Dexus Property Group - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at $27.2 billion (all figures in this description are as at 30 June 2018). Dexus believes that the strength and quality of its relationships will always be central to Dexus's success. Dexus is deeply committed to working with its customers to provide spaces that engage and inspire.

Dexus invests only in Australia and directly owns $13.3 billion of office and industrial properties. Dexus manages a further $13.9 billion of office, retail, industrial and healthcare properties for third party clients. The Group's $4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns.

With 1.7 million square metres of office workspace across 53 properties, Dexus is focused on being Australia's preferred office partner. Dexus's portfolio also includes 77 industrial properties,16 shopping centres, and two healthcare properties under management across Australia. Dexus's office buildings are located in the CBDs of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 27,000 investors from 20 countries. With more than 30 years of expertise in property, investment, development and asset management, Dexus has a proven track record in providing service excellence to its customers, capital and risk management and delivering superior risk adjusted returns for Dexus's investors.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	July 1 2017	June 30 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Australia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board has delegated responsibility for assessing and managing climate-related risks to the Board Risk Committee which consists of five of the seven non-executive board members. The Board Risk Committee oversees the implementation of Dexus's Risk Management Framework. The Committee oversees the Group's risk management practices, as well as Work Health and Safety, environmental management, Dexus's climate change response, sustainability initiatives and internal audit practices. The Committee oversees the implementation and management of initiatives to maintain the Group's position as a leader in sustainability practices and endorses environmental targets and strategies for approval by the Board. The Dexus sustainability team, led by the Executive General Manager, Investor Relations, Communications and Sustainability reports quarterly to the Board Risk Committee.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding major plans of action Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy are invited to present at Board meetings by invitation and at each quarterly Board Risk Committee meeting as a standing agenda item. The sustainability team prepares a Quarterly Sustainability Report which details progress and status on climate and sustainability targets prior to the Board Risk Committee's meeting and is a discussed agenda item. Post-meeting all Board Risk Committee minutes are provided to the Board. Each key strategic risk, including climate change risk, is discussed in detail on an annual basis. For climate, Dexus's climate change resilience strategy involves 1) mitigating Dexus's impact through decarbonisation, energy efficiency and renewable energy; 2) adaptation to physical and transitions risk of its property, people and operations, and leveraging climate change-related opportunities; 3) influencing Dexus's value chain by engaging customers, tenants and suppliers to reduce climate impacts. Examples of topics discussed with the Board Risk Committee include a) projects contributing to climate mitigation and adaptation of Dexus's sustainability strategy. For example, Dexus's contribution to the City of Sydney's Better Building Partnerships progress towards their Sustainable Sydney 2030 goals; and b) energy price volatility, Dexus's exposure to the energy market and the existing and future initiatives to reduce Dexus's energy price exposure and associated climate impact.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding business plans Setting performance objectives	The Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy are invited to present at each quarterly Board Risk Committee meeting as a standing agenda item. The sustainability team prepares a Quarterly Sustainability Report which details the progress and status on climate and sustainability targets prior to the Committee's meeting and is discussed as an agenda item. The sustainability team reports on its progress on its climate resilience roadmap (mitigation, adaptation, and influencing value chain). Sustainability commitments are approved by the board annually, or as required by exception. For example, the Board Risk Committee has reviewed Dexus's Net Zero by 2030 strategy from proposal to implementation at each quarterly meeting, the strategy and associated targets were approved at the Board level prior to socialisation across the business and disclosure to the market.
Scheduled – all meetings	Reviewing and guiding risk management policies	The Board Risk Committee reviews enterprise wide risk management practices including climate and environmental management. The quarterly meetings addresses the effectiveness of the Group's Risk Management Framework. The Group's Environmental Management System undergoes a gap analysis annually. This review feeds ongoing enhancements to Dexus's Environmental Management System (EMS) which is managed by the Risk and Sustainability teams.
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures, acquisitions and divestitures	The Dexus Board approves all corporate annual budgets for all business units during their two-day strategy session. The Board approves all major capital expenditure, acquisitions and divestments (in accordance with its Terms of Reference). Such activities are discussed in meetings where appropriate.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EGM-IR, Communications & Sustainability)	Both assessing and managing climate-related risks and opportunities	Quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	Quarterly
Risk committee *Members of the Dexus Group Risk Committee: -General Counsel and Company Secretary (Chair) - Chief Financial Officer - EGM, Office and Industrial - EGM, Funds Management - EGM, Retail and New Fund Development - EGM, Investor Relations, Communications and Sustainability - Head of Development*	Both assessing and managing climate-related risks and opportunities	Quarterly
Other C-Suite Officer, please specify (EGM- Office)	Managing climate-related risks and opportunities	As important matters arise
Other C-Suite Officer, please specify (EGM-Retail and Industrial)	Managing climate-related risks and opportunities	As important matters arise

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Executive General Manager Investor Relations, Communications and Sustainability: is responsible for implementing the Group's sustainability strategy (Sustainability Approach), sustainability reporting, and reviewing and approving materials in accordance with Dexus's material approval process. The Executive General Manager Investor Relations, Communications and Sustainability has responsibility for Dexus's management of climate-related issues, such as progress toward and achievement of Dexus's net zero emissions by 2030 target. This role reports directly to the Chief Executive Officer and is a member of the Group Management Committee, which has oversight of climate related issues within the scope of addressing economic, environmental and social topics, including property resilience and climate change impacts, human rights and community investment.

Dexus's Senior Manager, Group Sustainability and Energy: leads the Dexus Sustainability team and coordinates day-to-day integration of sustainability within operations including:

- Oversight of the group's Sustainability Approach including the setting ESG objectives against each key objective and monitoring progress
- Responsibility for environmental performance including target setting, monitoring and reporting
- Oversight of annual energy and emissions reporting as per legal requirements and external assurance of Dexus's environmental accounts
- Oversight of NABERS rating program to maintain legal compliance and setting building performance targets

The Group Risk Committee: is accountable to and reports to the Group Management Committee and Board Risk Committee on the effectiveness of compliance, risk and internal audit practices. Members of the Dexus Group Risk Committee are:

- General Counsel and Company Secretary (Chair)
- Chief Financial Officer
- EGM, Office
- EGM, Funds Management
- EGM, Retail and Industrial
- EGM, Investor Relations, Communications and Sustainability
- Head of Development

The objective of the Group Risk Committee is to oversee the Group's risk management, compliance management and internal audit programs. The Group Risk Committee will foster adherence to Dexus's policies including those addressing ethical conduct and behaviour and will champion a strong risk and compliance culture within the organisation. The committee oversees the implementation and management of initiatives to maintain the Group's position as a leader in sustainability practices. The Group Risk Committee is tasked with ensuring effective management of risks that have the potential to impact Dexus's strategy and outlook. Climate is a key strategic risk to Dexus with potential impacts over the medium to long term, thus is actively reviewed and managed within Dexus's risk management framework and by the Sustainability team. The Sustainability team prepares a Quarterly Sustainability Report prior to the quarterly Group Risk Committee and Board Risk Committee meetings. The report details progress and status on climate and sustainability targets, progress on Dexus's climate change resilience strategy, and updates on emerging topics such as legislation, markets and environmental topics. Each key strategic risk, climate included, is discussed in detail on an annual basis. For climate, Dexus's climate change resilience strategy involves:

1. Mitigating Dexus's impact through decarbonisation, energy efficiency and renewable energy;
2. Adaptation to physical and transitions risk of property, people and operations, and leveraging on climate change-related opportunities; and
3. Influencing Dexus's value chain by engaging customers, tenants and suppliers to reduce climate impacts.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Executives and senior management have individual KPI's linked to financial and non-financial performance including sustainability commitments published in Dexus's Annual Reporting Suite. Those commitments are derived from the list of Dexus's material sustainability issues and strategic goals. Progress on improving environmental performance is assessed within Dexus's FY18 corporate commitments to: 1) Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating and 1,000,000 square metres rated at least 4-star NABERS Water rating by 2020; 2) Reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline. Executive and senior management are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
Executives and senior management have individual KPI's linked to financial and non-financial performance including sustainability commitments published in Dexus's Annual Reporting Suite. Those commitments are derived from the list of Dexus's material sustainability issues and strategic goals. Progress on improving environmental performance is assessed within Dexus's FY18 corporate commitments to: 1) Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating and 1,000,000 square metres rated at least 4-star NABERS Water rating by 2020; 2) Reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline. Executive and senior management are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
Executives and senior management have individual KPI's linked to financial and non-financial performance including sustainability commitments published in Dexus's Annual Reporting Suite. Those commitments are derived from the list of Dexus's material sustainability issues and strategic goals. Progress on improving environmental performance is assessed within Dexus's FY18 corporate commitments to: 1) Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating and 1,000,000 square metres rated at least 4-star NABERS Water rating by 2020; 2) Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline. Executive and senior management are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction project

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing

energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction project

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Energy reduction target

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency project

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
Environment/Sustainability manager

Types of incentives
Monetary reward

Activity incentivized
Efficiency target

Comment
The management of climate change risk assessing, and reporting is a business objective and the sustainability team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?
All employees

Types of incentives
Monetary reward

Activity incentivized
Behavior change related indicator

Comment
Sustainability has been integrated where relevant into employees' roles and responsibilities within their job description as well as included within team performance scorecards. Key staff are assessed on their contribution, relevant to their position, towards achieving Dexus group annual sustainability commitments as set out within its Annual Reporting Suite. Those commitments are derived from the list of Dexus's material sustainability issues and strategic goals. In FY18 Dexus specified a range of sustainability commitments to improve performance with regard to investors, customers, suppliers, employees, the community and the environment. All employees are rated on their performance across scorecard KPIs and monetary rewards are tied to achievement of KPIs.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	2	Next 24 months or sooner. Managing day-to-day risks to properties from climate-related events. Managing building operations to minimise energy consumption and associated emissions. This aligns with Dexus's frequency of financial and operational planning and annual budgets.
Medium-term	2	7	Next 2 to 7 years, in line with interim environmental targets for Dexus's 2030 Net Zero Strategy. In addition, the time horizon aligns with Dexus's science-based post-2020 emissions target. The time horizon aligns with Dexus's group scorecard goals to ensure company-wide comprehensive awareness of climate-related issues and renewable energy uptake alongside appropriate adaptation planning and management. Dexus's climate change resilience pathway goal involves improving understanding of transitional risks over the medium term and incorporate those learnings into Dexus's strategy stress testing over a 3-5 year horizon.
Long-term	7	15	Horizon to 2030 and beyond in line with Dexus's Net Zero 2030 Strategy, as well as long term investment objectives across key funds. Integrating physical and transitional, economic and social climate-related issues into asset planning. Setting and implementing energy, renewable energy and emissions targets consistent with climate-related science and global transition to a low carbon economy, supported by Dexus's in-house research team's long-term (20 to 30 year) outlook analysis. Referencing IPCC climate scenarios to support science-based target setting and inform 10-year asset planning through planned CAPEX, updates, and decision on disposals, including emissions reduction projects such as on-site solar, off-site renewable power purchase agreements, and building electrification.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Dexus's Risk Management Framework articulates its approach to managing risk. The Group Risk Committee and Board Risk Committee oversees the management of the Risk Management Framework and Dexus's top 10 risks on a quarterly basis. The Framework is formally updated annually. Within the process, risks are identified and evaluated to determine their severity, likely consequences and the frequency that an event is likely to occur which is evaluated over a period of up to 20 years. Those in the Catastrophic category are predicted to result in "Severe damage to the environment. Expected impact affecting wide area for more than 10 years". In addition, Dexus conducts group-level risk assessment and sensitivity analysis of climate change risks against the latest IPCC published climate change scenarios and their correlation or confluence to determine overall long term (2030 and 2070) climate change risk exposure at a property level. These assessments are conducted every 2 to 7 years.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Company level: Dexus conducts periodic group-wide climate change risk assessments to determine the magnitude of climate change risks across the portfolio. This involves desktop analysis of exposures to climate change related events and is supported by data from ongoing site risk management inspections. Dexus's sustainability and risk teams identify, analyse and evaluate climate change risks and opportunities, referencing the Group's Climate Change Assessment Report and site audit program outcomes, and maintains a WHS&E risk register. Environmental, financial and reputational risks, and health and safety concerns are evaluated, and management controls established. Risks that are considered strategic are reviewed by the Sustainability Team and Head of Risk and escalated for review within annual Risk Assessment workshops using a Strategic Risk Register. The current risk to Dexus from climate change is low as properties are predominantly located in metropolitan areas with stable infrastructure, effective Local Government area planning for climate change impacts and services.

Property level: Natural catastrophe risks are assessed as part of Dexus's annual risk engineering audit process and during due diligence for new acquisitions. The process involves analysis and determination of climate change risk level based on the inherent risk with reference to recent and historical natural disaster events such as flood, cyclone, hurricane, windstorm and earthquake, geographical factors, while factoring in climate change projections and previous loss data. Key risks are identified, and site mitigation plans are developed to cover all risks including natural disaster risks. Strategic improvement plans are developed to improve energy efficiency and reduce greenhouse gas emissions. Climate Change Adaptation Plans have been developed for the top ten properties at risk. Plans are coordinated at the corporate level and managed at the property level.

The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register through the following steps:
1. Identification – Risks are identified via audits, reports, incident, external advice, etc.
2. Analysis – Risks are assessed to determine their significance and priority. The risk assessment process involves a consideration of the risk criteria in terms of likelihood and consequence and involves analysing the following: a) Inherent risk –the likelihood and consequence of a risk event if it were to occur in the absence of controls. The inherent nature of the risk event will provide the basis and extent to which controls or treatment plans are required to mitigate the risk to an acceptable level. b) Identify and assess controls – identify the existing controls in place to address the risk and assess how effective they are in operation. The control's current operating effectiveness is determined and rated on a scale of effectiveness. Where controls are identified as ineffective or partially effective, action plans are required to be developed by management to establish effective controls and mitigate risks. c) Residual risk rating – The residual risk rating is determined by combining the likelihood and consequence of the risk, taking into consideration the effectiveness of existing controls. Dexus has adopted standardised criteria and rating scales to be applied across all risk management activities and business areas.
3. Evaluation – Risks are evaluated, and a decision is made as to whether a risk is acceptable or not, factoring the frequency, likelihood of occurrence, and the potential environmental, financial or business impact that would result. Risk mapping tools are used to prioritise risks.
4. Treatment – Risk Treatment Plans are developed for all risks that have a residual risk rating of Significant or High.

Dexus's Risk Management Framework aligns with the Australian and New Zealand standard for risk management (ISO 31000). The Risk Management Framework's treatment of climate-related risks is consistent with the process outlined above. Dexus's climate-related risks are assessed based on likelihood, consequence, and effectiveness of controls which is used to determine a resulting overall risk evaluation. Dexus defines a 'substantive' financial impact as 'major' or 'catastrophic' according to its Risk Management Framework when assessing climate-related risks, which equates to financial loss in excess of $10 million or at least 4% of funds from operations.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Risks to Dexus of potential costs associated with maintaining compliance with current regulation have been included in risk assessments of climate-related regulation through Dexus's legal compliance register. The legal compliance register details control measures that track Dexus's compliance obligations, corrective actions and status, as well as personnel that are key to ensure implementation. Examples of current regulation that present risks of increased costs include the National Greenhouse and Energy Reporting (NGER) Act 2007, Environment Protection Act 1970, Electricity Supply Act 1995, Supply (General) Regulation 2014, and Energy Savings Scheme Rule of 2009 and Renewable Energy (Electricity) Regulations 2001. For example, a compliance risk assessment for changes to the commercial building disclosure (CBD) program identified potential increased costs associated with the reduced mandatory disclosure threshold on commercial office buildings from 2000 to 1000 square metres. The additional compliance cost was associated with effort to monitor compliance for and conduct NABERS assessments across the few newly obligated properties.

