Australian Prime Property Fund Commercial - Lendlease</td>
</tr>
<tr>
<td>Diversified - Retail/Office</td>
<td>Stockland (Global Sector Leader)</td>
</tr>
</tbody>
</table>

**Global Sector Leader**

- Cromwell Property Group
- DEXUS Property Group
- GPT Metro Office Fund
- Investa Office Fund (IOF)
- Mirvac
- Scentre Group
- Stockland
- The GPT Group
- Vicinity Centres

**Institutional capital represented by GRESB's 58 Investor Members**

$7.6 trillion