	Relevance & inclusion	Please explain
Emerging regulation	Relevant, always included	Risks to Dexus including potential increases in costs associated with emerging regulation, such as changes to energy policy (e.g. amendments to the Renewable Energy Target that may have flow on effects to increase the cost of on-site solar energy projects), have been included in Dexus's climate-related risk assessments as part of ongoing monitoring by Dexus's Sustainability and Compliance teams. Examples of emerging regulation issues include amendments to the Renewable Energy Target or other proposed changes such as the former National Energy Guarantee (proposed in FY18) and the current government's Fair Deal on Energy. Dexus's climate-related risk assessments for these potential regulatory changes include the price risk on its current and future energy costs, and include discussions with its energy retailers and industry bodies.
Technology	Relevant, always included	Risks to Dexus including changes in electricity use and costs associated with building technology upgrades (e.g. increased cost associated with replacing equipment with more energy efficient options to support Dexus's NABERS Energy and net zero emissions targets) have been included in company and property-level climate-related risk assessments through business case development for capital projects and innovations. The assessments have also identified opportunities such as reduced costs from technologies that can enhance energy efficiency. For example, when developing Dexus's Net Zero by 2030 strategy, the Sustainability team modelled a portion of the energy efficiency savings from emerging technology.
Legal	Relevant, always included	Risks to Dexus including increased resourcing requirements and potential non-compliance costs associated with emissions reporting laws (e.g. National Greenhouse and Energy Reporting Act in Australia) have been included in company-level climate-related risk assessments through legal compliance registers. The assessments have also identified governance issues such as liability risks associated with directors' duties to consider foreseeable risks in their decision-making, which could result in increased costs and reputational impacts associated with legal action if climate-related issues are not integrated into director decision-making.
Market	Relevant, always included	Risks to Dexus including decreased revenues from reduced market demand (e.g. loss of government tenants that require energy efficient buildings) have been included in property-level climate-risk assessments through ongoing market monitoring by Sustainability, Research, Office, Industrial and Retail teams. For example, Dexus monitors shifts in customer demands such as, government leasing minimum requirements for NABERS ratings and Property Council of Australia's Guide to Office Building Quality with ambition to operate a sustainable, premium quality portfolio. Increased greenhouse gas emissions will negatively impact a building's NABERS rating which may prompt existing tenants with minimum performance requirements to review their lease and will adversely impact Dexus's ability to attract and retain new tenants.
Reputation	Relevant, always included	Risks to Dexus associated with reputational damage and associated negative financial impacts (e.g. loss of investor sentiment) have been included in company-level climate-related risk assessments through ongoing stakeholder engagement and sentiment monitoring. For example, Dexus has experienced positive impact towards its brand, share value, public opinion and perception of integrity by actively reducing its emissions impact and by attaining leadership positions in investor ESG surveys such as Dow Jones Sustainability Index, Global Real Estate Sustainability Benchmark, and CDP Climate Change. Loss of this positive reputation puts Dexus at risk of losing investment from ESG-focused investors, which may negatively impact share price and thus total shareholder return.
Acute physical	Relevant, always included	Acute physical risks to Dexus, such as increased costs associated with property damage from cyclones or other extreme weather, are included in property-level climate-related risk assessments through implementation of Dexus's environmental management system. Part of the environmental risk assessment process is the Initial Status Audit (ISA), conducted on all acquisitions. For example, Dexus conducted an ISA of 36 Hickson Road, Millers Point, which determined that the property has low risk exposure to cyclones, and low to moderate exposure to flooding from extreme weather events. Where required, improvement plans are developed and tracked via Periskope, an internal property risk management tool.
Chronic physical	Relevant, sometimes included	Chronic physical risks to Dexus, such as potential increased costs associated with increased energy use to cool Dexus's office buildings in an increasingly warmer climate, are included in property-level climate-related risk assessments through Dexus's portfolio-wide desktop climate risk modelling. Dexus's portfolio-wide desktop climate risk modelling reviewed physical property risks against the IPCC's AR5 RCP8.5 scenario (likely worst-case scenario) using 2030 and 2070 time horizons. The assessment looks at chronic physical risks such as 2030 days over 35 degrees, 2030 summer temperatures, 2070 days over 35 degrees and 2070 mean maximum temperature risk. The outcomes of long-term modelling show moderate impacts across geographical markets in Far North Queensland, Western Australia and South Australia, which may influence investment decision making, depending on its nature and time horizon. This modelling is built into the scope of Initial Status Audits (ISA); environmental risks assessments, which are conducted on all acquisitions as part of Dexus's Environmental Management System (EMS). For example, Dexus conducted an ISA of 36 Hickson Road, Millers Point, which determined that the property is unlikely to be inundated by long-term effects of sea level rise, and the projected increase in hot days will lead to increased electricity use.
Upstream	Relevant, always included	Upstream value chain risks to Dexus, such as increased costs of services associated with suppliers' use of energy and water, are included in climate-related risk assessments through Dexus's ongoing procurement exercises and engagement with suppliers. For example, Dexus surveyed its panel of preferred suppliers to identify sustainability risks within Dexus's tier 1 supply chain and support further analysis of the severity and likelihood of certain risks. Questions included but are not limited to; methods of monitoring and reporting of sustainability performance, familiarity with relevant Dexus policies, environmental commitments and procedures in place, reporting of sustainability indicators, and level of exposure to physical climate risks and use of sustainable products within suppliers' supply chain. Examples of risks about which Dexus engages its supply chain includes access to and use of energy, access to and use of water, emissions, temperature change, sea level rise and prolonged drought. Dexus's Supplier Code of Conduct highlights preference for low carbon products, particularly to achieve Green Star credits in emissions and transport.
Downstream	Relevant, sometimes included	Downstream value chain risks to Dexus, such as reputational damage associated with Dexus being unable to meet its Scope 3 customer emissions reduction target, is included in climate-related risk assessments through Dexus's sustainability target setting and customer engagement processes. Dexus's climate resilience strategy includes a science-based Scope 3 emissions reduction target to reduce Scope 3 emissions by 25 percent by 2030 (2018 baseline), the achievement of which requires Dexus to positively influence its customers to reduce their carbon footprint. For example, Dexus has adopted measures such as green leases to collaborate on whole building energy efficiency, as well as the adoption of the Better Building Partnerships strip-out waste guidelines to minimise fit-out waste to landfill. With increasing market desire for sustainable and healthy workplaces, Dexus is assessing customer product opportunities to reduce its value chain's climate change impact.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Through Dexus's Risk Management Framework, climate-related risks and opportunities are identified and managed in a systematic and timely way to minimise the impact of undesirable events and to provide the ability to consider opportunities as they arise. This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, collaboration/knowledge sharing, and audit/assurance. The Framework articulates its approach to managing risk and is aligned to the principles of the AS/NZS ISO 31000:2009. The approach involves establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with managing, acquiring, developing or disposing of real property to minimise losses and maximise opportunities. Risks are identified and evaluated to determine their severity, likely consequences and the frequency that an event is likely to occur which is evaluated over a period of up to 20 years. The Board Risk Committee meets quarterly to review and approve policies and review reports on ESG performance including active projects, climate issues, achievements and performance metrics. All meeting minutes and papers are reported directly to the board. The board distinguishes climate change as among the top 10 key risks that could impact Dexus's strategy and outlook. Climate-related issues are considered regarding the following as they relate to specific decisions:

- Physical risks - risk exposure against long-term scenarios for climate-change related impacts
- Transitional risks - economic risks, social risks and potential safety risks
- The group portfolio's and/or building's resilience to cope with these scenarios

An example of how the Risk Management Framework is applied to physical risks is Dexus's assessment of portfolio exposure and vulnerability to property damage or loss of business continuity from extreme weather. The application of the Risk Management Framework and vulnerability assessment has revealed, for example, that properties in Sydney and Melbourne are exposed to heat stress, with potential impacts including increased costs to cool Dexus properties in these locations on hot days. On the other hand, properties in far north Queensland are exposed to cyclone and flooding risk, with potential impacts including increased insurance costs/premiums and building damage remediation costs. Dexus conducts annual Risk Assessment workshops using a Risk Register that includes property climate change risk. Dexus ranks properties in its portfolio according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning. Managing the risks involves mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities. With regard to investment decision-making, Dexus reviews the climate and sustainability risks and opportunities of a potential acquisition before purchase through a due diligence process. This process requires details on the potential acquisition's environmental performance and climate change assessments that have been conducted, building upgrade and improvement plans, past energy and water audits as well as costing required to implement upgrades to the property in line with the group's 5-star NABERS Energy rating target. The building performance and climate-related exposure can affect procurement decisions and investment strategy for the asset. Natural disaster risks are reviewed as part of Dexus's annual environmental audit process. The process involves analysis and determination of climate change risk level based on the inherent risk to recent and historical natural disasters. From this process key risks are identified, and site mitigation plans are developed.

Dexus has applied its Risk Management Framework to transition risks by assessing financial impacts from changes in energy markets resulting from the transition to a low carbon economy, and assessing consequences associated with Dexus's operational greenhouse gas emissions. The application of the Risk Management Framework and assessment of financial impacts from transition risks led to Dexus adopting a progressive purchasing strategy for electricity, implementing upgrades to properties to achieve 5 star NABERS Energy targets, and developing a transition plan to clean energy as part of its target to achieve net zero emissions by 2030.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact
<Not Applicable>

Company- specific description
Dexus must maintain compliance with the Australian National Greenhouse Energy Reporting Act (NGER), which requires mandatory reporting of GHG emissions and energy usage across the Dexus Australian portfolio. Data is required to be accurate to +/-5%. Dexus faces risk of non-compliance if it fails to accurately track group-wide energy and emissions, and report in the required timeframes. For example, if five percent of Dexus's portfolio is inaccurately classified as outside of operational control (including Dexus-managed properties owned by its third-party funds such as Dexus Wholesale Property Fund), Dexus would exclude emissions from these buildings from its NGER reporting, which would in turn result in reporting that does not accurately represent emissions across Dexus's portfolio. If Dexus fails to register and report on its emissions, it may be liable for penalties in the order of $360,000. The NGER legislation allows for administrative, civil and/or criminal penalties in response to non-compliance. Dexus also faces compliance and financial risk should state or federal governments introduce additional climate-related reporting requirements.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
360000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Dexus faces a potential financial impact of $360,000, which is an increased compliance cost attributable to the penalty for failure to report by the deadline in accordance with the NGER Act.

Management method
Dexus provides in-house employees and financial resources and has established formal processes to deliver the reporting requirements under the Act. Dexus has appointed external consultants and internal analysts to manage the collection of and maintenance of property-level emissions data. Dexus partners with an external service provider to accurately record (including verification of) energy, gas and water consumption and calculate GHG emissions. Adherence to the protocols for the collection and record keeping of data is paramount to the compliance risk. For example, Dexus's FY18 environmental dataset was collected and compiled within a group-wide Environmental Reporting System using bottom-up utility data and underwent independent assurance prior to being submitted to the Government's database. Dexus has incurred costs of $300,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees, as well as fees for external data assurance.

Cost of management
300000

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact
<Not Applicable>

Company- specific description
Dexus must maintain ongoing compliance with Building Energy Efficiency Disclosure (BEED) 2010 Act, which requires Dexus and other commercial building owners to disclose the energy efficiency and greenhouse gas emissions (via NABERS rating) of their buildings in the event of marketing the lease and/or sale of a space and/or building with over 1,000 square metres of office space. Dexus is required to prepare a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating (valid for 12 months), and b) a Tenancy Lighting Assessment (valid for 5 years). The provisions of the Act also require the energy efficiency rating (via NABERS ratings) to be displayed in printed, physical and online marketing materials. Dexus faces risk of non-compliance and financial penalties for each property in the portfolio where it fails to obtain and disclose energy and emissions performance rating when marketing for sale or lease. For example, recent changes to the BEED Act that lowered the minimum office floor area required to obtain a rating caused Dexus to increase costs across its industrial assets that were captured by the new threshold because they also contained office space (e.g. Dexus's property at 2 Lord Street, Botany New South Wales). Had Dexus not invested in these additional ratings, it would have been exposed to an additional non-compliance cost of up to $180,000.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
180000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impact is a penalty of up to $180,000 for non-compliance as specified in the Disclosure Act 2010 (BEED Act), which is an increased compliance cost associated with requirements to disclose building energy and emissions performance. Other potential impacts include loss of rent from increased vacancy; inability to transact on a property sale incurring delayed settlement fees; reputational damage if pursued by the administrator.

Management method
Dexus has embedded the BEED Act into its business to ensure compliance with all parts of the legislation. Dexus maintains a program of continuous NABERS ratings and BEEC documentation to ensure it is compliant with the provisions of the legislation. Dexus uses the NABERS tool as a benchmark tool and had already rated all eligible properties annually before the impending legislation irrespective of leasing situations. Dexus continues to NABERS rate all properties and conducts Commercial Building Disclosure Lighting Assessments on each building and ensures buildings support BEECs. For example, as at 30 June 2018 Dexus had rated 64 office and retail properties plus two industrial properties under NABERS, representing 46% of all properties by number and 87% of total AUM. Dexus cost impacts include: cost to change marketing collateral already in circulation (leasing brochures,

web sites, leasing sign board materials), cost of NABERS assessments on unrated properties; cost of NABERS assessments brought forward for those properties due to expire, cost of applications for exemptions. Costs from ratings for mixed use premises prior to clear guidelines being finalised. Legal costs arising from the interpretation of the Act. Collectively each property incurs costs that result in $500,000 in cumulative annual costs across Dexus.

Cost of management
500000

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Dexus manages properties in Far North Queensland, an area prone to regular cyclone activity. The potential for more regular/extreme events could have a significant financial impact on business and disrupt property operations. Dexus assets are impacted by climate change either through loss of value, through damage caused by increased severe weather events, or sea level change. Insurers recognise the increases in frequency and severity of extreme weather events in Far North Queensland and are increasing insurances excesses for specific types of weather events at specific locations. Dexus faces increased property costs to pay for repairs that fall below the increased deductibles, which would be typically be covered at other 'low risk' locations. For example, Dexus manages the Willows shopping centre (on behalf of Dexus Wholesale Property Fund) in Townsville, Queensland, which has been subject to cyclone and flood events in recent years, which has led to increased costs associated with repairs and resilience-building infrastructure. Insurance premiums can be approximately $90,000 more expensive for properties located in elevated climate risk areas, compared with properties at other locations.

Time horizon
Current

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
90000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impact figure is $90,000, which is the increased insurance premium payable by Dexus for properties located in areas of elevated risk, such as Far North Queensland (compared with typical insurance premiums at other locations). The quoted figure assumes one claim per year. This excludes additional costs for repairs, plus any loss in revenue from lost trading days.

Management method
As part of local building codes, additional building requirements are mandatory but, in many cases, when expanding retail centres additional adaptation initiatives may be implemented. Dexus has an internal review process for identifying risks specific to properties and a checklist of standards that are to be met. In many cases these standards exceed the regulations. In FY18 Dexus commissioned a portfolio-wide risk assessment and updates to its Environmental Management System, with consultancy costs of

$33,000.

Cost of management
33000

Comment
Management costs vary by site. Property risk assessments include climate events such as storm, rain, and flood damage.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Customer

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact
<Not Applicable>

Company- specific description
Reputational risk is of primary concern to Dexus and the financial implications of not managing this risk can have a significant impact investors' appetite to invest in Dexus, resulting in a lower share price and less institutional investors selecting Dexus as their investment manager. Through increasing engagement with investors, Dexus understands their drivers to invest responsibly, and the scrutiny they apply to assess Dexus's ESG performance, including Dexus's approach and track record regarding climate change issues and emissions reduction. Dexus's reputation for proactively managing inherent risks such as that presented by climate change is critical to attracting new capital and impacts Dexus's ability to deliver investor returns and enable future growth through access to additional capital. Dexus is already seeing examples of investors divesting out of businesses that exhibit high carbon intensity and/or do not articulate a clear strategy for addressing climate change risks.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
32650000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impact of $32,650,000 relates to a decrease in available capital to Dexus following decreased investor appetite to invest in Dexus because of a negative reputational impact. This is calculated as 5 percent of the $653 million in debt and capital raising activities conducted in FY18. The inherent financial impacts of Dexus's reputational risk can be measured through its ability to attract new capital, delivering required returns to investors and enabling future growth, having a more competitive cost of capital and superior security price performance.

Management method
Dexus creates value for its stakeholders and manages its reputation through a commitment to a robust governance and management structure and its dedicated response to reporting requirements. Dexus systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations. Dexus is a signatory to the UNPRI and has integrated these principles. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and greenhouse gas emissions, and partners with like-minded suppliers. Dexus conducts an ongoing comprehensive risk audit program to identify and evaluate and mitigate risks including those posed by climate change. Dexus sets ongoing continuous improvement emissions reduction targets for its property portfolio and monitors operational efficiency and

performance targets set for its third-party property managers. Dexus proactively discloses through environmental performance benchmarks including DJSI, FTSE4Good Index, MSCI and the Group's commitment to the CDP. For example, leadership in sustainability was recognised within the 2018 GRESB Real Estate Assessment with the Dexus Office Trust ranking 1st across Australia amongst listed office entities. Dexus incurs additional, direct costs of approximately $76,000 per annum to maintain its reputation as a leader in incorporating sustainability and addressing climate change by participating in the above global sustainability surveys.

Cost of management
76000

Comment
Surveys include UNPRI, GRESB, SAM Corporate Sustainability Assessment (DJSI) and CDP Climate Change. Memberships include GBCA and IGCC.

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Customer

Risk type
Transition risk

Primary climate-related risk driver
Market: Changing customer behavior

Type of financial impact
<Not Applicable>

Company- specific description
Changing consumer behaviour and tenant preference for energy efficient buildings could lead to increased vacancy, lower rental income, and a devaluation of the property portfolio if Dexus fails to future-proof the portfolio to enhance energy efficiency and maintain performance in a low carbon economy. The public sector as well as several private sector industries have minimum NABERS ratings requirements of 4.5 stars or higher and cannot occupy Dexus buildings that do not meet their requirements. Dexus is increasingly being asked to demonstrate to prospective and current tenants the environmental performance of the buildings they occupy, and request alignment with their own climate change-related objectives.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
6100000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impact of $6.1 million relates to lost revenue from decreased consumer demand for Dexus office space, in the event that Dexus fails to maintain satisfactory energy efficiency standards in its buildings. For example, a 1% reduction in occupancy due to changing consumer demand would reduce rental income by approximately $6.1 million per annum across Dexus's listed office portfolio. Operating costs would also increase as energy usage remains inefficient. To improve efficiency, Dexus faces capital investment to upgrade property air conditioning and lighting systems.

Management method
Dexus manages its risk regarding changing consumer behaviour in four ways: 1. Focusing on operational efficiency by setting continuous improvement targets, supported by incentivised facility management teams 2. Capital investments in properties to maximise building energy efficiency and reduce emissions. The primary drivers of energy reduction are the implementation of

strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of HVAC systems and Building Management Systems and software. 3. Analysing consumer trends through market research and developing adaption plans. 4. Focusing on tenant needs and issues to provide service excellence. For example, Dexus invested approximately $3.9 million to improve energy performance across its managed portfolio in FY18, by taking advantage of lifecycle replacements to install high performing equipment or retrofit and electrify building systems. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, and installation of high efficiency. For example, Dexus successfully improved the performance Waterfront Place in Brisbane through a chiller upgrade at a cost of $22,000 and upgrades to lighting. The works resulted in an improvement in the building's NABERS energy rating to 5.5 stars and has avoided annual electricity costs of approximately $165,000 p.a.

Cost of management
3900000

Comment

Identifier
Risk 6

Where in the value chain does the risk driver occur?
Customer

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Rising mean temperatures

Type of financial impact
Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Rising mean temperatures influences building electricity demand and puts strain on the air conditioning systems to ensure indoor temperature is maintained to meet occupants' comfort requirements. Dexus's leasing requirements dictate that indoor temperature needs to be between at 22.5 degree Celsius +/-0.5 degrees. More frequent and intense heatwaves will increase energy consumption and possibly lead to grid strain and blackouts from increasing demand for air conditioning to mitigate temperatures. Increases to Dexus energy use and energy security risks will put upward pressure on energy prices, which are borne by tenants through their outgoings.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3100000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The potential financial impact of $3.1 million relates to increased operating costs required to maintain the comfort of its buildings resulting from rising mean temperatures, and equates to a 10% increase in energy prices or use due to operational inefficiencies. Dexus and its tenants face inherent financial cost increases due to higher energy prices, and financial losses due to blackouts.

Management method
Dexus proactively manages building energy performance to reduce operational costs by 1. Monitoring and optimising operational performance by investing in effective use building management systems, data analytics and sub-metering to assist the facility team in rectifying performance issues. 2. Proactive procurement, using Dexus's size and scale to purchase electricity and effective rates. For example, Dexus moved to progressive purchasing of electricity across properties in NSW and Victoria, to better time future

purchases to take advantage of price fluctuations and to mitigate the impacts of higher energy prices. 3. Through the property risk management system and through improving asset performance. The annual property risk assessments test the buildings capacity to withstand a power outage and test the fitness of the power generators. For example, the Dexus Sustainability team drives efficient asset performance through building upgrades, effective use of the building management system, and data analytics and sub-metering to assist the facility team in rectifying performance issues. Dexus incurs annual costs of approximately $2 million to maintain systems and resources for managing building energy efficiency and operating costs.

Cost of management
2000000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
Dexus rates and benchmarks its office and retail properties to via a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating (valid for 12 months), and b) a Tenancy Lighting Assessment (valid for 5 years). Through these ratings, Dexus gains visibility of the potential for further energy efficiency improvements that can be implemented to reduce energy use, greenhouse gas emissions and reduce operating costs. For example, Dexus's office building at 14 Lee Street, Sydney was the focus of several energy efficiency initiatives that led to an increase in NABERS Energy ratings from 5 stars to 5.5 stars, and an avoided $55,000 in annual energy costs.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
21000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Benchmarking properties highlights opportunities to improve energy efficiency and reduce operating costs, which vary by property across the Dexus portfolio. On average, a Sydney-based property rated 5 stars is 18% more efficient than an equivalent 4.5 star NABERS Energy rated building. The Dexus office portfolio has achieved an average 4.9-star NABERS Energy rating. Since 2008, Dexus has prioritised energy efficiency across acquisitions, developments and operations by implementing sustainability retrofit projects and sustainable design. Through this approach Dexus estimates that it has avoided approximately $21 million of energy costs in FY18,

Strategy to realize opportunity
Dexus rates and benchmarks its office and retail properties via a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating, and b) a Tenancy Lighting Assessment. As at 30 June 2018 Dexus has rated 64 office and retail properties plus 2 industrial properties under NABERS, representing 46% of all properties by number and 87% of total AUM. These benchmarks are used to report progress against Dexus's 2020 target to deliver 1,000,000sqm of office properties with a 5 star NABERS Energy rating or higher. In FY18 Dexus achieved 892,000sqm. Dexus develops and implements strategic improvement plans (SIPs), working with engineers to assess the efficiency and potential upgrade of HVAC systems and Building Management systems and software. Dexus analyses the potential improvement of the property versus the cost of upgrades. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings. For example, Dexus has established programs to upgrade existing HVAC systems including modifying or replacing Building Management Control Systems, advanced building control analytics, and installation of high efficiency equipment. Dexus has incurred costs of $300,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees.

Cost to realize opportunity
300000

Comment
Cost to change marketing collateral already in circulation (leasing brochures, web sites, leasing sign board materials); cost of NABERS assessments on unrated properties; cost of NABERS assessments brought forward for those properties due to expire; Cost of applications for exemptions. Costs from ratings for mixed use premises prior to clear guidelines being finalised. Legal costs arising from the interpretation of the Act. Collectively each property incurs costs in excess of $5,000 per annum.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Markets

Primary climate-related opportunity driver
Use of public-sector incentives

Type of financial impact
Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

Company-specific description
NSW Energy Savings Scheme (ESS): The ESS is a white certificate scheme in which businesses can register energy efficiency projects and create Energy Savings Certificates (ESCs) for each tonne of achieved greenhouse gas abatement. Dexus seeks to leverage the capital works undertaken within its NABERS improvement program to generate ESCs on an annual basis. For example, Dexus's portfolio in New South Wales generated 11,915 ESCs in FY18 through demonstration of electricity reductions due to energy efficiency projects. Revenue from sale of ESCs is estimated at approximately $200,000 per annum and is used to offset operational costs. The scheme is forecast to continue until 2025.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
200000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Dexus forecasts diminishing annual revenue between FY19 and FY20 of approximately $200,000 per annum . These funds have and will continue to offset operational costs which benefit both Dexus and its tenants.

Strategy to realize opportunity
To participate in the Energy Savings Scheme, Dexus registered as an Accredited Certificate Provider and received accreditation for a Registered Energy Saving Activity (RESA) which outlined Dexus's proposed method, in line with prescribed methods, for generating ESCs in arrears based on changes in each property's NABERS Energy rating. Dexus established a baseline NABERS Energy rating prior to energy efficiency projects being implemented. Following 12 months of operation post project implementation Dexus re-rated each property and calculated the number of ESCs to generate based on the accredited method. Dexus then created the agreed number of ESCs and proceeded to sell those into the market. For example, in FY18 Dexus created 11,915 ESCs based on demonstration of electricity reductions due to energy efficiency projects. Dexus continues to rate each property on an annual basis to facilitate future claims. Dexus has incurred costs with establishing itself as an Accredited Certificate Provider, including obtaining legal advice, collecting data and preparing baselines, internal labour costs and application fees. Dexus's annual cost to assess the energy efficiency of its portfolio using NABERS Energy, which in turn supports participation in the Energy Saving Scheme, is approximately $500,000.

Cost to realize opportunity
500000

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact
Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description
Dexus is a leader in sustainability and with this comes an expectation that Dexus will continue to deliver superior returns, implement carbon reduction strategies and behave in an ethical and responsible manner to its stakeholders and reduce the impact if its operations on the environment in which it operates. With its leader status, Dexus has the opportunity to outperform the broader market and attract investors by positively managing its reputation. For example, Dexus was able to attract investment from the Australian Clean Energy Finance Corporation for its new Healthcare Wholesale Property Fund, in part because of Dexus's reputation for sustainable development. Indicatively, a 5% increase in capital due to market-leading sustainability performance would typically enable Dexus to access $32 million per annum.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

32000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The opportunity for managing reputation also is attracting new capital, delivering required returns to investors and enabling future growth, more competitive cost of capital and superior security price performance. Dexus leverages its demonstrated reputation for prudent capital management as a responsible investor to raise additional capital and attract new investment partners. For example, in FY18 Dexus raised A$653 million in the US Private Placement market. All prospective Private Placement investors were issued with a Private Placement Memorandum (PPM) in which it describes in detail its responsible investment approach regarding Governance, Management and Sustainability. Indicatively, a 5% increase in capital due to market-leading sustainability performance would typically enable Dexus to access $32 million per annum.

Strategy to realize opportunity
Regulatory compliance, capital investment, carbon analysis and education of the organisation's staff, investors and other stakeholders form part of the way Dexus undertakes its responsibilities regarding carbon management. Dexus manages its reputation in this area through a commitment to a robust governance and management structure and a dedicated response to reporting requirements. Dexus has been recognised globally as a leader by inclusion on various indices, as outlined in its sustainability report including DJSI, FTSE4Good Index, MSCI and commitment to the CDP. For example, Dexus is a signatory to the UNPRI and has integrated these principles throughout the organisation. Dexus has retained its leadership status, achieving an A+ score for Strategy and Governance, and an 'A rating' for the Direct Property module in the 2018 PRI assessment. Dexus draws on market expertise by engaging a specialist consultancy annually to assist with the formation and ongoing management of the Climate Change Risk Report, Climate Change Impact Property Register and Property Climate Change Action Plans. Dexus incurs additional, direct costs of approximately $76,000 per annum to maintain its reputation as a leader in incorporating sustainability and addressing climate change by participating in the above global sustainability surveys that benchmark Dexus to demonstrate its leadership in sustainability, and costs of maintaining memberships to industry associations.

Cost to realize opportunity
76000

Comment

Identifier
Opp4

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Type of financial impact
Increased revenue through demand for lower emissions products and services

Company-specific description
Dexus has the opportunity to benefit from changing consumer behaviour, including Government and some private sector tenants that now require a minimum level of energy efficiency in their office tenancies, and typically require buildings the occupy to hold an accredited NABERS Energy rating of 4.5 stars or higher. In order for Dexus to maintain occupancy levels, continual upgrades and innovation in buildings is required to maintain efficiency levels. By ensuring Dexus properties meet the minimum performance requirements, Dexus has the opportunity to bid for performance-related leasing deals which should lead to higher levels of occupancy rental income. For example, Dexus's office building at 14 Lee Street, Sydney is rated at 5.5 stars NABERS Energy, which has attracted and retained a New South Wales Government tenant for the whole building.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
5850000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The direct financial implications to Dexus of the opportunity can be measured by increases in building occupancy. For example, a 1% increase in occupancy due to Dexus meeting consumer's building performance-related requirements, and subsequent increase in demand, would increase rental income by approximately $5.85 million per annum across Dexus's listed portfolio. Dexus also benefits from green premiums that offices with high NABERS ratings deliver as well as attracting customers to sign longer lease terms, which reduces transaction costs. Thus, opportunity lies in Dexus's ability to reduce greenhouse emissions to maximise returns to achieve these returns.

Strategy to realize opportunity
Dexus takes an ongoing approach to assessing and implementing energy efficiency projects as part of its capital works program. Dexus develops and implements strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of lighting air conditioning systems and Building Management systems and software. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings, and energy and greenhouse gas emissions monitoring and reporting. For example, in FY18, Dexus targeted $165-170 million in capital expenditure, approximately $20 million of which will be used to improve portfolio energy efficiency by taking advantage of lifecycle replacements to install high performing equipment or retrofit and electrify building systems. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, installation of high efficiency chillers in some cases and modifications to the water distribution systems. For example, Dexus successfully improved the performance Waterfront Place in Brisbane through a chiller upgrade at a cost of $22,000 and upgrades to lighting. The works resulted in an improvement in the building's NABERS energy rating to 5.5 stars, exceeding the 4.5 star NABERS Energy requirement that some Dexus tenants have set for their office space.

Cost to realize opportunity
20000000

Comment

Identifier
Opp5

Where in the value chain does the opportunity occur?
Customer

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Type of financial impact
Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)

Company-specific description
The opportunity exists for Dexus to capitalise on Australia's electricity grid transformation, driven by increases in distributed electricity generation by new market operators. Dexus is exploring opportunities to obtain revenue from the generation of electricity and sale to tenants on site, particularly on buildings with large amounts of roof space such as Willows shopping centre in Townsville. These providers will then be able to install rooftop solar panels to generate renewable electricity for delivery to building tenants or to export to the electricity grid. The potential revenue generation opportunity from on-site solar electricity generation is $24,659 per annum.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
24659

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The indicative annual revenue for generating solar electricity across its portfolio is $24,659 per year. This figure relates to an estimated generation potential of 176,136 kWh multiplied by $0.14 per kWh revenue earned from selling the electricity.

Strategy to realize opportunity
Dexus has conducted a feasibility study to estimate the infrastructure lifecycle costs for large scale solar at trial sites, with future expansion across all industrial roofs. The analysis looks at the economic feasibility of rooftop solar, factoring in estimated installation and operating costs, forecast revenue from electricity on-selling, and availability of rebates in the form of renewable energy certificates. Feasibilities conducted to date have determined the potential to install approximately 11,400 kW of solar capacity, which includes completed projects, installations underway, and projects under investigation. The estimated cost to install rooftop solar is $1,800 per kW, which would result in a cost of approximately $20.5 million to install approximately 11,400 kW of solar capacity.

Cost to realize opportunity
20500000

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Risks such as decreases to revenue, as well as opportunities associated with increased revenue, have impacted Dexus's office portfolio (i.e. Dexus's products and services) where there has been changing consumer preferences for energy efficient buildings that offer lower operational costs, particularly customers with minimum energy efficiency standards such as government tenants. The magnitude of this impact has been high because the impacts of changing consumer preferences affect the entire Dexus-managed office portfolio. For example, a 1% reduction in occupancy due to changing consumer demand would reduce rental income by approximately $6.1 million per annum across Dexus's listed office portfolio. Dexus has established continuous improvement targets for its portfolio to improve NABERS ratings in line with market demand. Dexus applies a formal process to track building operational performance, via monthly performance meetings to track NABERS ratings, building upgrades and occupancy. Energy performance data is collected daily and feedback/diagnosis is provided to building managers to maintain or improve ratings. Dexus provides flexibility to accommodate customer needs through its 'simple and easy' lease and has embedded 'green leasing' within Dexus's new precedent lease to encourage customers to collaborate with Dexus on integrating sustainability within their buildings. Dexus is also progressing options for onsite and offsite renewable energy to supply base building and tenant requirements as part of Dexus' climate resilience strategy, to reduce energy market volatility and climate exposure through progressive purchase agreements (PPA) and rooftop solar PV. Industrial rooftop leasing for solar PV is a product opportunity being investigated that reinforces Dexus's sustainability leader credentials and can add additional rental income to industrial properties.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Risks associated with increased cost of energy resulting from carbon pricing have impacted Dexus's supply chain, as procurement of energy, water and cleaning have been identified as services with a high impact on Dexus's emissions. The magnitude of this impact is medium as energy, water and cleaning services represent approximately 20% of overall spend and extend across the entire Dexus managed portfolio. To manage its environmental exposure, Dexus has established a Supplier Code of Conduct which sets out environmental performance objectives. In addition, Dexus develops and manage relationships with suppliers and contractors to encourage them to promote a best practice approach to employment practices, social outcomes and the environment. With increasing appetite for Green Star design and as-built ratings, Dexus has engaged building contractors across its developments to disclose the environmental impacts of their products, as specified in performance targets for new builds. Dexus has established a preferred supplier panel and critical suppliers which undergo pre-screening on their sustainability credentials. Dexus conducts a supplier self-assessment which asks suppliers of their physical and transition climate risk exposure. Dexus looks to engage suppliers with high climate risk exposure to gain an understanding as to how those businesses are managing their climate risk. Dexus is also progressing opportunities to leverage Australia's transition to a low carbon economy, in line with Dexus's 2030 net zero emissions target and climate resilience strategy. For example, Dexus has completed feasibility studies at Quarry Greystanes and Deepwater Plaza, and is progressing to tender on viable opportunities. Dexus will capitalise on further opportunities with third party renewable energy generators in the future.

	Impact	Description
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	Acute physical risks (e.g. extreme weather) and chronic physical risks (e.g. heat stress) have impacted adaptation and mitigation activities deployed across Dexus's portfolio, particularly in areas such as Far North Queensland which has exposure to cyclone activity and thus elevated risk of property damage and rectification costs. Overall, the magnitude of Dexus's exposure to acute physical risks is low, although Dexus's most recent group-wide climate change risk assessment identified several properties located in geographical markets with high exposure to acute risks in the form of severe weather events (across Far North Queensland), and long-term chronic climate-related risks due to heat stress (mainly Western Australia and South Australia). To effectively address these risks, Dexus has established an ongoing risk audit program to identify, evaluate and manage acute physical risks and chronic risks, which is integrated into this audit process. Within these audits, each property's exposure to natural disasters is assessed and any risks identified are prioritised for mitigation and adaptation. Evaluation of the risk residual factors in frequency, likelihood, and the potential environmental, financial or strategic impacts. Dexus develops Risk Treatment Plans for all 'Significant' or 'High' risks to mitigate either the cause of the risk or the effects. Initial Status Audits (ISA) are conducted on all acquisitions as part of Dexus's Environmental Management System, and properties are rated for their risk exposure against long term scenarios for changes in temperature, precipitation, extreme winds and rising sea levels. Post-acquisition, reinspection environmental management reports are conducted to review outcomes of the ISA review of the ISA for each property prepared from the ISA and reviewed annually. Environmental Improvement Plans are developed and tracked via Periskope, an internal property risk management tool. Dexus collaborates with its insurers on adaptation and mitigation activities across properties with high exposure to reduce deductibles where feasible.
Investment in R&D	Impacted	Opportunities associated with enhanced energy efficiency, and thus reduced energy costs, have impacted Dexus's investment in R&D where Dexus has invested in initiatives in its buildings to support the transition to a low carbon economy. This enables Dexus properties to maintain their cost-competitiveness and enable Dexus to meet increasing customer demands for high performing buildings. The magnitude of this impact is medium because climate-related issues are directing Dexus to focus on research and development that improves energy efficiency and reduces operating costs across its managed portfolio. Specific opportunities with application across the entire Dexus managed portfolio include benchmarking to drive energy efficiency and position Dexus as a market leader to protect and enhance its reputation, as well as leveraging government energy efficiency schemes to enhance project payback. Across its industrial and retail properties, Dexus is collaborating with renewable energy generators on innovative delivery models for adding rooftop solar. Across its office properties, Dexus has identified the potential to engage with customers on flexible leasing ideas to reduce outgoings and improve building efficiency. Dexus sets targets for continuous improvement and across new builds to drive the take up of innovation. Dexus has engaged specialists to conduct feasibility studies on emerging technology, for example replacing gas boilers with electric equivalents, replacing refrigerants with a lower global warming potential, and geothermal heat pumps. Dexus trials emerging and market-tested technology prior to rolling out to the rest of its portfolio. For example, Dexus trailed a virtual engineering smart data program that applies 24/7 real-time analytics on building performance, improving energy efficiency and delivering cost savings. Following success of the virtual engineer trial, Dexus rolled out the program to 45 properties. To align with Dexus's Net Zero 2030 target, the sustainability team is collaborating with asset managers to take advantage of lifecycle upgrades as opportunities to retrofit building services and improve efficiency. Dexus expects that the innovation in energy efficiency and clean energy sector will drive and are critical in achieving 6 star NABERS energy ratings over the medium to long term.
Operations	Impacted	Risks such as increased costs from property damage associated with extreme weather impacts, as well as opportunities such as decreased costs from energy efficiency initiatives, have impacted Dexus operations. The magnitude of impact from energy efficiency initiatives is high as it relates to the entire Dexus managed portfolio. The magnitude of impact related to property damage from extreme weather is generally low, but is higher in areas of known exposure, such as Far North Queensland. Dexus analyses and implements operational efficiencies to reduce energy use, develops budgets that take into consideration forecast movements in energy prices which are driven, in part, by climate related impacts. Energy is a significant operating cost, contributing around 10% of Dexus property-related operating expenses. Dexus conducts group-wide procurement of electricity to reduce costs and manage this transitional risk, and has allocated resources to track and benchmark performance and identify energy efficiency opportunities , maintain regulatory compliance, and access government funding where available. To guide operations, Dexus has established environment policies, set continuous improvement targets, sustainability facility management team, installed metering and analytics, implemented an Environmental Reporting System, established NABERS tracking and continuous certification, and developed property-level energy efficiency Strategic Improvement Plans. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and emissions. In addition, regulatory compliance, capital investment, carbon analysis and education of staff, investors and other stakeholders form part of the way Dexus undertakes its responsibilities regarding carbon management. Dexus manages reporting compliance by utilising internal analysts and specialist consultants to manage, collect, maintain and assure environmental and emission data, and monitors all published material. To manage physical property risk, Dexus implements an Environmental Management System, certified under ISO 14001:2015. To manage Dexus's reputation and attract new capital, Dexus responds to investor questionnaires, ESG analyst data requests and sustainability benchmarking surveys to report on climate risk management and mitigation activities.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Opportunities from leasing roof space to third-party renewable energy generators have impacted the financial planning process for revenues as the rooftop leasing model would increase the rental income generated from Dexus industrial properties and/or generate Large-scale Generation Certificates (LGCs) as potential additional revenue. Opportunities associated with customers increasing preference for energy efficient office buildings have impacted the financial planning process with regard to revenues through potential green premiums and increases in occupancy (and thus revenue) of energy efficient buildings. The overall magnitude of the impact of climate related risks and opportunities on the financial planning process with regard to revenue is low, however it applies to all properties across the group to some extent. The Dexus research team monitors all key markets in which Dexus operates to understand and incorporate key megatrends, such as climate impacts on valuations, vacancy rates and rental returns. This research is used to inform annual asset planning in conjunction with upcoming lease expiry and market activity.
Operating costs	Impacted	Climate-related physical risks associated with extreme weather damage to assets have impacted the financial planning process with regard to operating costs as Dexus has forecasted increases in insurance premiums due to the tightening insurance market which is associated with increased climate-related claims. The magnitude of this impact is high for Dexus buildings in Far North Queensland that are exposed to tropical cyclones. Risks associated with increased energy expenditure due to cost increases, as part of broader analysis of future energy market supply and demand, have impacted the financial planning process with regard to operating costs as Dexus has included considerations in budget items for base-building energy usage. Collectively the magnitude of these impacts are low, as energy is approximately 10 – 15% of total property related expenses). Dexus mitigates transitional risk of energy market volatility through portfolio wide procurement and market monitoring. Each property's operational budget includes allowances for voluntary GreenPower purchases to improve NABERS ratings, NABERS ratings certification fees and compliance data monitoring costs.
Capital expenditures / capital allocation	Impacted	Opportunities from enhancing building energy efficiency to reduce carbon emissions and save on energy costs have impacted the financial planning process with regard to allocation of capital expenditure through the inclusion of items such as building plant upgrades that enhance energy efficiency. Climate-related physical risks associated with extreme weather damage have impacted the financial planning process with regard to capital expenditure through the inclusion of building resilience upgrades into capital expenditure budgets. The magnitude of these impacts is medium-high as Dexus's capital expenditure was $165-170 million in FY18 across the entire group managed portfolio.
Acquisitions and divestments	Impacted for some suppliers, facilities, or product lines	Climate-related physical risks such as sea level rise and transition risks such as building energy efficiency performance have impacted the financial planning process with regard to acquisitions and divestments though integration of climate-related risks into investment due diligence and decision-making. The due diligence process is used to identify ESG risks, such as exposure to physical climate risk, the ability to attract and meet tenants demand based on asset energy performance and the capital expenditure required to align the asset to meet Dexus's sustainability targets over the short to medium term. Overall the magnitude of climate-related impacts to Dexus's acquisitions and divestments is low however it varies between transactions and in some cases results in a decision to abandon an otherwise worthwhile investment or consider timelines for divestment.
Access to capital	Impacted for some suppliers, facilities, or product lines	Opportunities associated with increased investment from ESG-focused investors have impacted the financial planning process with regard to access to capital, as Dexus has attracted funding from clean energy interests for its Healthcare Wholesale Property Fund. The magnitude of this impact varies across the group, but is medium-high levels in Dexus's third party funds management business, which represents over half of Dexus's funds under management. Dexus's fund management clients have shown increasing interest in strong management of climate-related issues. Reputational considerations have impacted the financial planning process with regard to access to capital, as Dexus has increased its budget allocation towards participation in global surveys to improve transparency and assist Dexus to demonstrate its sustainability credentials when seeking new capital. Dexus allocates resources and costs to disclose its environmental performance through sustainability benchmarks including DJSI, GRESB, UNPRI FTSE4Good Index, MSCI, and CDP Climate Change.
Assets	Impacted	Risks such as loss of asset value through damage caused by extreme weather events or sea level rise have impacted the financial planning process with regard to assets through the asset lifecycle including integration into acquisitions and divestment due diligence, green building developments, and capital works for efficiency improvements. The magnitude of the impact is high as Dexus's property assets comprise around 90 percent of total assets, and because climate change is considered one of Dexus's top ten strategic risks. Other asset planning decisions take into consideration predicted climate impacts from extreme weather events in exposed regions, as well as revenue opportunities through better space utilisation.
Liabilities	Not yet impacted	To date, Dexus's ability to raise equity is not materially affected by climate risks and opportunities. Dexus expects impacts to emerge over the medium term (2 to 7 years) as financial institutions and investors increase their scrutiny of their lending books. Dexus's reputational management as a sustainability leader positively impacts Dexus's ability to secure equity from existing and new investors.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

1. Dexus's business strategy is affected by climate change risks and opportunities including environmental impacts on asset performance and resilience, and social impacts including stakeholder's health and wellbeing and the economic resilience of communities in a climate affected world. Climate change has influenced Dexus's business objectives and strategy through: a) Dexus's target to achieve net zero emissions by 2030, b) Dexus's strategy to enhance the energy efficiency of its portfolio through targeting over 1,000,000 square metres of its office portfolio to be rated 5 stars NABERS Energy or higher by 2020, and c) prioritising resilience to climate-related physical risks through a portfolio-wide exposure and vulnerability review of Dexus's managed assets.
2. Dexus's sustainability approach supports Dexus's overall strategy of delivering sustained value for its stakeholders. Dexus's commitment to integrating climate change issues into its strategy is evidenced by its 2030 net zero emissions target as well as its 2020 target of 1,000,000 sqm at 5 Star NABERS Energy ratings and 4 Star NABERS Water ratings, and 10% energy and emissions reduction across the Group using FY15 as a baseline. These activities attract long-term investors looking to invest in companies that manage their ESG risks and opportunities and align to Dexus's strategic objective of being the leading owner and manager of Australian property and the wholesale partner of choice in Australian property.
3. During FY18, the most substantial business decision made that was influenced by climate change was the decision to target net zero emissions across Dexus's managed property portfolio by 2030. The 2030 goal represents the next phase of Dexus's climate change strategy, taking the business in new directions including electrification and proactively decarbonising Dexus's electricity, water and waste supply chains.
4. Climate change considerations are integrated into Dexus's business strategy. Aspects include: a) Environmental legislation that Dexus may be subject to compliance with b) Opinions of key stakeholders including tenants, investors and employees c) List of material risk issues identified through materiality assessment d) Availability and accessibility of voluntary programs such as the NSW Energy Savings Scheme e) Reputational risks associated with Dexus's prominence within the market and sustainability performance of peers f) Environmental impacts including energy, water and GHG emissions performance across the portfolio g) Physical climate change impacts through extreme weather events (portfolio composition, property location, individual property resilience)
5. Short−term strategy changes-timeframe: 1 to 2 years. Dexus's short term business strategy is influenced by climate change/extreme weather impacts and its ability to respond quickly to changing environmental or regulatory circumstances. A flexible business model and ongoing review of strategy and operations enables Dexus to manage changes in legislation and implement energy reduction strategies efficiently. Dexus's strategy includes actively focusing on reducing portfolio emissions to meet its current target to achieve a 10% reduction in energy use by FY20 against FY15 baseline. Dexus empowers operational teams to respond to climate change related events and severe weather appropriate to their buildings via prevention and adaptation initiatives as well as monitor and manage resource use on a daily basis in the context of tenant needs and varying environmental conditions. For all acquisition proposals, the Investment Committee considers short term climate change risks (such as impact on planning regulations as a result of climate risk) and resource use against established benchmarks (such as NABERS, Green Star) to identify short-term risks or opportunities for improvement. In FY18 Dexus progressed developments at 100 Mount Street, North Sydney and at 105 Phillip Street, Parramatta. Each property has been designed and built to minimise energy use and emissions to achieve 5-star NABERS ratings.
6. Long-term strategy is influenced by physical climate change risks and their effect on portfolio size, mix across asset classes and geographical location in the event of extreme climate change events. For all acquisition proposals, the Investment Committee considers longer term climate change (geospatial risks) and sustainability/resource usage risks that may require substantial long-term investment or life cycle equipment upgrading beyond five years, or the abandonment of potential investments. All capital works projects require the consideration of sustainability risks and opportunities prior to approval. Dexus monitors the long-term risk to its business from the physical threat of climate change. Properties are predominantly located in metropolitan areas with good infrastructure and services and while most of the portfolio is at lower than average risk, some higher risk areas exist which are analysed in more detail as part of the group's climate risk assessment. Risks associated with regulatory non-compliance, low levels of investment in capital works and efficiency upgrades are continually monitored.
7. Dexus's focus on portfolio efficiency enables it to gain strategic advantage over its competitors through its ability to respond more responsibly to changing environmental factors, and climate change related regulatory changes to planning and development frameworks. Dexus surveys its tenants to obtain feedback on its performance and identify opportunities for competitive advantage. Active adoption of energy efficiency and building climate change adaptation reduces costs to tenants, increases tenant satisfaction and retention, which enhances occupancy rates and building valuations.
8. Dexus has set a target to achieve net zero emissions by 2030 as part of its transition to a low carbon future. With a staged transition to 2030 Dexus will continue to lead beyond Australia's Intended Nationally Determined Contributions. Dexus has set a science-based target to limit warming below 2 degrees in line with the UN Paris Agreement.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
RCP 8.5	Dexus's climate scenario analysis uses results from the highest emissions scenario (RCP8.5) from the 2014 IPCC report. This scenario was chosen to provide Dexus with an indication of worst-case climate-related outcomes, including the magnitude and specific locations where they are likely to occur. A geospatial analysis was conducted adapting the scenario to local geographical markets to map Dexus properties against their relevant climate-zones and link to the scenario outcomes. Risk exposure was rated for each property from Low to High using Dexus's standard 2-dimensional risk rating matrix, which assesses likelihood (from almost certain to rare), and consequence (from insignificant to catastrophic) for each type of physical risk. The scenario analysis was supplemented with NARCliM the highest resolution dataset available for Australia. The analysis excluded the climatic variabilities of humidity, solar radiation and mean wind speed due to their immaterial impact on the business. Analysis has informed overall level of physical risk and nominated identified-risk across all existing properties and identified and geographical hotspots. Climate scenario analysis is used to inform Dexus's acquisition strategy. During acquisition Dexus conducts due diligence on the property's physical risk exposure due to climate over a 2030 and 2070-time horizon, as these typically align with the property's expected lifespan. Formal review is included in the acquisition due diligence checklist, and investment opportunities in high risk properties are either abandoned or undergo appropriate adaptation planning. The climate scenario 2070 time horizon is used to inform the business of the trend of the forecasted magnitude of climate related risks and the spatial hot-spots, which can be used to inform long-term strategic planning. For example, the results of the climate-related scenario analysis showed that the Dexus office building at 36 Hickson Road, Millers Point has low risk exposure to cyclones, low to moderate exposure to flooding from extreme weather events, and is unlikely to be inundated by long-term effects of sea level rise, although the projected increase in hot days is likely to lead to increased electricity use in the building, which would increase operating costs for Dexus and its tenants. In addition, Dexus has applied climate scenario analysis outcomes to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation required consistent with 2 degrees warming against pre-industrial levels. This analysis has been used to align future targets with science-based outcomes to avoid serious climate-change effects and develop future targets on energy efficiency and renewable energy.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

78

Targeted % reduction from base year

10

Base year

2015

Start year

2015

Base year emissions covered by target (metric tons CO2e)

119394

Target year
2020

Is this a science-based target?
No, but we are reporting another target that is science-based

% of target achieved
95

Target status
Underway

Please explain
Within its 2015 Annual Review, Dexus set a target to "Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline." This target involves achieving a reduction in energy and subsequent Scope 1 and Scope 2 GHG emissions from purchased electricity and natural gas from Australian properties across the office, industrial and retail portfolios where Dexus has operational control measured on a financial year compared to a FY15 baseline. It was determined that it is more appropriate for Dexus to report and benchmark on a like for like portfolio due to property acquisitions and disposals and changes of operational control within the portfolios.

Target reference number
Abs 2

Scope
Scope 1+2 (location-based)

% emissions in Scope
68

Targeted % reduction from base year
11.7

Base year
2015

Start year
2015

Base year emissions covered by target (metric tons CO2e)
104366

Target year
2020

Is this a science-based target?
No, but we are reporting another target that is science-based

% of target achieved
87

Target status
Underway

Please explain
Within its 2015 Annual Review, Dexus set a target to "Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating." Together the baseline NABERS Energy rating for these assets was 4.7 stars average and the targeted improvement is equivalent to a 12.2% reduction in GHG emissions. GHG emissions savings will result from implementing energy efficiency projects under Dexus's NABERS Improvement Program.

Target reference number
Abs 3

Scope
Scope 1 +2 (market-based)

% emissions in Scope
100

Targeted % reduction from base year
81

Base year
2018

Start year
2018

Base year emissions covered by target (metric tons CO2e)
147988

Target year
2030

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved
0

Target status
New

Please explain
Dexus has committed to reduce scope 1 and scope 2 emissions by 70% by 2030 relative to a 2018 base year, in line with the Science Based Target initiative (SBTi) sectoral decarbonisation approach for real estate. This supports a broader target which by Dexus has committed to achieve a net zero position for all carbon emissions across the group's managed property portfolio by 2030, which requires a 100% reduction, or net-zero scope 1, 2 emissions by 2030 across Dexus's operational control boundary. The science-based target will be achieved through operational efficiency and renewable energy. The net zero emissions target will extend this, and be supported by minimal offsets to achieve a net zero position. Please refer to the C-FI Further Information section of the Dexus response, where confirmation of approval from the SBTi is attached and where the SBTi has confirmed that the approved target will attract leadership points in the 2019 CDP Climate Change survey.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Energy usage

KPI – Metric numerator
Total net energy consumption (measured in gigajoules GJ) across Dexus's FY15 like for like managed portfolio

KPI – Metric denominator (intensity targets only)

Base year
2015

Start year
2015

Target year
2020

KPI in baseline year
557719

KPI in target year
501947

% achieved in reporting year
81

Target Status
Underway

Please explain
Within its 2015 Annual Review, Dexus set a target to "Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline." This target involves achieving a reduction in energy and subsequent Scope 1 and Scope 2 GHG emissions from purchased electricity and natural gas from Australian properties across the office, industrial and retail portfolios where Dexus has operational control measured on a financial year compared to a FY15 baseline. It was determined that it is more appropriate for Dexus to report and benchmark on a like for like portfolio due to property acquisitions and disposals and changes of operational control within the portfolios.

Part of emissions target
Dexus's 10% energy reduction target is directly related to emissions target Abs1

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	978	
To be implemented*	135	5487
Implementation commenced*	102	6406
Implemented*	389	3414
Not to be implemented	223	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type
Process emissions reductions

Description of initiative
Changes in operations

Estimated annual CO2e savings (metric tonnes CO2e)
158

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
27162

Investment required (unit currency – as specified in C0.4)
41560

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 2.2 years. The figure provides an estimate of the energy efficiency investment component. Dexus's building commissioning program consists of retro-commissioning of systems to rebalance and optimise following changes in floor layouts or fitouts. Opportunities are identified by site teams, during proposed refurbishment works or via energy audits. Building control recommendations were presented to optimise NABERS outcome, occupant comfort and contribute to long term performance targets.

Initiative type
Energy efficiency: Building services

Description of initiative
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
393

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

69807

Investment required (unit currency – as specified in C0.4)
380593

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. The figure provides an estimate of the energy efficiency investment component, which in turn have resulted in reductions in the scope1, 2 and 3 greenhouse gas emissions. Dexus's building controls upgrade program consists of replacing or enhancing building management control systems (BMCS) including: 1) hardware upgrades to direct digital control (DDC); 2) adding additional monitoring and control points (e.g. energy valves with inbuilt sensors) to provide more granular visibility and control; 3) whole building BMCS replacement with current best practice systems. Opportunities are identified by site teams, during proposed refurbishment works or via energy audits. Building control recommendations were presented to optimise NABERS outcome, occupant comfort and contribute to long term performance targets.

Initiative type
Energy efficiency: Building fabric

Description of initiative
Insulation

Estimated annual CO2e savings (metric tonnes CO2e)
17

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
3566

Investment required (unit currency – as specified in C0.4)
15000

Payback period
4 - 10 years

Estimated lifetime of the initiative
>30 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. The figure provides an estimate of the energy efficiency investment component, which in turn have resulted in reductions in the scope1, 2 and 3 greenhouse gas emissions. The façade upgrade will improve the thermal properties of the building's exterior.

Initiative type
Energy efficiency: Building services

Description of initiative
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
1243

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

249494

Investment required (unit currency – as specified in C0.4)
5523500

Payback period
21-25 years

Estimated lifetime of the initiative
>30 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Dexus's HVAC efficiency program seeks to reduce energy consumption, maintain tenant comfort conditions and maximise HVAC system performance, via: 1) plant and equipment upgrades; 2) reducing 'mid-season' consumption by use of fresh air economy cycles and optimum start controls; 3) reticulation systems to variable volume utilising variable speed drives; 4) balancing and commissioning to optimise operational performance.

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
989

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
183241

Investment required (unit currency – as specified in C0.4)
556844

Payback period
1-3 years

Estimated lifetime of the initiative
21-30 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Dexus's lighting upgrade program involves the installing high efficiency luminaires and lamps as follows: 1) upgrades using T5 and LEDs for common areas including foyers, lift lobbies, external security lighting and within 'spec' fitouts; 2) adding movement, occupancy and daylight controls; 3) HID high-bay lamps with lower wattage LED replacements. Maintenance service providers collaborate with asset managers to identify and implement opportunities in order to achieve building energy performance and NABERS targets including Dexus's 10% energy reduction target.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Metering and analytics)

Estimated annual CO2e savings (metric tonnes CO2e)
362

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

72697

Investment required (unit currency – as specified in C0.4)
146359

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Dexus's smart building program consists of adding cloud-based building analytics to provide additional diagnostics as part of continuous targeted maintenance and energy and water efficiency monitoring. Once the analytics has been installed, opportunities are identified by a dedicated building services support team and are implemented immediately or as part of scheduled maintenance. Analytics recommendations were presented to optimise NABERS outcome, introduce targeted maintenance practices, to improve occupant comfort and contribute to long term performance targets. These initiatives also contribute towards Dexus's 10% energy reduction target.

Initiative type
Energy efficiency: Building services

Description of initiative
Combined heat and power

Estimated annual CO2e savings (metric tonnes CO2e)
56

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
11304

Investment required (unit currency – as specified in C0.4)
13000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Dexus's efficiency program seeks to reduce energy consumption associated with hot water, via: 1) upgrading gas boilers to condensing boilers; 2) use of analytics to improve control strategies; 3) the use of heat pumps to eliminate associated greenhouse gas emissions

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Initiative type
Energy efficiency: Building services

Description of initiative
Motors and drives

Estimated annual CO2e savings (metric tonnes CO2e)
195

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
35262

Investment required (unit currency – as specified in C0.4)
2673116

Payback period
No payback

Estimated lifetime of the initiative
21-30 years

Comment
The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. The life upgrade program involves the total modernisation of lifts and replacement with more efficient motors.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	Dexus runs an Annual Risk and Sustainability roadshow for operations employees to improve training in emissions reduction and assist with implementation of specific programs. The training of Dexus employees is an integral component of ensuring investment in emissions reduction activities is supported and further innovation is encouraged. To measure and assist the process Dexus also runs an Annual Employee Survey with questions relating to sustainability, environment and risk forming part of the survey to drive engagement to emissions reduction and other sustainability activities.
Financial optimization calculations	Dexus's Investment and Asset Managers closely monitor the financial performance of each asset including its operating costs and valuations and seek ways of reducing the cost of tenant outgoings to attract tenants and increase occupancy, and thereby increase the property's valuation. Energy costs are a significant property expense, and energy efficiency and reductions in associated greenhouse gas emissions provide an attractive way to improve building performance and optimise financial metrics. Annual asset plans are developed for each property which include the proposed capex on building upgrades including energy efficiency improvement projects. The Dexus sustainability team works with the asset management teams on the design and implementation of energy efficiency projects to ensure that emissions reduction and associated cost benefits are realised within the proposed solution.
Compliance with regulatory requirements/standards	Dexus participates and complies with the NGER Act and the Commercial Building Disclosure Legislation (BEED Act)
Other	Dexus is committed to developments that drive emission reduction e.g. designing and building market leading Green Star properties certifying Office properties to 5 minimum stars and designing Industrial properties to equivalent to 4 stars. In industrial, Dexus corporates ESD initiatives into design and presents Green Star certification opportunities to all tenants it engages with on industrial new builds. Design features include native landscaping which require minimal watering and water tanks to capture roof rainwater for landscape irrigation and plumbing purposes as well as investigating the validity of accessing warehouse roof spaces for solar power generation.
Other	Each year Dexus allocates a budget for conducting NABERS ratings across the office and retail portfolios. NABERS ratings enable building benchmarking and transparent reporting of building performance to investors. Dexus's Strategic Improvement Plans (SIPs) demonstrate expected NABERS rating increases per project and the capex spend associated with the improvement. The improvement in NABERS ratings demonstrates value for money for investors through becoming more competitive and enhancing the potential tenant pool. Dexus was the first property group to NABERS rate its entire internally managed retail portfolio in Australia. This further demonstrates commitment to improving the operational efficiency of its buildings for both tenants and investors as well as being compliant with the BEED Act.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Company-wide

Description of product/Group of products
Dexus's customers avoid upstream Scope 3 greenhouse gas emissions from occupying Dexus's buildings that represent Australian best practice in energy efficiency and GHG emissions management. This product is classified within the Low Carbon Investment (LCI) Registry taxonomy [Category->Type of Investment->Sub-type] as Buildings->Green Buildings->New and Existing Commercial and Retail Buildings. Since FY08, Dexus has reduced its Scope 1 and 2 emissions by 564,990 tCO2-e across the Group's office portfolio due to ongoing emissions reductions activities that deliver energy efficient air conditioning, lighting, and transportation services. Dexus designs and operates office buildings to achieve 5 stars NABERS energy rating or better. In FY18 over 50% of Dexus's properties were rated at 5 stars NABERS Energy or better. Tenants gain benefit from occupying highly efficient buildings that lower GHG emissions by 50% or more, when measured against an average building with a 3 star NABERS rating.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year
39

Comment
Dexus focuses on the following key initiatives to reduce or limit greenhouse gas emissions in partnership with tenants: a) Base building energy efficiency: Dexus has formally tracked NABERS Energy ratings across its portfolio since 2008 and its Office portfolio average rating has improved from 3.2 stars to 4.9 stars in FY18. Over that time Dexus has implemented over 300 projects across its office portfolio to improve energy efficiency and reduce greenhouse gas emissions for the direct benefit of tenants. Examples include upgrades to HVAC mechanical plant, lighting retrofits, building control upgrades and recommissioning, installation of sub metering, and ongoing performance monitoring. b) New building design: Dexus applies the Green Star rating tool (administered by the Green Building Council of Australia) within the design and construction of new office assets and sets NABERS energy commitments, typically 5 stars or better, for each new development. For example, in FY18 Dexus's completed a development at 105 Philip Street, Parramatta, which was awarded a 6 star Green Star Design and As Built rating. Tenants directly benefit from occupying highly efficient new buildings that lower greenhouse gas emissions by 50% or more, when measured against most current building stock, where a 3 star NABERS energy rating represents average performance. Since FY08, the Scope 1 and 2 emissions intensity of the Group's office portfolio has improved from 131kgCO2-e/sqm to 71kgCO2-e/sqm in FY18 due to ongoing emissions reductions activities. Dexus has applied the methodology, assumptions, emission factors and global warming potentials published within the National Greenhouse and Energy Reporting (NGER) Act as the basis for its emission reduction calculations. Dexus is not currently considering generating CERs or ERUs within the framework of CDM or JI (UNFCCC).

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
6226

Comment

Scope 2 (location-based)

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
151951

Comment

Scope 2 (market-based)

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
138150

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Australia - National Greenhouse and Energy Reporting Act
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
18946

Start date
July 1 2017

End date
June 30 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
Dexus's market-based Scope 2 emissions accounts for voluntary purchase of accredited GreenPower for properties in Australia, with the residual mix calculated using state-based electricity grid emission factors. GreenPower purchases are unbundled and consist of purchases from government-accredited, emission-free renewable sources including wind and solar.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
129871

Scope 2, market-based (if applicable)
127356

Start date
July 1 2017

End date
June 30 2018

Comment
Dexus's market-based Scope 2 emissions accounts for voluntary purchase of accredited GreenPower for properties in Australia, with the residual mix calculated using state-based electricity grid emission factors. GreenPower purchases are unbundled and consist of purchases from government-accredited, emission-free renewable sources including wind and solar.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

264

Emissions calculation methodology

Other indirect emissions: Paper procured at Dexus tenancies (tCO2-e) = total weight of paper purchased (kg) x emissions factor (kgCO2/t)/1000. Factor: Emission Factor= kg x 1.30. Source: EPA Victoria, 2013; Potable water usage within Dexus tenancies and associated wastewater= water (kL) x emissions factor (tCO2/ML) x 1000; Factor: Water & wastewater: NSW = 0.57, VIC=1.03, QLD=1.05 tCO2-e/ML. : Derived from emission intensity figures published by Bureau of Meteorology Urban National Performance Report 2016-17; Hotel accommodation = number of guest nights x emissions factor (kgCO2/guest night)/1000; Factor = 58.2kgCO2-e/guest night; Source: Derived from the Commercial Buildings Baseline Study; http://www.industry.gov.au/ENERGY/ENERGYEFFICIENCY/NONRESIDENTIALBUILDINGS/Pages/CommercialBuildingsBaselineStudy.aspx; Other sources as follows have been calculated = emissions (source) = financial spend ($) x ISA emissions intensity factor (kgCO2-e/$)/1000, using a Licensed version of the Input-Output Analysis calculator developed by the Integrated Sustainability Analysis (ISA) Research Team at the University of Sydney (www.isa.org.usyd. edu.au) - using the following: Industry Allocation: Domestic telecommunication services, Factor = 0.15 kgCO2-e/$;Industry Allocation: Printing & Stationary, Factor = 0.30kgCO2-e/$; Industry Allocation: Data processing services, Factor = 0.14 kgCO2-e/$; Industry Allocation: Postal Services, Factor = 1.4 kgCO2-e/$; Industry Allocation: Courier Services, Factor = 0.13 kgCO2-e/$; Industry Allocation: Fresh Meat, Factor = 1.82 kgCO2-e/$; Industry Allocation: Confectionery, Factor = 0.47 kgCO2-e/$; Industry Allocation: Vegetable Products, Factor = 0.32 kgCO2-e/$; Industry Allocation: Oats, sorghum and other cereal grains, Factor = 0.44 kgCO2-e/$; Industry Allocation: Dairy Products, Factor = 0.59 kgCO2-e/$; Industry Allocation: Oil & Fats, Factor = 64 kgCO2-e/$; Industry Allocation: Spirits, Factor = 0.21 kgCO2-e/$; Industry Allocation: Seafood, Factor = 0.23 kgCO2-e/$

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

As defined by GHG Protocol, Capital goods are defined as manufacturing/construction of capital equipment owned or controlled by the reporting company. Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. The organisation does not have capital goods that are material in nature and therefore not relevant. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
18856

Emissions calculation methodology
Energy indirect emissions from transmission and distribution losses associated with purchased electricity across Dexus investment properties and tenancies (tCO2-e) = (annual total electricity consumption (kWh) x scope 3 emissions factor (kgCO2-e/kWh)/1000. Factor: Scope 3 Emission factors Electricity: NSW & ACT= 0.12 (kg CO2-e/kWh), VIC = 0.10 (kg CO2-e/kWh), QLD = 0.14 (kg CO2-e/kWh), SA = 0.08 (kg CO2-e/kWh), TAS = 0.03 (kg CO2-e/kWh), WA = 0.06 (kg CO2-e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2017), Table 41. Energy indirect emissions from transmission and distribution losses associated with purchased natural gas across Dexus investment properties (tCO2-e) = (annual total natural gas consumption (GJ) x scope 3 emissions factor (kgCO2-e/GJ)/1000. Factor: Scope 3 Emission factors - Natural Gas: NSW & ACT= 12.8 (kg CO2-e/GJ), VIC = 3.9 (kg CO2-e/GJ), QLD = 8.7 (kg CO2-e/GJ), SA = 10.4 (kg CO2-e/GJ), TAS = 0.00 (kg CO2-e/GJ), WA = 4.0 (kg CO2-e/GJ). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2017), Table 38.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus has assessed the materiality of transportation and distribution associated with purchased goods and services and determined that it is not relevant. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
15223

Emissions calculation methodology
Other indirect emissions from waste to land fill from Dexus's investment properties and tenancies (tCO2-e) = total weight of waste to landfill (tonnes) x emissions factor (tCO2/tonne). Factor: Emission Factor = 1.2 (t.CO2-e/tonne). Source: Other indirect: National Greenhouse Accounts (NGA) Factors (July 2017), Table 44. Weight-based measurement for waste collection occurs at selected Dexus properties and this data is used to develop density factors for each specific waste collection stream which are used to convert waste data that is collected in volume to an equivalent weight across the remaining Dexus sites.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

981

Emissions calculation methodology

Other indirect emissions from air travel for Dexus employees (tCO2-e) = ((total SHF km travelled x km uplift factor x SHF emissions factor) + (total MHF km travelled x km uplift factor x MHF emissions factor) + (total LHF km travelled x km uplift factor x LHF emissions factor)). Factor: Domestic 0.19; Short haul 0.331; Medium Haul: 0.180, Long Haul 0.236 which includes 9% uplift factor and 1.9x Radiation Forcing Index (RFI). Source: 2017 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors. Other indirect emissions from taxi travel for Dexus employees (tCO2-e) = total kL fuel consumed x energy content factor (GJ/kL) x (scope 1 + scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor- Liquefied petroleum gas-Post 2004 vehicles. Energy content factor (GJ/kL) 26.2, Emission factor (CO2: 60.2, CH4: 0.4, N2O:0.3); Scope 3 emissions factor = 3.6. Source: National Greenhouse Accounts (NGA) factors (July 2017) - Table 4, Fuel combustion emission factors (Transport Fuels), Table 39: Scope 3 emission factors - liquid fuels and certain petroleum-based products. Other indirect emissions from car mileage for Dexus employees (tCO2-e) = total kL fuel consumed x (scope 1+ scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor- Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO2: 67.4, CH4: 0.02, N2O:0.2); Scope 3 emissions factor = 3.6. Source: NGA factors (July 2017) Table 4, Fuel combustion emission factors (Transport Fuels); Table 40: Scope 3 emission factors- liquid fuels and certain petroleum-based products. Other indirect emissions from hire cars for Dexus employees (tCO2-e) = total kL fuel consumed x (scope 1+ scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor - Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO2: 67.4, CH4: 0.02, N2O:0.2); Scope 3 emissions factor = 3.6. Source: NGA factors (July 2017) - Table 4, Fuel combustion emission factors (Transport Fuels); Table 40, Scope 3 emission factors - liquid fuels and certain petroleum-based products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

619

Emissions calculation methodology

Other indirect emissions from employee commuting for all national employees (tCO2-e) were calculated using the following process: 1. Dexus surveyed staff in June 2018 to collect data on employee commuting habits, with a response rate of 57%. 2) Scope 3 emissions from employee commuting (tCO2-e) were compiled for each survey response with emissions arising from the following modes of travel: bus, train, tram, ferry, car, and pooled car as well as zero emission sources including walking/running and cycling. 3) The total emissions were extrapolated to cover 100% of Dexus FTEs. 4) A 10% contingency was added to determine the total emissions for employee commuting for all national employees (tCO2-e). Calculations: for each mode of transport, greenhouse gas emissions (tCO2-e) = total passenger distance (pkm) travelled x combined emissions factor (kgCO2/pkm/1000). Combined emissions factors(kgCO2/pkm): walking = 0, cycling = 0, bus = 0.171, train = 0.150, tram = 0.179, ferry = 0.301, car = 0.247. Sources: Bus, ferry, tram, train = EPA VIC GHG management plan FY2012/13 p23, Vehicles = NGER Technical Guidelines 2015. NGA Factors August 2015, Table 4, p. 16 and Table 39, p. 66.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not have a fleet of cars or any other leased assets that are material and therefore have not been included in the inventory. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus has assessed the materiality of transportation and distribution associated with sold goods and services and determined that it is not material to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not manufacture or produce products therefore has deemed emissions from processing of sold products not relevant to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not manufacture or produce products therefore has deemed emissions from use of sold products not relevant to its business. Dexus has calculated and included scope 3 emissions impacted by its operations. These were determined based on the criteria listed for scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not manufacture or produce products therefore has deemed emissions from end of life treatment of sold products as not relevant to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus has calculated and included scope 3 emissions impacted by its operations. These were determined based on the criteria listed for scope 3 emissions in the GHG Protocol and based on the NCOS Standard. Dexus does not lease non-property assets therefore emissions from downstream leased assets are not relevant to its business. Dexus has calculated and included scope 3 emissions impacted by its operations. These were determined based on the criteria listed for scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus does not have any Franchises. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not hold indirect investments. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Other (upstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

Other (downstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0001322121

Metric numerator (Gross global combined Scope 1 and 2 emissions)
148818

Metric denominator
unit total revenue

Metric denominator: Unit total
1125600000

Scope 2 figure used
Location-based

% change from previous year
0.7

Direction of change
Decreased

Reason for change
Dexus's CO2e/$revenue intensity decreased because total revenue (the denominator) increased by 0.57% while combined Scope 1 and 2 emissions increased by a lesser proportion (0.13%). Despite net acquisitions putting upward pressure on portfolio energy use, this intensity metric decreased in part due to Dexus's resource consumption reduction program, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

Intensity figure
0.04904

Metric numerator (Gross global combined Scope 1 and 2 emissions)
148818

Metric denominator
square meter

Metric denominator: Unit total
3034402

Scope 2 figure used
Location-based

% change from previous year
2

Direction of change
Decreased

Reason for change
During FY18 the lettable area (square metres) of properties within the portfolio increased by 1.9%, while corresponding emissions increased by a lesser proportion (0.13%), resulting in an overall decrease to the intensity metric. This overall decrease in due in part to portfolio emissions reduction activities including major plant replacements and upgrades, Dexus's resource consumption reduction program, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	8864	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	17	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	6	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	10059	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	18946

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	6878
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	1286
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	2774
Other Dexus Third Party funds and mandates	3406
Co-owners' share of emissions under Dexus operational control	4603
Corporate operations	0

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Office properties	14454
Industrial properties	70
Retail properties	4422
Corporate tenancies	0

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Australia	129871	127356	151860	3391

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	43520	42468
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	13324	13023
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	27081	26943
Other Dexus Third Party funds and mandates	22126	21404
Co-owners' share of emissions under Dexus operational control	23197	22895
Corporate operations	624	624

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Office properties	101620	99105
Industrial properties	2518	2518
Retail properties	25109	25109
Corporate tenancies	624	624

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Renewable energy consumption remained the same.
Other emissions reduction activities	3152	Decreased	2.12	Emissions have decreased across Dexus operations primarily due to a number of integrated, targeted emissions reduction activities. These include major plant replacements and upgrades, Dexus's resource consumption reduction targets, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for onsite Building Services Managers to ensure optimal building performance and best practice building management and engineering. The 2.12% decrease is equal to 3,152 tCO2-e / 149,010 t.CO2-e where 3,152 is the change in emissions from emission reduction activities and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Divestment	1993	Decreased	1.3	During the FY18 reporting period, Dexus divested several properties which has contributed to a 1,993 t.CO2-e or 1.3% reduction in emissions reported. The 1.3% decrease is equal to 1,993 tCO2-e / 149,010 t.CO2-e where 1,993 is the change in emissions from properties that were disposed during the reporting period and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Acquisitions	4836	Increased	3.25	During the FY18 reporting period, Dexus acquired or obtained operational control over several properties. As a result of additional properties being included as new sources of GHG emissions there was an increase of 4836 t.CO2-e or 3.25% in emissions reported. The 3.25% increase is equal to 4836 tCO2-e / 149,010 t.CO2-e where 4,836 is the change in emissions from properties that were acquired during the reporting period and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Mergers	0	No change	0	Not applicable for the reporting year.
Change in output	309	Increased	0.2	Dexus has removed sites from the FY17 to FY18 like for like figures due to major changes in occupancy outside the normal variability of occupancy fluctuations. Sites removed from the like for like are sites that have progressed from fully vacant to fully occupied buildings during the two year period. The 0.2% increase is equal to 309 tCO2-e / 149,010 t.CO2-e where 309 is the change in emissions from properties that were acquired during the reporting period and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Change in methodology	1726	Increased	1.2	Dexus has observed minor changes to its FY18 inventory post-reporting due to the continued capture of billing data which was received after its reporting deadlines. In addition, energy retailers have revised invoiced quantities for a selected number of invoices. Together these ongoing data management changes have improved the accuracy of Dexus's inventory with estimated data replaced by actual data. These changes resulted in an increase of 1,726 t.CO2-e or 1.2% of emissions reported. The 1.2% increase is equal to 1,726 tCO2-e / 149,010 t.CO2-e where 1,726 is the change in emissions resulting from methodology changes and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Change in boundary	1234	Increased	0.8	In its FY18 disclosure Dexus included a restatement of energy and emissions figures for 480 Queen Street Brisbane and 5 Martin Place Sydney following receipt of additional billing information which has added 15,342GJ to the energy footprint. This these changes resulted in an increase of 1,234 t.CO2-e or 0.8% of emissions reported. The 0.8% increase is equal to 1,234 tCO2-e / 149,010 t.CO2-e where 1,234 is the change in emissions resulting from boundary changes and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Change in physical operating conditions	302	Increased	0.2	Dexus manages a portfolio of properties that include Office and Retail asset types. These premises provide occupants with a comfortable, airconditioned environment by heating and cooling as required according to thermal needs. These needs are due in part to external ambient air temperatures. Cooling is required when the outdoor temperatures rise about the target interior temperature and likewise heating is required when outdoor temperatures drop. Mechanical HVAC systems consume energy and create emissions when operating to provide conditioned air to occupants. Daily electricity and natural gas use is determined in part by ongoing variations in climate conditions. During the FY18 reporting period Australia experienced greater fluctuations in temperatures when measured against FY17. This has been determined by examining temperature data across each region and calculating the overall heating and cooling requirements in the form of heating and cooling degree days. These changes result in increases or decreases in energy use associated with building air conditioning. This resulted in increases in energy use for heating and associated greenhouse gas emissions. At a portfolio level the net increase in heating and cooling requirements accounting for an increase of approximately 302 t. CO2-e or 0.2% in greenhouse gas emissions. The 0.2% increase is equal to 302 tCO2-e / 149,010 t.CO2-e where 302 is the net change in emissions resulting from changes in ambient temperatures and 149,010 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY17.
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	47350	47350
Consumption of purchased or acquired electricity	<Not Applicable>	3391	148469	151860
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	292	<Not Applicable>	292
Total energy consumption	<Not Applicable>	3683	195819	199502

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1535

MWh fuel consumed for self-generation of electricity
1535

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
0

Comment

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
45815

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
37712

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
8103

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
70.2

Unit
kg CO2e per GJ

Emission factor source
Australia - NGER Measurement Determination 2008, Schedule 1, Part 3, July 2017

Comment

Natural Gas

Emission factor
51.53

Unit
kg CO2e per GJ

Emission factor source
Australia - NGER Measurement Determination 2008, Schedule 1, Part 2, July 2017

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1645	1645	292	292
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Region of consumption of low-carbon electricity, heat, steam or cooling
Asia Pacific

MWh consumed associated with low-carbon electricity, heat, steam or cooling
3391

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
Dexus purchases a portion of its total electricity in the form of emission free, accredited GreenPower (for the FY18 reporting period, this was 3,391 MWh) that offsets a percentage of electricity used in buildings that has been sourced from carbon intensive sources (such as electricity sourced from coal-fired power stations). The quantity of GreenPower is sourced from production from wind farms in Australia and is government accredited (being a joint initiative of the ACT, NSW, SA, QLD and VIC Governments in Australia).

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2018 PwC Assurance Opinion and Criteria.pdf

Page/ section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2018 PwC Assurance Opinion and Criteria.pdf

Page/ section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- all relevant categories

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
2018 PwC Assurance Opinion and Criteria.pdf

Page/section reference
1

Relevant standard
ASAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (FY18 Total energy consumption (GJ))	ASAE3000	Limited assurance also included assessment of total energy consumption, measured in gigajoules (GJ) reported by Dexus across its operational control boundary during FY18

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Bundled Wind Power Project, Madhya Pradesh & Gujarat, India The purpose of the project activity is to generate power using renewable energy source (wind energy) and sell the power generated to the state grid. The project activity generates electricity using wind. The generated electricity is exported to the regional grid system which is under the purview of the INDIAN electricity grid of India. The wind power generated from the Project will be displacing the electricity generated from thermal power stations feeding into Indian grid (Indian Electricity Grid) and will be replacing the usage of diesel generators for meeting the power demand during shortage periods. Since, the wind power is greenhouse gas emissions free, the power generated will prevent the anthropogenic emissions generated by the fossil fuel based thermal power stations comprising coal, diesel, furnace oil and gas. The estimation of GHG reductions by this project is limited to carbon dioxide (CO2) only. The proposed project activity involves the installation of Wind Power Projects. The total installed capacity of the project is 112.5 MW; which involves operation of Wind Turbine Generators (WTGs) in multiple states of India. Co-benefits a) The project activity will bring development and employment opportunities in to the local area b) The project will assist in reducing voltage problems for the local villages c)Increase recognition to the local area and to India in contributing to international efforts in increasing renewable energy.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
1350

Number of credits (metric tonnes CO2e): Risk adjusted volume
1350

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Solar

Project identification
10.9 MW Bundled Solar Power Project, India The proposed project activity involves the installation of Solar Power Projects. The total installed capacity of the project is 10.9 MW; which involves operation of solar projects in different states; Tamil Nadu of Southern Grid while Madhya Pradesh and Maharashtra form part of NEWNE gird in India. Co-benefits a) Project provides jobs to local workers for the operation of the project, with generous wages and social security contributions. b) The generated power will feed into the grid and improve the supply and demand gap, aiding the development of the country c)The enhance availability of power will assist quality of power supplier to the local industries.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
40

Number of credits (metric tonnes CO2e): Risk adjusted volume
40

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Solar

Project identification
Bundled Solar Power Project, Tamil Nadu and Telangana, India The purpose of the bundled project activity is to generate power using renewable energy source (solar energy) and sell the power generated to the state grid. The project activity generates electricity using solar energy. The generated electricity is exported to the regional grid system which is under the purview of the INDIAN electricity grid of India. The proposed project activity will support development of renewable energy generation plants based on Solar PV technology in India and delivering electricity to the grid. The proposed project activity is a voluntary action being undertaken project investors. Since, the solar power is greenhouse gas emission-free, the power generated will replace anthropogenic emissions of greenhouse gases estimated to be approximately 95,656 tCO2e per year, thereon displacing 97,838 MWh/year amount of electricity from the generation-mix of power plants connected to the INDIAN GRID, which is mainly dominated by thermal/ fossil fuel-based power plant. Co-benefits a) Generation of employment opportunities during the construction and operation of the project b) The project helps reduce the demand - supply gap in the region c) The project will demonstrate solar PV technology in the region.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
760

Number of credits (metric tonnes CO2e): Risk adjusted volume
760

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
REDD Forests Grouped Projects – Protection of Tasmanian Native Forest The purpose and objective of the Grouped Project is to protect native forest that will be logged in the absence of carbon finance. Protecting forests from timber harvesting reduces emissions caused by harvesting and maintains the forest carbon stock. Co-benefits a) Protect native forests that previously have been subjected to logging and agricultural clearing b) Provide a source of income to landholders to pursue a new business model, generating revenue from protecting trees rather than the removal of them c) Help preserve habitat for endemic and endangered species including the wedge-tailed eagle, spotted quoll and Tasmanian devil.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
525

Number of credits (metric tonnes CO2e): Risk adjusted volume
525

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Energy efficiency: households

Project identification
Improved Kitchen Regimes Multi-Country PoA Master Project This project involves the distribution of improved cook stoves and safe water technologies into developing countries across the world. In addition to reducing deforestation through less wood use (for cooking and water boiling), the project is also expected to have additional benefits for local communities such as reduced incidences of illnesses related to indoor air pollution, smoke inhalation and consumption of unsafe drinking water, improved employment opportunities, and less time and money spent on fire wood collection. Co-Benefits a) Avoidance of over-exploitation of the forests b) Reduction of airborne particles emission and indoor pollutants, and associated respiratory diseases c) Time saving in fire wood collection d) Reduction of purchased fuel costs e) Transfer of technology to indigenous people and creation of employment opportunities.

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
175

Number of credits (metric tonnes CO2e): Risk adjusted volume
175

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Forests

Project identification
WithOneSeed Timor Leste Community Forestry Program is the first social enterprise taking action on climate change through community forestry in Timor Leste. It is dedicated to improving the resilience of subsistence communities to make environments sustainable, to end poverty and hunger, to deliver open education and to create regional partnerships. WithOneSeed is working with subsistence farming communities to generate income through a community forestry initiative. The reforestation of their land reduces soil erosion, improves soil and water quality, crop yields and nutrition, which improves the health and wellbeing of the community. It also helps to build the local economy, boost education and training and to deliver social and economic participation. Co-benefits a) Reducing poverty and hunger and supporting sustainable farming and lifelong learning. b)Promoting decent work, sustainable agricultural communities and economic growth c) Taking action to combat climate change through managing forests and reversing land degradation. d) Encouraging global partnerships for sustainable development through relationships with Australian schools. e) Empowering women and children by increasing family income, facilitating children's education and creating family job prospects.

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
150

Number of credits (metric tonnes CO2e): Risk adjusted volume
150

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism
Code of conduct featuring climate change KPIs
Climate change is integrated into supplier evaluation processes

% of suppliers by number
58

% total procurement spend (direct and indirect)
71

% Scope 3 emissions as reported in C6.5
42

Rationale for the coverage of your engagement
All Dexus suppliers are required to abide to the Dexus Supplier Code of Conduct. Principle 2 of the Code dictates that suppliers and contractors must minimise carbon emissions, reduce transport footprints and minimise the use of materials and resources. Dexus also engages with contractors on their contribution towards Dexus's environmental targets to reduce energy use and emissions. Coverage relates to the percentage of Dexus FY18 supplier spend arising from large suppliers engaged under a Dexus contract, and excludes smaller suppliers, and 'commodity' spends including statutory expenses and energy/water utilities.

Impact of engagement, including measures of success
Dexus conducts regular meetings with supplier partners where ESG items are discussed and tabled. Dexus receives monthly reports on environmental impacts from waste and recycling, as well as utility data on energy and water consumption, which form part of Dexus's scope 3 emissions. Dexus tracks supplier non-conformance regarding performance and recorded a 0.6% overall non-conformance rate for FY18, with no incidences linked directly to environmental issues. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY18 Dexus recorded an average 4.9 star NABERS energy rating across the group's managed office portfolio, with 15 properties recording an improvement in the rating (i.e. lower emissions) against the prior rating.

Comment

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
3

% total procurement spend (direct and indirect)
41

% Scope 3 emissions as reported in C6.5
42

Rationale for the coverage of your engagement
Dexus's preferred supplier panel, representing 5% of suppliers and 45% of total spend, are engaged regularly with a supplier engagement survey. Coverage is determined from recent surveys of Dexus's preferred supplier panel, to which 72 suppliers responded, representing 3% of total suppliers and 41% of total procurement spend. The rationale for Dexus's engagement with this group of suppliers is because they provide critical services and represent a disproportionately high amount of procurement spend, thus enabling efficient targeting of Dexus's climate-related engagement. The survey includes climate related questions, for example; what level of risk exposure of unsustainable or high carbon products within your supply chain, and does your business track, measure and report environmental data.

Impact of engagement, including measures of success
Success is defined as an increasing survey response rate (recording a 35% response rate) and suppliers' identification of climate and other ESG risks, which Dexus can then map within its supply chain. Supplier participation in the survey enables Dexus to effectively communicate its expectations to suppliers regarding climate risk and has the positive impact of identifying gaps in process and risk management that can be improved. Dexus reviews suppliers' views on environmental risks against its own independent supply chain risk assessment to inform future tendering selection criteria, environmental audit spot checks and KPIs.

Comment

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Offer financial incentives for suppliers who reduce your operational emissions (Scopes 1 &2)

% of suppliers by number
17

% total procurement spend (direct and indirect)
29

% Scope 3 emissions as reported in C6.5
52

Rationale for the coverage of your engagement
The coverage of 17% of suppliers by number and 29% of procurement spend is based on facility management teams, mechanical services contractors and capital works teams across Dexus's managed office portfolio that are incentivised via KPIs to improve NABERS energy performance. The reason why Dexus engages with these suppliers is because they are incentivised to improve energy and emissions performance, and are teams based at Dexus property sites with capacity to action improvement opportunities.

Impact of engagement, including measures of success
Dexus's measure of success for this management approach is defined as the continual improvement in Dexus's office and retail properties' NABERS Energy ratings and associated energy and emission reductions in line with the Group commitment to reduce greenhouse gas emissions by 10% by 2020 against a FY15 like-for-like baseline. In FY18 Dexus achieved a 9.5% reduction. Dexus measures operational performance via its property NABERS Energy ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY18 Dexus recorded an average 4.9 star NABERS Energy rating across the group's managed office portfolio, with 15 properties recording an improvement in their rating (i.e. lower emissions) in FY18 against the prior rating. In instances where energy ratings decline, Dexus works with property management teams to understand root causes and implement both management improvements and capital improvements to enhance performance.

Comment

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)

% of suppliers by number
4

% total procurement spend (direct and indirect)
10

% Scope 3 emissions as reported in C6.5
20

Rationale for the coverage of your engagement
The coverage of engagement of 41% of suppliers by number and 10% of procurement spent is based on the suppliers delivering cleaning and waste management services to Dexus. The rationale for Dexus's engagement with these suppliers is because they provide essential services for Dexus's facilities and because Dexus incentivises its waste and cleaning contractors through its contract whereby the contractor can reduce its operating costs by maximising waste diverted from landfill. As a result, contractors are driven to develop waste management plans, install infrastructure to segregate waste streams, and engage with tenants on waste management practices to improve recycling rates and diversion from landfill. Suppliers receive financial benefit by increasing waste diversion due to avoided costs and rebates that are available for recyclable waste streams.

Impact of engagement, including measures of success
Dexus's measure of success for this is defined as reduced waste to landfill and associated Scope 3 emission reductions. Dexus measures its diversion rate and in FY18 achieved a 44% diversion rate across its managed office portfolio, which has decreased slightly since FY17. Over the past year Dexus has increased its engagement with cleaning and waste management suppliers to enhance waste management practices across its portfolio.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number
30

% Scope 3 emissions as reported in C6.5
20

Please explain the rationale for selecting this group of customers and scope of engagement
Dexus engages with its customers occupying Dexus office properties (30% of customers by number) because office buildings are the largest part of Dexus's portfolio and so engaging office customers can facilitate large-scale improvements regarding the amount of waste produced from Dexus properties and maximising the diversion rate to avoid downstream waste related greenhouse gas emissions. Dexus engages with tenants on waste management in three ways. a) Dexus hosts waste Lunch and Learn sessions to customers across its office. The presentation informs customers on waste's global environmental impact, the various waste initiatives Dexus engages in and Dexus's waste targets. b) Dexus runs periodic e-waste collection for its customers across office and industrial. c) Dexus ran a communication campaigns to encourage customers to reduce waste. During the reporting year Dexus gave away keep cups to encourage employees and tenants to use reusable cups and to inform customers on its four bin system. Dexus engages tenants on best practice waste management to reduce their overall waste and waste to landfill. Dexus seeks to eliminate all waste related emissions to achieve Dexus's Net Zero 2030 target.

Impact of engagement, including measures of success
Dexus's measure of success is defined as a progressive improvement to reduce waste to landfill and associated emission reduction. Dexus measures its diversion rate and in FY18 achieved a 44% diversion rate across its managed office portfolio. This has decreased slightly from the previous year, and as a result Dexus has increased its customer engagement through waste education activities and implementing initiatives such as the removal of under-desk waste bins.

Type of engagement
Education/information sharing

Details of engagement
Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number
41

% Scope 3 emissions as reported in C6.5
51

Please explain the rationale for selecting this group of customers and scope of engagement
Dexus engages with tenants occupying Dexus office and retail properties (41% of customers by number) because they are impacted by the amount of energy used by Dexus to deliver base building services that support tenant activity and comfort. Engaging with tenants regarding their outgoings and comfort helps Dexus to optimise usage efficiently, which can reduce outgoings and emissions. Dexus publishes results of its NABERS ratings on its website, and within the property using foyer displays and 'in-lift' advertising screens. Dexus also advertises NABERS ratings for all properties to prospective tenants. The NABERS rating system provides a clear and simple way for Dexus to communicate the environmental performance of its properties. Dexus sets targets to improve NABERS ratings and engages with tenants on projects being undertaken in their building.

Impact of engagement, including measures of success
Dexus's measure of success for this engagement is defined as increases to building's NABERS Energy ratings and associated energy and emission reductions in line with the Group commitment to reduce greenhouse gas emissions by 10% by 2020 against a FY15 like-for-like baseline. In FY18 Dexus achieved a 9.5% reduction. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY18 Dexus recorded an average 4.9 star NABERS energy rating across the group's managed office portfolio, with 15 properties recording an improvement in their rating (i.e. lower emissions) in FY18 against the prior rating.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
91

% Scope 3 emissions as reported in C6.5
7

Please explain the rationale for selecting this group of customers and scope of engagement
Dexus engages with tenants occupying Dexus office, retail and industrial properties (91% of customers by number) through encouraging green lease clauses. Dexus engages with these tenants because they are the vast majority of Dexus's customers and are impacted by the amount of energy used by Dexus to deliver base building services that support tenant activity and comfort. Engaging with tenants regarding their outgoings and comfort helps Dexus to optimise usage efficiently, which can reduce outgoings and emissions. Through 'green leasing', Dexus seeks joint commitment from its tenants to participate in building efficiency initiatives and collaborate where necessary to strive to achieve building performance targets. Dexus is one of the Better Building Partnership's (BBP) founding members. The Partnership introduced a Simple and Easy Lease, which incorporates green lease provisions as specified in the BBP's commercial green leasing standard. Dexus's new lease has achieved a Gold rating under the BBP leasing standard, which is the highest level available. This enables an active partnership been Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings. Within these clauses Dexus and its tenant each commit to managing and operating the building and premises to promote energy efficiency and minimise the environmental impact of its use and occupation.

Impact of engagement, including measures of success
Success is defined as year-on-year increases in the number of green lease clauses increased in new leases across its customer base. Tenancy agreements now include a Green Lease clause as standard. Take up of the green lease clauses for new leases across the group portfolio was 91% in FY18, which is an increase from 84% in FY17. Dexus engages with internal leasing teams to understand customer sentiment regarding green leases and opportunities to enhance leases to improve uptake.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Dexus has joint venture partners, where co-ownership of properties exists. Dexus engages with joint property owners at an operational level to bring consistency and awareness to climate change issues and awareness initiatives, and to drive investment decisions that result in operational efficiency improvements that support Dexus's energy and greenhouse gas emission reduction goals. For example, in FY18 Dexus engaged with joint property managers on events such as Earth Hour with provision of marketing communications and liaising with property tenants on measuring building energy performance via dashboard reporting. Dexus also engaged with joint venture partners to ensure that all Dexus properties are rated under NABERS to support Dexus's target to achieve 1,000,000 square metres of office properties rated at 5 stars or higher. Dexus prioritises its engagements based on the size of its investment in the jointly owned asset, and whether it forms part of Dexus's core holdings. The measure of success is maximising the energy efficiency and improving and maintaining the NABERS rating of co-owned properties.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Voluntary carbon abatement & neutrality)	Support	Dexus participated in industry consultation forums conducted by the Australian Government's Department of Environment regarding the expansion of its national carbon neutrality program and its accompanying National Carbon Offset Standard to cover buildings and precincts. Dexus attended workshops with the Department to provide input into the development of the draft standard.	Dexus is certified under the carbon neutrality program and supports its continuation under a government-led governance arrangement. Dexus supported the majority of the Department of Environment's proposals to streamline administration. Dexus highlighted practical considerations relating to proposed options for applying the standard to buildings, challenges and solutions regarding boundary definitions and data collection option and certification pathways. The Department has released the pilot standard for review.
Clean energy generation	Support with major exceptions	Dexus has engaged directly with the Australian Energy Regulator (AER) to discuss existing market rules regarding embedded networks and network policies inhibiting local distribution of renewable electricity between facilities.	Dexus advocates for a relaxation of AER's position regarding establishing embedded networks (ENs) in Victoria and New South Wales. The current position inhibits the establishment of ENs at properties in these states, which in turn yields inequity in market structures between these regions and other states across Australia where ENs are commonplace. This inhibits Dexus's uptake of on-site energy generation including emission-free renewables as it cannot effectively share costs or sell electricity to tenants at favourable rates, and provide assistance with energy efficiency initiatives. Dexus also advocates changes to the policies and tariff structures of local network service providers (LNSPs) to increase their tariffs and incentives for businesses to sell renewable electricity generated on-site at competitive prices, and provide practical tariff options to enable businesses to generate electricity on-site at one property and utilise network infrastructure to distribute excess electricity to other properties within the same network to offset grid purchase of high-emission coal-fired electricity.
Energy efficiency	Support	Dexus has engaged with the NSW Department of Office and Environment to provide feedback on voluntary 'commitment agreements' under the National Australian Built Environment Rating System (NABERS). The NABERS Energy Commitment Agreement allows developers and building owners to promote and market excellent greenhouse performance of new and refurbished commercial office buildings from the outset. The Commitment Agreement outlines a developer or property owner's commitment to design, build and commission the building to a minimum 4 star level.	Dexus supports NABERS commitment agreements and is offered feedback on their practical implementation.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Property Council of Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Property Council of Australia (PCA) states that climate change is a reality. The PCA's response is to focus on eco-efficient - less in, more out - assets and use effective strategic planning of cities. Supported in publicly available media releases, the PCA is focused on its members delivering more efficient buildings and calls for solutions to unlock energy assets to deliver better infrastructure.

How have you influenced, or are you attempting to influence their position?

Dexus's engagement is through membership of the Property Council of Australia (PCA) as well as in a leadership capacity with Dexus's CEO as a PCA Board director and Dexus's Chief Financial Officer a member of the CFO roundtable. An additional 31 Dexus staff members participate in committees, roundtables and working groups. Dexus proactively participates in PCA initiatives where the industry body consults membership on policy submissions and Dexus regularly responds to consultation requests from policy makers. Dexus supports all policies for actions on climate change mitigation and adaptation. Dexus aligns with the PCA in influencing policy of local, State and National regulators to encourage implementation of new technology and initiatives in developments through changes to building codes. These include renewable energy, water harvesting and community energy provision. Dexus also advocates for more efficient implementation of legislation relating to climate change industry improvements and changes in local government regulations improving recycling and energy usage. There are no activities that Dexus is involved in which oppose policy or action on climate change mitigation and adaptation.

Trade association

Green Building Council of Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Green Building Council of Australia (GBCA) is committed to developing a sustainable property industry for Australia by encouraging the adoption of green building practices. It is uniquely supported by both industry and governments across the country.

How have you influenced, or are you attempting to influence their position?

The Green Building Council of Australia (GBCA) is a national, not-for-profit organisation whose key objectives are to drive the transition of the Australian property industry towards sustainability by promoting green building programs, technologies, design practices and operations as well as the integration of green building initiatives into mainstream design, construction and operation of buildings. Dexus is a member of the GBCA and during FY18 actively supported the GBCA's aims and its Green Star building rating methodologies. During this time Dexus has: - Assisted with prepared papers and joint statements - Acted as an active spokesperson - Supported to some degree in leadership and/or in preparation of documentation - Contributed to the organisation or content of events organised by the group - Provided general support for the initiative in various non-public forums. Dexus rates key development projects using the Green Star design rating tools, and was a participant on the working group that developed the Green Star Performance methodology. As part of this working group, Dexus assisted in drafting and shaping credits to become the tool's performance metrics which ensure buildings are managed to reduce greenhouse gas emissions, reduce waste to landfill, increase biodiversity, reduce water consumption and save energy in their operations. During FY18 Dexus maintained Green Star Performance ratings across 73 office and retail properties.

Trade association

Investor Group on Climate Change (IGCC)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focusing on the impact that climate change has on the financial value of investments. The IGCC recognise that the financial return of an investment is impacted by climate change. As such, the IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuates and unit holders.

How have you influenced, or are you attempting to influence their position?
Dexus is a member of the IGCC and participates in its Transition to Low Carbon, Physical Risk and Resilience, and Transparency and Thought Leadership working groups. Through these working groups, Dexus actively contributes to property related discussions and assists IGCC with understanding and progressing key investor issues relating to property risk management and disclosure. Dexus provides general support for the initiative in various non-public forums.

Trade association
Sydney Better Buildings Partnership

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
City of Sydney Better Buildings Partnership (BBP) represents over 50 per cent of the office floor space across Sydney's CBD. Commercial landlords (partnering companies) have an important role to play in improving the energy, water and waste efficiency of Sydney's existing buildings. BBP's solutions and initiatives are implemented via four technical groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking.

How have you influenced, or are you attempting to influence their position?
Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings. Dexus also is a member of four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking. It is through these working groups that the BBP's solutions and initiatives are implemented. Dexus is a regular attendee and assists with developing BBP's position on a range of issues. Dexus also acts as an active spokesperson and hosts meetings and events.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

i. Dexus is a member of the technical working group of the Retail NABERS rating tool which addresses measures that increase the efficiency of resource consumption and lower GHG emissions across the retail industry. Through this working group, Dexus assists in the development and further enhancement of the Retail rating tool. Through this contribution Dexus advocates a consistent and relevant benchmark for energy efficiency in the retail industry, contributing to the reduction of energy consumption and generation of GHG emissions nationally.

ii. Dexus is a member of the Green Star Performance Technical Working Group hosted by the Green Building Council of Australia which, along with industry, is advocating a holistic green building management tool for the built environment. As part of this working group, Dexus assists in drafting and shaping the tool's performance metrics which ensure building operations are managed to reduce greenhouse gas emissions, reduce waste to landfill, increase biodiversity and reduce energy and water consumption. During FY18 Dexus maintained Green Star Performance ratings across 73 office and retail properties.

iii. The Dexus office portfolio is weighted towards the Sydney CBD and, aligning to Dexus's' Leading Cities' sustainability objective, Dexus actively engages with the NSW Government on city projects including the Sydney Light Rail, which is under construction. Dexus is an active supporter of this project and views the Light Rail as a low-emission alternative to cars and buses with direct benefits to Dexus via reduced scope 3 emissions from commuting by employees and Dexus tenants. Dexus has been working with route planners as well as other stakeholders directly affected by planned street closures to develop solutions to logistics issues in order to ensure continuity of operations during construction and beyond as part of the successful delivery of such a significant infrastructure project

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Day to day activities are coordinated via a Corporate Sustainability Team in consultation with the Asset Services team. The team meets monthly with minutes distributed to key internal stakeholders. The Sustainability Team reports to the Property Executive Committee and the Board Risk Committee, which monitor the team's activities for consistency against strategic objectives. The objectives of these Committees are to assist the Board in fulfilling its responsibilities by reviewing the Group's operational risk management, internal audit and sustainability practices and procedures including climate change strategies. The Investor Relations, Communications and Sustainability team coordinates and oversees the publication of all external documents. A formal, structured process involving a materials approvals database is applied for the review and approval of all announcements, presentations and publications by relevant subject experts. Investor Relations, Communications and Sustainability determines key spokespeople who are able to engage in public debate or comment on specific topics, with these people undergoing media training.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
2018 08 15 Dexus 2018 Annual Report.pdf
2018 Dexus Performance Pack.pdf

Page/Section reference
Page 17 Annual Report Commencing page 44 Performance Pack

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary sustainability report

Status
Complete

Attach the document
2018 Dexus Performance Pack.pdf
2018 Dexus Disclosures on Management Approach.pdf

Page/Section reference
Performance Pack commencing page 44 Disclosures on Management Approach commending page 49

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Attached is confirmation from the Science Based Targets initiative that Dexus's greenhouse gas emission reduction target has been approved. The approved target is included in this submission as Abs3 in question 4.1a. The attached letter states "We are also happy to inform you that this target validation will qualify your company for Leadership level points in CDP's 2019 climate change questionnaire if you are a responder."
Decision Letter - Dexus.pdf

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms