

**DEXUS PROPERTY GROUP**  
**2014 Carbon Disclosure Project**



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## 1 Introduction

### Please give a general description and introduction to your organization

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$17.6 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners.

DEXUS manages an office portfolio of 1.4 million square metres across Sydney, Melbourne, Brisbane and Perth and is the largest institutional owner of office buildings in the Sydney CBD, Australia's largest office market.

DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code 'DXS' and is supported by more than 30,000 investors from 21 countries.

With nearly 30 years of expertise in property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to investors.

as at 30 June 2013

## 2 Reporting year

### Please state the start and end date of the year for which you are reporting data.

1 July 2012 to 30 June 2013

## 3 Country list configuration

### Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Australia and New Zealand

## 4 Currency selection

### Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

## 6 Modules

**As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry and companies in the information technology and telecommunications sectors should complete supplementary questions in addition to the main questionnaire.**

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below.





## Module: Management - Investor

### Governance

#### 1.1 Where is the highest level of direct responsibility for climate change within your company?

Individual/sub-set of the Board or other committee appointed by the Board

#### 1.1a Please identify the position of the individual or name of the committee with this responsibility

Board Audit, Risk and Sustainability Committee.

The Board Audit, Risk and Sustainability Committee reports to the Board. The Committee consists of three independent Directors appointed by the Board, which assists in fulfilling the Board's oversight of Corporate, Responsibility & Sustainability (CR&S) issues by reviewing matters including the Group's CR&S practices and procedures. A senior management internal committee, the Compliance, Risk, Ethics & Sustainability Committee reports to the Board Audit, Risk and Sustainability Committee.

#### 1.2 Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

#### 1.2a Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Corporate executive team	Monetary reward	Executives and senior management have an individual KPI on annual CR&S commitments as outlined in the Group's Annual Review. Those commitments are derived from the list of DEXUS's material CR&S issues and strategic goals. In FY13 DEXUS specified a range of CR&S commitments to improve performance with regard to investors, customers, suppliers, employees, the community and the environment. Executive and senior management are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs.
Environment/Sustainability managers	Monetary reward	The management of climate change risk assessing and reporting is a business objective and the CR&S team has targets to deliver business objectives. These include, but are not limited to, meeting emission reduction targets and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.
All employees	Monetary reward	CR&S is integrated into employee's roles and responsibilities within their relevant job description. Each employee is rated against CR&S as a 'behavioural/cultural value' which serves as one of DEXUS's threshold performance indicators alongside customer service, teamwork, leadership etc. Employees are also assessed on their contribution, relevant to their position, towards achieving DEXUS group annual CR&S commitments as set out within its Annual Review. Those commitments are derived from the list of DEXUS's material CR&S issues and strategic goals. In FY13 DEXUS specified a range of CR&S commitments to improve performance with regard to investors, customers, suppliers, employees, the community and the environment. All employees are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs.

## Strategy

### 2.1 Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

#### 2.1a Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Individual/sub-set of the Board or committee appointed by the Board	Corporate wide coverage which spans assets and operations within Australia and New Zealand	>6 years	DEXUS's Risk Management Framework articulates its approach to managing risk and is aligned to the principles of the Australian and New Zealand Standard for Risk Management – Principles and Guidelines 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 in order to minimise losses and maximise opportunities. The Board of Directors has the ultimate responsibility for the oversight of the framework which is reviewed 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 time 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".

#### 2.1b Please describe how your risk and opportunity identification processes are applied at both company and asset level

(i) Company level: DEXUS conducts annual Risk Assessment workshops using a Risk Register that includes individual property climate change risk. These workshops reference the Group's Climate Change Assessment Report, Climate Change Impact Property Register and Climate Change Action Plans and consider risks and opportunities of activities associated with its corporate entities and stakeholders. 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.

Natural catastrophe modelling is undertaken across the portfolio annually to assist DEXUS in identifying natural catastrophe loss exposures, including establishing relevant limits of liability for insurance coverage and issues pertaining to the aggregation of risks. Insurance deductibles are set based on risk appetite and exposures to natural catastrophe risks as outlined in the modelling. The modelling assists the development of relevant site mitigation plans associated with risks, such as flood, cyclone, hurricane, windstorm and earthquake.

(ii) Property level: DEXUS conducts periodic Climate Change Risk Assessments and Adaptation studies, focusing on high-risk sites identified from the portfolio analysis. The scope includes desktop analysis and site inspections to develop natural catastrophe risk management plans (e.g. flood and earthquake mitigation) for at-risk locations.

Climate Change Action Plans were developed for the top ten properties at risk. Plans are coordinated at the corporate level and managed at the property level by the Property Manager in collaboration with the onsite operations team. The project allowed DEXUS to assess risks and opportunities relating to climate change at the property level and communicate these findings throughout the business to influence strategy and short and long term investment decisions.

#### 2.1c How do you prioritize the risks and opportunities identified?

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 in order 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 in order 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 particular 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'.

### 2.2 Is climate change integrated into your business strategy?

Yes

#### 2.2a Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

(i.) How the business strategy is influenced. The integration of climate change into DEXUS's business strategy is reflected at all levels of the organisation and are assessed regularly.

DEXUS collects information on environmental performance including building National Australian Built Environment Rating System (NABERS) ratings, energy, water and waste consumption and greenhouse gas emissions. DEXUS also conducts site-based climate change risk assessments to identify at-risk properties and identify adaptation and mitigation opportunities. This data is reported to the DEXUS sustainability team and used to provide feedback to sites regarding performance trends. Data is also reported to internal management committees and is used as an input into business strategy.

The CEO holds a business strategy briefing regularly for all employees, including remote employees who attend by video and telephone links. The senior management team and each business unit hold off-site divisional strategy and planning workshops at least annually which include the development and assessment of climate change and GHG emissions strategies. In addition, DEXUS looks at emerging risks and opportunities and assesses their materiality to the business. DEXUS sets annual commitments and targets in response to material issues and reported data. These include greenhouse gas reduction targets and energy and water efficiency targets. Quarterly assessments are made against specific objectives and the property teams hold regular meetings which monitor performance and report internally to various committees and investment managers on progress. Targets are set at a portfolio level and at specific sites.

(ii.) Aspects of climate change that influenced strategy. Climate change considerations are integrated into DEXUS's business strategy. Aspects include:

- Environmental legislation (current and proposed) that DEXUS may be subject to compliance with
- Opinions of key stakeholders including tenants, investors and employees
- List of material risk issues identified through materiality assessment workshops
- Availability and accessibility of voluntary programs such as the NSW Energy Savings Scheme
- Reputational risks associated with DEXUS's prominence within the market and sustainability performance of peers
- Environmental impacts including energy, water and GHG emissions performance across the portfolio
- Physical climate change impacts through extreme weather events (portfolio composition, property location, individual property resilience).

(iii.) Short-term strategy changes – timeframe: one to two years. The key component of DEXUS's short term business strategy which have been influenced by climate change/extreme weather impacts is the ability to respond quickly to changing circumstances, either environmental or regulatory circumstances. Using a flexible business model and reporting lines to achieve changes in business strategy and operations has enabled DEXUS to manage changes in legislation and implement energy reduction strategies efficiently when required. DEXUS ensures operational teams are empowered to respond to climate change related events and severe weather appropriate to the building it operates, as well as managing resource consumption on a daily basis. These teams also monitor and manage property resource usage in the context of tenant needs and varying environmental conditions.

All acquisition proposals are submitted to the Investment Committee and this submission is required to consider short term climate change risks (such as impact on planning regulations as a result of climate risk) and sustainability/resource consumption performance against established benchmarks such as NABERS and Green Star to identify immediate opportunities for improvement or specific short term risks. All project submissions for capital works require the consideration of sustainability criteria to ensure the full spectrum of risks and opportunities are considered prior to approval.

(iv.) Long term strategy changes – timeframe: beyond two years. The most important components of long term strategy influenced by climate change relate to 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. All acquisition proposals are submitted to the Investment Committee and this submission is required to consider longer term climate change (geographic and other locational risks) and sustainability/resource consumption risks that may require substantial long term investment or life cycle equipment upgrading beyond five years. All project submissions for long term capital works require the consideration of sustainability criteria to ensure the full spectrum of risks and opportunities are considered prior to approval.

DEXUS measures 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 do not include residential or coastal developments. While this means most of the portfolio is at lower than average risk, there are some areas that have been identified as being at higher risk and these are analysed in more detail as part of the Group's annual climate risk assessment. Risks associated with regulatory non-compliance, low levels of investment in capital works and efficiency upgrades are continually monitored.

(v.) Opportunities for strategic competitive advantage. As a result of the decision to adopt a climate risk register, DEXUS is gaining a strategic advantage over its competitors through its ability to respond more responsibly to changing environmental factors and regulatory changes to planning and development frameworks in areas of identified risk that are influenced by climate change factors. In FY13 DEXUS used the IPD Green Index to benchmark its performance and evaluate its competitive advantage, and outperformed the index. This index benchmarks the financial performance of green buildings against the broader market.

(vi.) Substantial business decisions. In August 2012, DEXUS revised its strategy to focus its investment capital on the Australian market where it has market expertise and where climate change impacts are best known and can be suitably addressed. DEXUS's strategy also evolved to focus on becoming a leading owner and manager of office property, and concentrate on key CBD markets where risks from physical climate change events are considered low, and where environmental performance can best be managed.

Decisions are informed via the implementation of a climate risk assessment register, reports and action plans across Australia, as well as the use of NABERS ratings to benchmark all eligible properties. Being a signatory to the United Nations Principles of Responsible Investment and integrating Sustainable Investment Guidelines into the business further embeds climate change factors in to decision making processes.

### **2.3 Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following?**

Direct engagement with policy makers  
Trade associations  
Other

# MANAGEMENT - INVESTOR CONT'D

## 2.3a On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of Engagement	Proposed Legislative Solution
Energy efficiency	Support with minor exceptions	DEXUS participated in industry consultation forums conducted by the Australian Government's Department of Industry regarding the effectiveness and future direction of its national Energy Efficiency Opportunities program. The program was nearing completion of its first 5-year reporting cycle, and DEXUS participated in industry consultation to review key aspects of the Act and Regulations, identify the elements that were working well, and also identify areas of improvement.	The EEO program was a timely program that provided DEXUS with an effective implementation framework to systematically review energy use across its portfolio and identify a range of energy efficiency opportunities that were subsequently implemented as part of DEXUS's 4.5 star NABERS improvement program. With an assessment cycle now completed, DEXUS has embedded the systems and processes that formed the basis of the EEO program. However, the EEO program required extensive resourcing and DEXUS subsequently recommended changes to the regulations to simplify its administration and reporting requirements in order to maintain relevance to businesses that had participated.

## 2.3b Are you on the Board of any trade associations or provide funding beyond membership?

Yes

## 2.3c Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Property Council of Australia	Consistent	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.	DEXUS's engagement is through membership of the Property Council of Australia (PCA) as well as in a leadership capacity with its CEO as National President. An additional 17 DEXUS staff members participate in 29 roles within 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	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Green Building Council of Australia	Consistent	<p>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.</p>	<p>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 FY13 actively supported GBCA's aims and its Green Star building rating methodologies. During this time DEXUS has:</p> <ul style="list-style-type: none"> <li>▪ Assisted with prepared papers and joint statements Acted as an active spokesperson</li> <li>▪ Supported to some degree in leadership and/or in preparation of documentation</li> <li>▪ Contributed to the organisation or content of events organised by the group</li> <li>▪ Provided general support for the initiative in various non-public forums.</li> </ul> <p>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 FY13 DEXUS staff attended a stakeholder pre-release for Green Star Performance and DEXUS is currently in the preliminary stages of trialling the Green Star Performance methodology.</p>
Investor Group on Climate Change (IGCC)	Consistent	<p>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.</p>	<p>DEXUS is a member of the IGCC and participates in its Property Working Group. Through this working group, DEXUS actively contributes to property related discussions and assists IGCC with understanding and progressing key investor issues relating to property risk management. DEXUS provides general support for the initiative in various non-public forums.</p>



## MANAGEMENT - INVESTOR CONT'D

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Better Buildings Partnership	Consistent	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 five technical groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: energy, water, waste, tenant engagement and benchmarking.	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 is part of the Leadership Group that forms the strategy for the Better Building Partnerships initiative. DEXUS also is a member of five BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: energy, water, 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.

### 2.3d Do you publicly disclose a list of all the research organizations that you fund?

n/a

### 2.3e Do you fund any research organizations to produce or disseminate public work on climate change?

n/a

### 2.3f Please describe the work and how it aligns with your own strategy on climate change

n/a

### 2.3g Please 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 assisted 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.

**2.3h 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 Investor Relations, Marketing and Communications team. The team meets weekly with minutes distributed to key internal stakeholders. The Sustainability Team reports to the Compliance, Risk, Ethics & Sustainability Committee.

The Compliance, Risk, Ethics & Sustainability Committee and the Board Audit, Risk and Sustainability Committee monitor and review all engagement activities to ensure they are in line with 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 CR&S practices and procedures including climate change strategies.

**2.3i Please explain why you do not engage with policy makers**

n/a



## 3. Targets and Initiatives

### 3.1 Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Yes. Absolute target

#### 3.1a Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO <sub>2</sub> e)	Target Year	Comment
Abs1	Scope 1+2	94%	10%	2012	103,544.98	2015	Within its 2013 Annual Review, DEXUS set a target for a 10% reduction in energy, and hence scope 1 and 2 emissions across its portfolio, excluding acquisitions and divestments. 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 and New Zealand properties across the office, industrial and retail portfolios where DEXUS has operational control measured on a financial year compared to a FY12 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.
Abs2	Scope 1+2	56%	37%	2008	83,181.50	2013	DEXUS developed and implemented a portfolio wide energy efficiency improvement program designed to achieve an average 4.5-star NABERS Energy rating across the listed office portfolio by Dec 2012 (ie FY13). The Consumption Reduction Program involves achieving a reduction in energy and subsequent Scope 1 and Scope 2 GHG emissions from purchased electricity and natural gas from DEXUS's listed office portfolio where DEXUS has operational control. GHG emissions savings have resulted from the average 4.5 star NABERS Energy rating program

#### 3.1b Please provide details of your intensity target

n/a

#### 3.1c Please also indicate what change in absolute emissions this intensity target reflects

n/a



**3.1d For all of your targets, please provide details on the progress made in the reporting year**

ID	% complete (time)	% complete (emissions)	Comment
Abs1	33%	51%	DEXUS is halfway towards meeting its three year target with two years remaining. This follows an aggressive period of building retrofits involving major upgrades to HVAC plant and equipment, controls, lighting and lift systems.
Abs2	100%	100%	FY13 saw DEXUS complete its NABERS improvement program in which DEXUS committed \$31.1m of capital (which included \$3.5 million grant from the Federal Government's Green Building Fund) to conduct building retrofits in order to achieve and exceed the 4.5-star targeted outcome. Each site underwent an assessment based on requirements outlined within the Federal Government's Energy Efficiency Opportunities (EEO) program. Feasible projects were identified and successfully implemented. Achieving beyond its 4.5 star target, DEXUS's NABERS program lifted the NABERS Energy rating average from 3.2 stars to 4.7 stars, across its office portfolio as at 31 December 2012.

**3.2 Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?**

No

**3.3 Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)**

Yes

**3.3a Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO<sub>2</sub>e savings**

Stage of Development	Number of projects	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	25	
To be implemented*	23	3897
Implementation commenced*	25	2894
Implemented*	35	3450
Not to be implemented	30	



# MANAGEMENT - INVESTOR CONT'D

## 3.3b For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO <sub>2</sub> e savings (metric tonnes CO <sub>2</sub> e)	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Pay-back period	Estimated lifetime of the initiative, years	Comment
Energy efficiency: Building services	<p>DEXUS has undertaken a three year NABERS Energy and NABERS Water Rating improvement program that has delivered substantial energy and greenhouse gas reductions and improved the NABERS Energy ratings across the DEXUS portfolio. The program involved the following activities:</p> <ul style="list-style-type: none"> <li>conducted energy audits to identify and quantify energy efficiency opportunities</li> <li>evaluation and decision making to prioritise opportunities for implementation based on feasibility, cost and contribution towards the program target</li> <li>allocation of capital funding to support implementation</li> <li>staged implementation involving dedicated project management and use of industry specialists</li> <li>review and evaluation of outcomes and reporting to internal stakeholders.</li> </ul> <p>Examples of the types of initiatives that DEXUS implemented include:</p> <ul style="list-style-type: none"> <li>Replaced 29 outdated and inefficient water-cooled air conditioning systems that used excessive energy and potentially contained prohibited refrigerants.</li> <li>Installed modern, computer-controlled building management control systems (BMCS) to optimise building performance through algorithms that match outdoor conditions with internal building requirements.</li> <li>Optimised the newly installed BMCS by diligently tuning and repairing all valves, dampers, sensors and air handling units and ensuring accurate responses to messages from the BMCS. Installed new metering and energy management systems to assist building management to identify and rectify energy consumption issues. Reduced wastage and improved NABERS Energy ratings.</li> <li>Adopted LED lighting technology and lighting control software to reduce energy consumption in common areas including lift lobbies, foyers, car parks and fire stairs. Dimmable T5 light fittings are being installed in all future tenant refurbishment works. The implemented projects have resulted in reductions in natural gas and electricity consumption, which in turn have resulted in reductions in Scope 1 and 2 greenhouse gas emissions. Activities progressed in FY13 are estimated to have reduced annual Scope 1 and 2 emissions by 6344 tonnes CO<sub>2</sub>e.</li> </ul>	6,344	86,5575	8,554,838	4 to 10 years	15 to 20 years	The estimated annual CO <sub>2</sub> savings relates to projects listed as "Implemented" or "Implementation Commenced" from Question 3.3a. Average pay back period is 10 years. Total investment required excludes costs associated with end-of-life capital equipment replacement including chillers and lifts. The revised figure provides an estimate of the energy efficiency investment component. The implemented projects have resulted in reductions in natural gas and electricity consumption, which in turn have resulted in reductions in Scope 1 and 2 greenhouse gas emissions.

### 3.3c What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	DEXUS runs a compulsory Annual Risk & Sustainability roadshow for employees to improve training in the area of 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 CR&S and emissions reduction activities.
Dedicated budget for energy efficiency	DEXUS NABERS Energy Improvement Program: Driven by a commitment to leading practice in sustainability, DEXUS embarked on a program to improve the environmental performance of its office properties, which led to a reduction in resource consumption across the portfolio. To fund this program, DEXUS created a \$40m capital expenditure budget dedicated towards energy efficiency projects. DEXUS invested \$31.1m (below budget) to achieve the 4.5 star targeted outcome by 31 December 2012. DEXUS also received \$3.5 million grant from the Federal Government's Green Building Fund which further reduced its capital cost to \$27.6million. A pre-approved budget enabled the project implementation team discretion in regards to selecting projects and also focus on large, high impact projects without the need to seek capital on a case-by-case basis.
Compliance with regulatory requirements/standards	DEXUS participates and complies with the NGER Act, EEO 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 both in the office and industrial sectors. In industrial, DEXUS continues to ensure all new developments incorporate ESD initiatives such as the inclusion of 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. DEXUS works with the Green Building Council of Australia's Green Star Industrial Rating Tool (Version 1) and is committed to incorporating many of the requirements of the tool in new developments. DEXUS continues to present Green Star opportunities to all tenants it engages with on industrial new builds.
Other	Each year DEXUS allocates a budget for NABERS ratings across the office, industrial and retail portfolios is allocated. 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 capital expenditure 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.

### 3.3d If you do not have any emissions reduction initiatives, please explain why not

n/a



## 4. Communication

### 4.1 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	Page/Section reference	Attach the document
In mainstream financial reports (complete)	8, 16-17, 21, 26, 33-35, 39, 47, 49, 52	<a href="https://www.cdp.net/sites/2014/27/4627/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/2013%20DEXUS%20Annual%20Review.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC4.1/2013 DEXUS Annual Review.pdf</a>
In mainstream financial reports (complete)	25-40	<a href="https://www.cdp.net/sites/2014/27/4627/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/2013%20DEXUS%20Performance%20Pack.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC4.1/2013 DEXUS Performance Pack.pdf</a>
In voluntary communications (complete)	1-12	<a href="https://www.cdp.net/sites/2014/27/4627/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/DEXUS-NCOS%20PDS%20FY13.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC4.1/DEXUS- NCOS PDS FY13.pdf</a>
In voluntary communications (complete)	1-24	<a href="https://www.cdp.net/sites/2014/27/4627/Investor%20CDP%202014/Shared%20Documents/Attachments/CC4.1/DEXUS-NCOS%20GHG%20Inventory%20FY13.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC4.1/DEXUS- NCOS GHG Inventory FY13.pdf</a>

### Further Information

DEXUS Property Group's 2013 Annual Reporting Suite consists of four documents for the year ended 30 June 2013:

1. The 2013 DEXUS Annual Review – an integrated report summarising our financial, operational and Corporate Responsibility and Sustainability (CR&S) performance.
2. The 2013 DEXUS Annual Report – provides DEXUS's Consolidated Financial Statements, Corporate Governance Statement and Board of Directors information. This document should be read in conjunction with the 2013 DEXUS Annual Review.
3. The 2013 DEXUS Combined Financial Statements – the Financial Statements of DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust. This document should be read in conjunction with the 2013 DEXUS Annual Report and Annual Review.
4. The 2013 DEXUS Performance Pack – provides the data and detailed information supporting the results outlined in the 2013 In these reports, DEXUS demonstrates how it manages its financial and non-financial performance in line with its strategy.



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## Module: Risks and Opportunities

### 5. Climate Change Risks

#### 5.1 Have you identified any climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure?

Risks driven by changes in regulation  
 Risks driven by changes in physical climate parameters  
 Risks driven by changes in other climate-related developments

#### 5.1a Please describe your risks driven by changes in regulation

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Emission reporting obligations	Compliance with Australian National Greenhouse Energy Reporting Act (NGER) requires mandatory reporting of GHG emissions and energy usage across the DEXUS Australian portfolio. Data is required to be accurate to +/-5%	Increased operational cost	Up to 1 year	Direct	Virtually certain	Low - medium	Corporations that do not register and report on their emissions may be liable for penalties. The NGER legislation allows for administrative, civil and/or criminal penalties in response to non-compliance. DEXUS faces fines of up to \$340,000 (2,000 penalty units) for failure to apply for registration, and daily fines of up to \$17,000 (100 penalty units) for each day of non-compliance. Obligations under the NGER Act continue, even if the period has expired or the due date has passed.	DEXUS has managed and continues to manage specific resources to deliver the reporting requirements including the appointment of external consultants and internal analysts to manage the collection of and maintenance of emissions data. DEXUS works with an external service provider, systems have been set up 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. External resources enter the data into the Government's database.	DEXUS has incurred costs of \$200,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees. Further improvements to the system will be made in the coming year as reporting and analysis of trends increases.
Product efficiency regulations and standards	Compliance with Australian Energy Efficiency Opportunities Act (EEO). As energy use exceeds 0.5 petajoules, DEXUS has triggered a requirement to commence reporting under this Act which requires a schedule per property of identified energy efficiency opportunities together with forecasts on impact	Increased operational cost	Up to 1 year	Direct	Virtually certain	Medium-high	Energy Efficiency Opportunities Act 2006 imposes significant penalties for non-complying Australian organisations that trigger the reporting threshold of 0.5 PJ of energy use, if found to be non-compliant by a Court. Prosecution is considered a last resort option and would be initiated only in the most serious cases. The Court may order DEXUS to pay the government a penalty of up to 1000 penalty units, which is currently a maximum fine of \$110000 per offence.	DEXUS has prepared an Assessment and Reporting Schedule (ARS) and a review of all energy efficiency opportunities are undertaken by an external consultant annually to monitor compliance. DEXUS has already committed to planned strategic improvement plans across its office portfolio so the requirements of EEO have supplemented existing practices. The strategic improvement plans are managed on a portfolio basis by dedicated resources. Their work includes compiling, costing and implementing the plans for each property.	Management costs include internal resource time, external advisory and financial modelling to measure and assess the impact of investment in the opportunities. The provision of compliant improvement plans and public reports has increased costs. DEXUS's initial set up costs and compliance have exceeded \$100,000 with ongoing costs of around \$40,000 pa, and include external verification and the cost of producing compliant reports as well an allocation of internal resources to manage the process.



## RISKS AND OPPORTUNITIES - INVESTOR CONT'D

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Product efficiency regulations and standards	Compliance with Building Energy Efficiency Disclosure (BEED) 2010 Act. This Act came into force in 2010 and requires DEXUS and other commercial building owners to disclose the energy efficiency of its building through a Building Energy Efficiency Certificate in the event of marketing the lease and/or sale of a space and/or building over a minimum 2,000 square metres. The provisions of the Act also require the energy efficiency rating (via NABERS ratings) to be displayed in printed, physical and online marketing materials.	Other: The legislation addresses non-compliance through monetary infringement notices of \$11,000 (under Section 11 of the Act) and a maximum court imposed penalty of \$110,000 for breaches of the Act (advertising the lease or sale of a commercial space without disclosure of a valid BEEC and NABERS rating). Note, as of 29 December 2012, this has been increased to \$17,000 per day and \$170,000 respectively. Other impacts include the additional costs of compliance through revising existing marketing material issued before the introduction of the legislation, inability to lease space or carry out our business without a rating and costs of applications for exemptions for properties that may fall outside normal ratings parameters.	3 to 6 years	Direct	Virtually certain	Medium-high	Disclosure Act 2010 (BEED Act) governs the obligations of building owners that lease or sell commercial offices over 2000m <sup>2</sup> in Australia. The legislation addresses non-compliance through monetary infringement notices. DEXUS may face fines of \$17,000 and a maximum court imposed penalty of \$170,000. Non-compliance costs also 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.	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.	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 DEXUS incurs costs of \$160,000 pa.

### 5.1b Please describe your risks that are driven by change in physical climate parameters

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Tropical cyclones (hurricanes and typhoons)	DEXUS manages properties that are located 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.	Other: Includes direct damage, costs to repair, increase to insurance premiums, costs to mitigate and adapt business interruption, social/employee disruption, local economic impacts, supply of goods and services.	>6 years	Direct	Very likely	High	The financial impacts of tropical cyclones are quantified through insurance excess, which, for DEXUS can range between \$10,000 and a maximum of 3% of the property's indemnity value, per event. Some insurance costs are recoverable through tenants.	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. As one example, the storm water reticulation was upgraded at a development at Smithfield Shopping Centre to increase the size of pipes and syphonic drainage was installed to increase the water capacity in the event of extreme precipitation. Additionally, cyclone-proof steel carpark shade sails were also installed.	Management costs vary by site. At Smithfield Shopping Centre DEXUS incurred additional cost of \$40,000 to go beyond the required building code and an additional \$65,000 was spent to ensure the material was cyclone-proof. However, the potential savings in water damage to internal tenancies would be significant depending on the size and frequency of the event.
Change in precipitation pattern	DEXUS invests in some geographical areas that could be impacted by floods that could increase in impact if there are changes in precipitation. In Australia, investments occur along the eastern seaboard and highly populated areas, some of which are along main rivers and harbours. It may be likely that some properties will be impacted in the future.	Other: Impacts consideration for adaptation strategies and longer term investment decisions. As a result of floods, direct damage could be sustained to properties. Social and local economic factors could also impact the operations of the Group's office, industrial and retail businesses in these areas.	>6 years	Direct	About as likely as not	Medium	For DEXUS, the financial impacts of change in precipitation patterns are quantified through insurance excess, which is \$10,000 per event. Some insurance costs are recoverable through tenants.	DEXUS has finalised an Australian portfolio wide climate risk assessment that identifies the top 10 properties at risk. As a general note all climate change risks are being investigated as part of this scope and any risks identified will be prioritised for remedial action where feasible. Mitigation and adaptation strategies will be determined when the risk is quantified. In most cases remedial action is seen as a medium term solution and will be included as part of life cycle or redevelopment capex. For example, risks and opportunities are being assessed at a Brisbane industrial property affected by the 2011 floods to relocate and improve meter reticulation and switchboards to prevent future exposures. An affected commercial office tower in Brisbane has also been assessed and adapted to manage potential climate change physical risks by relocating plant from basement to tower level, relocation of switchboards.	Costs associated with mitigation and future adaptation are determined on a property by property basis. For example, at Smithfield Shopping Centre, DEXUS spent an additional \$40,000 on oversized stormwater pipework to mitigate the risk of on-site flooding due to heavy precipitation. Risks have been identified for the top 10 properties and plans to adapt are managed at a property level.

# RISKS AND OPPORTUNITIES - INVESTOR CONT'D

## 5.1c Please describe your risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Reputation	Reputational risk is of primary concern to DEXUS and the financial implications of not managing this risk can have a significant impact on the organisation, investors, customers, people and other key stakeholders in the wider community. Reputation is critical to attracting new capital and impacts DEXUS's ability to deliver investor returns and enable future growth.	Other: Increased operational cost, increased capital cost, reduction in capital availability, reduced stock price (market valuation), inability to do business	1 to 3 years	Direct	Very likely	High	The financial impacts of DEXUS's reputational risk can be measured through the ability of attracting new capital and delivering required returns to investors to enable future growth; cheaper cost of capital and favourable share price performance. In this context, failure to manage reputation would jeopardise DEXUS's ability attract capital partners. DEXUS's share price would also be negatively impacted; estimated to be 0% to 10%.	Regulatory compliance, capital investment, carbon analysis and education of employees, investors and other stakeholders forms 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 2013 Annual Review including DJSI, FTSE4Good Index and the Group's commitment to the CDP. DEXUS is a signatory to the UNPRI and has integrated these principles throughout the Group. DEXUS draws on market expertise by engaging a specialist consultancy annually to assist with the formation and ongoing management of its Climate Change Risk Report, Climate Change Impact Property Register and Property Climate Change Action Plans.	Costs to maintain company reputation include staff resourcing, capital investment (DEXUS invested \$31.1m including grants across its listed office portfolio), engaging consultants to advise and assist building design and delivery, reporting software services, memberships to industry associations (costing DEXUS \$60,000 pa) (e.g. GBCA, Australasian Investor Relations Association) to keep abreast of emerging trends.
Changing consumer behaviour	Changing consumer behaviour and tenant preference for energy efficient buildings could lead to a devaluation of the property portfolio if DEXUS fails to future-proof the portfolio to enhance energy efficiency. The public sector as well as a number of private sector industries have minimum NABERS ratings requirements and cannot occupy buildings that do not meet their requirements.	Reduced demand for goods/ services	1 to 3 years	Direct	Very likely	High	Financial implications of risk change in consumer behaviour comprise increased vacancy periods, lower passing rents or increases in lease incentives (ie lease discounts). Operating costs would also increase as energy usage remains inefficient. The other financial implication is the capital investment in the upgrade of the property.	DEXUS manages is risk regarding changing consumer behaviour in three ways: <ol style="list-style-type: none"> <li>1. Capital investments in properties to maximise building energy efficiency, and reduce greenhouse gas 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 lighting air conditioning systems and Building Management systems and software. DEXUS analyses the potential improvement of the property versus the cost of upgrades, the requirements of the tenant and value of the lease before commitment to expenditure.</li> <li>2. Analyse consumer trends through market research and develop adaption plans.</li> <li>3. Focusing on tenant needs and issues to provide service excellence.</li> </ol>	DEXUS has incurred cost in excess of \$100,000 for the assessment of an individual property upgrade potential, implementation of the works, leasing discussions, rating costs for the property and compliance with legislative reporting requirements. This excludes the cost of equipment and ongoing monitoring costs.



6. Climate Change Opportunities

6.1 Have you identified any climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure?

Opportunities driven by changes in regulation  
 Opportunities driven by changes in physical climate parameters  
 Opportunities driven by changes in other climate-related developments

6.1a Please describe your opportunities that are driven by changes in regulation

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Voluntary agreements	Australian Green Building Fund. The Green Building Fund aims to reduce the impact of GHG emissions on Australia's built environment by providing grants to owners of existing commercial office buildings. The work undertaken as a result of providing the grant has and is expected to further reduce energy consumption in the operations of the building. The agreed energy reduction target is a condition of the grant. Opportunities for funding, earlier adoption of upgrades and reputational opportunities are the main drivers for the grants from DEXUS's perspective.	Reduced operational costs	Up to 1 year	Direct	Virtually certain	High	In FY13 DEXUS received the last of its funding from the Green Building Fund grants (total of \$5.8m) originally awarded to DEXUS in FY11, These funds have offset implementation costs for energy efficiency projects across office and retail assets within Australia. Savings benefit both DEXUS and its tenants and support DEXUS's 4.5 star NABERS energy target as well as efficiency programs across its retail portfolio.	The management of the grant expenditure is controlled by Government representatives through physical inspection, submission of progress reports and nominated draw down of funds based on achieving certain agreed milestones. The projects are managed internally through dedicated personnel administering contracts relevant to the specific projects. Savings are generated from projects such as upgrading existing HVAC systems including upgrading Building Management Control Systems, installation of high efficiency low load chillers in some cases and modifications to the water distribution systems incorporating variable speed drives and high efficiency motors. Also involved are upgrades to base building lighting and installation of new energy metering and management software. More efficient systems will result in better energy monitoring processes and savings in hours spent identifying issues. Without this funding some of these projects would not have been financially viable and would not have proceeded. In some cases, where the business case supported it, expenditure was brought forward. In other cases, the funding provided the opportunity to consider innovative solutions that otherwise may not have been viable. The upgrades supported by the funding have been included in the NABERS Energy Improvement Program. The majority of works for last year's grants have now been completed and reports are being prepared for the Government.	DEXUS administers the project via dedicated resources that specifically address the upgrades to existing buildings and include the management of the Green Building funding as part of their scope. DEXUS committed \$31.1m, including the grants, to implement upgrades across the office portfolio. The program was completed in December 2012. DEXUS's average NABERS Energy portfolio rating as at 31 December 2012 was 4.7 stars. Commitment in the retail portfolio, including grants, exceeds \$4m.
Emission reporting obligations	Australian National Greenhouse and Energy Reporting (NGER) Act. Mandatory reporting of GHG emissions and energy usage across the DEXUS Australian portfolio. Data is required to be accurate to +/- 5%. DEXUS utilises this reporting to measure the success of initiatives to reduce operating costs as well as ensuring accountability for the reductions.	Reduced operational costs	3 to 6 years	Direct	Virtually certain	High	Compliance with the NGER Act enables DEXUS to critically examine reporting structures, better measure trends and set up more efficient tracking systems. DEXUS sees an ongoing opportunity to improve efficiency and data accuracy, identifying billing errors (estimated to be \$100,000 to \$250,000 pa), reductions in emissions and ultimately lower operating costs across the properties and the business.	A streamlined approach to resource consumption and collection of data has resulted from the engagement of a specialist consultant to manage reporting and data management. All invoices are sent electronically to a central point and provided to the outsourced supplier for collation. Missing data is identified and routinely followed up. This data is stored in a suitable format to allow easy upload to the Government reporting framework and the information can also be easily verified to meet acceptable tolerance levels.	DEXUS has incurred costs of \$200,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees. Further improvements to the system will be made in the coming year as reporting and analysis of trends increases.

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Product efficiency regulations and standards	Energy Efficiency Opportunities (EEO) Act. DEXUS has triggered a requirement to commence reporting under this Act which requires a schedule per property of identified energy efficiency opportunities together with forecasts on impact and payback period resulting from investment in the opportunity. The reporting boundary is limited to 80% of the portfolio by total CO <sub>2</sub> -e emissions and is triggered when an organisation exceeds a total of 125kt CO <sub>2</sub> -e in any one year. This requirement mirrors DEXUS's internal established process of individual Strategic Improvement Plans (SIPs) for each property. By assessing sites and developing SIPs, DEXUS can identify large scale energy efficiency opportunities that will reduce operating costs and GHG emissions, and improve NABERS ratings.	Reduced operational costs	1 to 3 years	Direct	Virtually certain	High	Adherence to the EEO legislation results in energy audit and compliance costs; have typically cost DEXUS between \$20,000 and \$50,000 pa. Should DEXUS implement projects it faces additional capital costs (\$300,000 on average), however it will also realise reduced operating costs from energy savings (approx. \$12,000 to \$20,000 pa.). DEXUS's risk of non-compliance with EEO at a corporate level exceeds up to 1000 penalty units equivalent to a maximum fine of \$110,000 per offence.	Management of the program has been assigned to an external service provider who works with internal resources to track all opportunities. Internal resources review the submission and ensure that it is in line with the established strategic improvement plan process. Each property team undertakes a review of its plan quarterly.	DEXUS's cost of compliance for the 1st Assessment Reporting Schedule and ongoing reporting obligations were \$40,000 per annum and included preparation, review, tracking and external verification of the identified opportunities within the submission. Future costs will be similar.
Voluntary agreements	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 off the capital works undertaken within its NABERS improvement program to generate ESCs on an annual basis. Revenue from sale of ESCs is used to offset operational costs. The scheme is forecast to continue until 2020.	Reduced operational costs	3 to 6 years	Direct	Virtually certain	High	In FY13 DEXUS generated its first batch of Energy Savings Certificates which were subsequently sold for \$137,000. From FY14, DEXUS forecasts annual revenue of approximately \$471,000. These funds have and will continue to offset operational costs which benefit both DEXUS and its tenants.	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. 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 has and will incur ongoing costs to rate properties each year, at a cost of approximately \$5,000 per property.

## RISKS AND OPPORTUNITIES - INVESTOR CONT'D

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Voluntary agreements	National Emissions Reduction Fund (ERF): The Federal Government is seeking to establish the ERF, under which businesses can establish site-specific baselines and those that reduce their emissions below their baseline will be able to sell their CO <sub>2</sub> emissions reduction to the Government via a reverse auction process. The government is targeting agreement for up to seven years. DEXUS faces the opportunity to apply for funding for future emission reduction projects to help offset capital investment costs.	Reduced capital costs	>6 years	Direct	More likely than not	Low	From its list of projects currently under investigation, DEXUS estimates that it could apply for projects that realise approximately 8261 tonnes CO <sub>2</sub> , worth \$165,000 pa based on an \$8 auction price and 50% chance of success. This represents around 3% of DEXUS's project implementation costs.	The Emissions Reduction Fund legislation is yet to be passed into law. DEXUS is following the progress of this legislation and is collaborating with industry bodies to provide feedback to the government regarding its practicality and feasibility. Once the legislation passes into law, DEXUS will review the final requirements and determine its appetite to register projects and seek funding from the reverse auction process.	DEXUS anticipates that compliance with the legislation will involve additional administration burden, which is indicatively estimated at approximately 1% of project costs, or \$57,000 per annum.

### 6.1b Please describe the opportunities that are driven by changes in physical climate parameters

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Change in precipitation extremes and droughts	DEXUS manages retail properties that are located in Far North Queensland, an area prone to regular cyclone activity. Risk assessments have identified opportunities for resilience and property adaptation through further development of the property. This will enhance the long term value and potential returns from the property and DEXUS as a whole.	Increased stock price (market valuation)	>6 years	Direct	Very likely	High	DEXUS assesses resilience and innovative design regarding precipitation extremes and droughts. DEXUS's implementation costs vary and with a payback measured in usage savings or in risk mitigation re: extreme events. Opportunities exist in terms of superior design, energy efficiency and risk mitigation. 'Green' premiums vary but evident in most cases and relevant to DEXUS (5 star NABERS energy rating delivers 9% green premium, 3 to 4.5 star NABERS energy rating delivers 2-3% green premium).	As a market leader DEXUS employs consultants with a strong reputation in their fields and require consultants to have proven track record in property. DEXUS engages specialists only after a thorough tender process to identify a consultant team that can provide innovative and best practice solutions. DEXUS consults with various authorities, project managers and advisory groups to ensure developments, retrofits and new builds respond to expected climate change impacts and maximise energy efficiency opportunities to reduce greenhouse emissions. DEXUS maximises the use of Green Star in Australia for developments and ensures all eligible properties are rated under NABERS Energy and Water and have targets to improve. DEXUS communicates building performance to potential tenants to raise awareness and confirm its commitment to leading practices and operations.	Stringent design and evaluation processes already exists across property developments/ retrofits for evaluation of opportunities as climate change assessment continues to expand for each project. Climate change impacts are factored into investment decision making via the Sustainable Investment Guidelines. Risks are identified prior to finalising design briefs and thus identify and minimise additional costs early in the project. Risk assessments typically cost DEXUS up to \$10,000 per site.
Other physical climate opportunities	DEXUS completes physical climate change risk assessments for all Australian and New Zealand properties with action plans put in place for the top "10 properties". The opportunity to DEXUS is to identify adaptation and mitigation opportunities that will enable tenants to maintain trading within a property at risk of the impacts of climate change.	Other: Risk profiles have been developed and opportunities identified for adaptation and property value protection.	1 to 3 years	Direct	Very likely	Unknown	Climate risk assessments for DEXUS's Australian portfolio assess the impact of the properties' geographic location as well as an assessment on current design and building materials. One week's loss of revenue from a shopping centre that closes due to a climate change event negatively impacts DEXUS's tenant revenues by around 2%.	The scope is to assess risk to the property in relation to predicted changes in physical climate over the next 10, 20 and 50 years, key timelines include 2030 and beyond. The model considers potential impacts to 2070. Revised data from government agencies, as it is being released, is being used to factor in risk. DEXUS will continue to update its reports, registers and action plans annually to reflect updates in data available and any changes to its portfolio (acquisitions and disposals).	This will provide us with the opportunity to prioritise capital investment in retrofits, redevelopment or extension to existing properties. Property valuation, resilience, attractiveness to lessees, reduced vacancy levels and portfolio reputation will be protected by this opportunity. Final costs associated with any adaptation are yet to be finalised and will be confirmed on completion of the assessment and perceived risk. Risk assessments typically cost DEXUS up to \$10,000 per site.

## 6.1c Please describe the opportunities that are driven by changes in other climate-related developments

Risk driver	Description	Potential Impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	Estimated Financial implication	Management method	Cost of management
Reputation	DEXUS is a leader in CR&S 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.	Increase in capital availability	Up to 1 year	Direct	More likely than not	High	The opportunity for managing reputation also is attracting new capital and delivering required returns to investors to enable future growth; cheaper cost of capital and favourable share price performance. Following a recent acquisition and demonstrated reputation for prudent capital management, DEXUS had its listed portfolio's credit rating upgraded for Standard & Poor's in March 2014 and for Moody's in May 2014 which immediately reduced the cost of drawn bank debt by circa 10 basis points.	Regulatory compliance, capital investment, carbon analysis and education of the organisation's staff, investors and other stakeholders forms 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 CR&S report including DJSI, FTSE4Good Index and commitment to the CDP. DEXUS is a signatory to the UNPRI and have integrated these principles throughout the organisation. 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.	Costs to maintain company reputation include staff resourcing, capital investment (DEXUS invested \$31.1m including grants across its listed office portfolio), engaging consultants to advise and assist building design and delivery, reporting software services, memberships to industry associations (costing DEXUS \$60,000 pa) (e.g. GBCA, Australasian Investor Relations Association) to keep abreast of emerging trends.
Changing consumer behaviour	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. In order for DEXUS to maintain occupancy levels, continual upgrades and innovation in buildings is required to maintain efficiency levels. NABERS Energy ratings of 4 stars and above are increasingly being sought by government and corporate tenants	Increased demand for existing products/services	Up to 1 year	Direct	Virtually certain	High	The direct financial implications of the opportunity can be measured by returns on investment achieved based on the efficiency of the property. For example the IPD benchmarks green buildings against the sector, and has reported that on average a 5 star NABERS building delivers returns of 10.7% against a 3 star building that returns 7.5%. Thus opportunity lies in DEXUS's ability to reduce greenhouse emissions to maximise returns to achieve these returns.	As described earlier the primary drivers of energy reduction are the implementation of strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of lighting air conditioning systems and Building Management systems and software. DEXUS analyses the potential improvement of the property versus the cost of upgrades, the requirements of the tenant and value of the lease before commitment to expenditure.	DEXUS has incurred cost in excess of \$100,000 for the assessment of an individual property upgrade potential, implementation of the works, leasing discussions, rating costs for the property and compliance with legislative reporting requirements. This excludes the cost of equipment and ongoing monitoring costs.



# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR

## Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

### 7. Emissions Methodology

#### 7.1 Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO <sub>2</sub> e)	Scope 2 Base year emissions (metric tonnes CO <sub>2</sub> e)
Sun 01 Jul 2007 - Mon 30 Jun 2008	6026	145259

#### 7.2 Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
Australia - National Greenhouse and Energy Reporting Act
New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

#### 7.3 Please give the source for the global warming potentials you have used

Gas	Reference
CO <sub>2</sub>	IPCC Fourth Assessment Report (AR4 - 100 year)
CH <sub>4</sub>	IPCC Fourth Assessment Report (AR4 - 100 year)
N <sub>2</sub> O	IPCC Fourth Assessment Report (AR4 - 100 year)

#### 7.4 Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference
Electricity	0.88	metric tonnes CO <sub>2</sub> e per MWh	NSW and ACT, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	1.19	metric tonnes CO <sub>2</sub> e per MWh	VIC, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	0.86	metric tonnes CO <sub>2</sub> e per MWh	QLD, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	0.65	metric tonnes CO <sub>2</sub> e per MWh	SA, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	0.82	metric tonnes CO <sub>2</sub> e per MWh	WA, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	0.26	metric tonnes CO <sub>2</sub> e per MWh	TAS, Australia - NGER Measurement Determination 2012, Schedule 1, Part 6, page 298, July 2012
Electricity	0.137	metric tonnes CO <sub>2</sub> e per MWh	New Zealand - Guidance for Voluntary Corporate Greenhouse Gas Reporting, Section 3.2.1, Table 4, page 20, December 2011
Natural gas	0.051	metric tonnes CO <sub>2</sub> e per GJ	Australia - NGER Measurement Determination 2012, Schedule 1, Part 2, page 293, July 2012
Natural gas	0.0534	metric tonnes CO <sub>2</sub> e per GJ	New Zealand - Guidance for Voluntary Corporate Greenhouse Gas Reporting, Section 3.1.1, Table 1, page 14, December 2011

## 8. Emissions Data - (1 Jul 2012 - 30 Jun 2013)

### 8.1 Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

### 8.2 Please provide your gross global Scope 1 emissions figures in metric tonnes CO<sub>2</sub>e

5,427.34

### 8.3 Please provide your gross global Scope 2 emissions figures in metric tonnes CO<sub>2</sub>e

105,812.49

### 8.4 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

### 8.4a Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

n/a

### 8.5 Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 2% but less than or equal to 5%	Extrapolation  Metering/ Measurement Constraints  Data Management	The Australian and New Zealand FY13 data received 'limited assurance' and is derived directly from invoices collated and entered into a resource consumption database stored by DEXUS and by a third party. Scope 1 uncertainty has been calculated in accordance with requirements and methods set out within the NGER Act. The areas of uncertainty included are those related to energy content factors, emission factors, measurement of activity data and extrapolation. Where an invoice was not received at the time of reporting, the metered data was entered in place of the monthly consumption figure. Where metered data was not available either, an estimate was applied following the limited assurance criteria and Resource Consumption Methodology.	Less than or equal to 2% Extrapolation	Metering/ Measurement Constraints  Data Management	The Australian and New Zealand FY13 data received 'limited assurance' and is derived directly from invoices collated and entered into a resource consumption database stored by DEXUS and by a third party. Scope 2 uncertainty has been estimated in line with methods set out within the NGER Act. The areas of uncertainty included are those related to energy content factors, emission factors, measurement of activity data and extrapolation. Where an invoice was not received at the time of reporting, the metered data was entered in place of the monthly consumption figure. Where metered data was not available either, an estimate was applied following the limited assurance criteria and Resource Consumption Methodology.

# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

## 8.6 Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance complete

### 8.6a Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/27/4627/Investor_CDP_2014/Shared_Documents/Attachments/CC8.6a/PwC_Assurance_Report_to_DEXUS_Integrated_Online_Reporting_Suite_1.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC8.6a/PwC Assurance Report to DEXUS Integrated Online Reporting Suite_1.pdf</a>	Pages 1-2	ASAE3000	100

### 8.6b Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

n/a

## 8.7 Please indicate the verification/assurance status that applies to your reported Scope 2 emissions

Third party verification or assurance complete

### 8.7a Please provide further details of the verification/assurance undertaken for your Scope 2 emissions, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of Scope 2 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/27/4627/Investor_CDP_2014/Shared_Documents/Attachments/CC8.7a/PwC_Assurance_Report_to_DEXUS_Integrated_Online_Reporting_Suite_1.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC8.7a/PwC Assurance Report to DEXUS Integrated Online Reporting Suite_1.pdf</a>	Pages 1-2	ASAE3000	100

## 8.8 Please identify if any data points other than emissions figures have been verified as part of the third party verification work undertaken

Additional data points verified	Comment
Other: Total energy (GJ) and total water (kL)	Limited assurance also included assessment of total energy consumption and total water consumption within the same boundary and time period

## 8.9 Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

### 8.9a Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO<sub>2</sub>

n/a

## 9. Scope 1 Emissions Breakdown - (1 Jul 2012 - 30 Jun 2013)

9.1 Do you have Scope 1 emissions sources in more than one country?

Yes

9.1a Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO <sub>2</sub> e
Australia	5424.44
New Zealand	2.90

9.2 Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

n/a

9.2a Please break down your total gross global Scope 1 emissions by business division

n/a

9.2b Please break down your total gross global Scope 1 emissions by facility

n/a

9.2c Please break down your total gross global Scope 1 emissions by GHG type

n/a

9.2d Please break down your total gross global Scope 1 emissions by activity

n/a

9.2e Please break down your total gross global Scope 1 emissions by legal structure

n/a



# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

## 10. Scope 2 Emissions Breakdown - (1 Jul 2012 - 30 Jun 2013)

10.1 Do you have Scope 2 emissions sources in more than one country?

Yes

10.1a Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2 metric tonnes CO <sub>2</sub> e	Purchased and consumed electricity, heat, steam or cooling (MWh)	Evidence of submission Purchased and consumed low carbon electricity, heat, steam or cooling accounted for CC8.3 (MWh)
Australia	105,487.99	113,107.72	13,000
New Zealand	324.50	2,368.59	0

10.2 Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

n/a

10.2a Please break down your total gross global Scope 2 emissions by business division

n/a

10.2b Please break down your total gross global Scope 2 emissions by facility

n/a

10.2c Please break down your total gross global Scope 2 emissions by activity

n/a

10.2d Please break down your total gross global Scope 2 emissions by legal structure

n/a

## 11. Energy

### 11.1 What percentage of your total operational spend in the reporting year was on energy?

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

### 11.2 Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Fuel	29,369.93
Electricity	115,476.31
Heat	0
Steam	0
Cooling	0

### 11.3 Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	29,369.93

### 11.4 Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the Scope 2 figure reported in 8.3

Basis for applying a low carbon emission factor	MWh associated with low carbon electricity, heat, steam or cooling	Comment
Other	13,000	DEXUS precommits to purchasing a quantity of GreenPower (for the FY13 reporting period, this was 13,000 MWh) that offsets a percentage of electricity used in buildings that have 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).





# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

## 12. Emissions Performance

### 12.1 How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

#### 12.1a Please 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

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	6.4	Decrease	During the FY13 reporting period, DEXUS achieved a 6.4% reduction in absolute emissions (scope 1 and 2 combined) from FY12 and 26% overall when compared to the baseline year of FY08. The data shows that GHG emissions on an intensity basis for the DEXUS Australia and New Zealand portfolio reduced by 0.5%, Energy on an intensity basis (MJ/sqm) increased by 2.1% during the 12 month period due increased operation of new trigeneration systems. Emissions have decreased across DEXUS operations primarily due to a number of integrated, targeted emissions reduction activities. These include the NABERS Energy Improvement Program which included 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.
Divestment	2.9	Decrease	During the FY13 reporting period, DEXUS divested several properties which has contributed to a 3,161.9 tonnes CO <sub>2</sub> -e or 2.9% reduction in emissions reported.
Acquisitions	8.8	Increase	During the FY13 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 9,677.3 tonnes CO <sub>2</sub> -e or 8.8% in emissions reported.
Mergers			
Change in output			
Change in methodology			
Change in boundary			
Change in physical operating conditions	1.3	Increase	DEXUS manages a portfolio of properties that include office and retail asset types. These premises provide occupants with a comfortable, air conditioned 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 FY13 reporting period Australia and New Zealand experienced greater fluctuations in temperatures when measured against FY12. 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. Some key variations include - Sydney, Melbourne and Brisbane saw increases in cooling requirements of 19%, 23% and 10% respectively. Changes in heating needs varied across the portfolio with Sydney seeing a 6% reduction in heating requirement, whilst Melbourne saw an increase of 11%. Increases in heating or cooling needs results in increased energy use and associated greenhouse gas emissions. Across the portfolio, these changes accounted for an increase of approximately 1,423.7 tonnes CO <sub>2</sub> -e or 1.3% in greenhouse gas emissions.
Unidentified			
Other			

**12.2 Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO<sub>2</sub>e per unit currency total revenue**

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.1627	metric tonnes CO <sub>2</sub> e	unit total revenue	6.1	Decrease	In the previous year, DEXUS's emissions were 0.173 tonnes of CO <sub>2</sub> e/\$revenue and this was recalculated since last year's response. DEXUS increased its total Scope 1 and Scope 2 GHG emissions by 0.8% from the previous year and increased \$revenue from the previous year by 7.2%. The 6.1% decrease in intensity per \$revenue is due to a rise in revenue while keeping emissions steady, despite DEXUS seeing a net increase in emissions of 7.2% due to changes to its portfolio and operating conditions. This was offset by a decrease in emissions of 6.4% due to emissions reduction activities including the NABERS Energy Improvement Program, which included 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 onsite Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

**12.3 Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO<sub>2</sub>e per full time equivalent (FTE) employee**

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
475.3839	metric tonnes CO <sub>2</sub> e	FTE employee	10.4	Increase	In the previous year, DEXUS's emissions were 0430.6 tonnes of CO <sub>2</sub> e/FTE and this was recalculated since last year's response. DEXUS increased its total Scope 1 and Scope 2 GHG emissions by 0.8% from the previous year and decreased FTEs from the previous year by 8.7%. The 10.4% decrease in intensity per FTE is due to almost entirely due to a reduction in employee numbers. Emissions should have risen by an extra 7.2% due to changes to its portfolio and operating conditions, however this was offset by a decrease in emissions of 6.4% due to emissions reduction activities including the NABERS Energy Improvement Program, which included 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 onsite Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.



# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

## 12.4 Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for change
0.04918	metric tonnes CO <sub>2</sub> e	square meter	0.5	Decrease	In the previous year, DEXUS's emissions were 0.04941 tonnes of CO <sub>2</sub> e/square metre and this was recalculated since last year's response. DEXUS increased total Scope 1 and Scope 2 GHG emissions by 0.8% from the previous year and reduced emissions per square metre from the previous year by 0.5%. The 0.5% decrease in intensity per square metre is due to an increase in the number of properties and lettable area (square metres) within the portfolio. Although overall emissions have increased 0.8%, DEXUS has observed a net increase of 7.2% in emissions due to changes to its portfolio and operating conditions. However this is largely offset by a decrease in emissions of 6.4% due to emissions reduction activities including the NABERS Energy Improvement Program, which included 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 onsite Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

## 13. Emissions Trading

### 13.1 Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next two years

### 13.2 Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

#### 13.2a Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO <sub>2</sub> e)	Number of credits (metric tonnes CO <sub>2</sub> e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
Credit Purchase	Fossil fuel switch	China Guangdong Shenzhen Qianwan LNG generation project: Qianwan LNG Generation Project (QLGP) is to construct a high efficient LNG (liquefied nature gas) CCGT (combined-cycle gas turbine) plant. The proposed project has a capacity of 1083.09 MW (31 361.03 MW) with annual electricity generation of 3700 GWh. The annual net electricity generation is 3611GWh.The proposed project will consume 505.6 thousand tons of LNG per annum. Electricity to be generated by QLGP will subsequently displace power generation by coal-fired thermal plants and reduce CO <sub>2</sub> emission in China Southern Power Grid (CSPG), which is dominated by coal-fired generation technology. The estimated annual greenhouse gas (GHG) emission reductions will be 1,035,685 tonnes CO <sub>2</sub> e. By using LNG and CCGT, the QLGP will offer the least environmental damaging form of fossil-fuelled electricity generation, produce positive environmental and economic benefits and contribute to the local sustainable development.	Other: Verified Carbon Standard	700	0	Yes	Voluntary Offsetting



# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO <sub>2</sub> e)	Number of credits (metric tonnes CO <sub>2</sub> e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
Credit Purchase	Wind	Grid Connected Renewable Power Generation from Wind Mills by L.S Mills: This project activity is the installation of Wind Turbine Generators (WTG's) in Veerakelamputhur Taluka of Tirunelveli District and Udumalaipettai Taluka of Coimbatore District in Tamil Nadu, India promoted by M/s L.S.Mills Limited. The project activity established a cluster of 6 nos. of NEG Micon make Wind Electricity Generators (WEGs) of different capacities of 0.75 MW and 1.65 MW, aggregating to a total installed capacity of 9 MW (1*0.75 + 5*1.65).The generated power from this project is wheeled through the southern Regional grid dominated by the fossil fuel based power Generation.	Other: Verified Carbon Standard	700	0	Yes	Voluntary Offsetting
Credit Purchase	Forests	Redd Forests Grouped Project: 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.	Other: Verified Carbon Standard	600	0	Yes	Voluntary Offsetting

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**Scope 3 Emissions**

14.1 Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Purchased goods and services	Relevant, calculated	5	Other indirect emissions from paper procured at DEXUS's Sydney and Melbourne Offices (tonnes CO <sub>2</sub> -e) = total weight of paper purchased (kg) x emissions factor (kgCO <sub>2</sub> /t)/1000. Factor: Emission Factor= kg x 1.08. Source: EPA Paper note, dated May 2011.	100.00%	
Capital goods	Not relevant, explanation provided				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 also 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)	Relevant, calculated	445	Indirect emissions from refrigerants at DEXUS's Sydney and Melbourne tenancies and corresponding base building(tonnes CO <sub>2</sub> -e) = (DEXUS's share of total base building equipment charge (kg) x leakage factor (%) x global warming potential of refrigerant gas. Factors: Commercial air conditioning: leakage rate = 9%, Commercial refrigeration: leakage rate = 23%, Global Warming Potentials (GWP): R22 = 1810, R123 = 77, R134a = 1300, R410a = 2088, R404a = 3922, R600a = 0, NH <sub>3</sub> = 0. Factor Source: Leakage rates- National Greenhouse Accounts (NGA) Factors (July 2013), Table 24, page 50; Greenhouse Warming Potential – IPCC 4th Assessment Report. Energy indirect emissions from transmission and distribution losses associated with purchased electricity (tenancy and base building) at DEXUS Sydney and Melbourne offices (tonnes CO <sub>2</sub> -e) = (annual total electricity consumption (kWh)-% of purchased renewable energy) x scope 3 emissions factor (kgCO <sub>2</sub> -e/kWh)/1000. Factor: Scope 3 Emission factors: Sydney, NSW = 0.19 (kg CO <sub>2</sub> -e/kWh) and Melbourne, VIC = 0.15 (kg CO <sub>2</sub> -e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2013), Table 41, page 73.	100.00%	
Upstream transportation and distribution	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Relevant, calculated	216	Other indirect emissions from waste to land fill at DEXUS's Sydney and Melbourne offices (tonnes CO <sub>2</sub> -e)= total weight of waste to landfill (tonnes) x emissions factor (tonnes CO <sub>2</sub> /tonne). Factor: Emission Factor= 1.1 (tonnes CO <sub>2</sub> -e/tonne). Source: Other indirect: National Greenhouse Accounts (NGA) Factors (July 2013), Table 44, page 79. Waste volume to weight conversion factor (t/m <sup>3</sup> ): WRAPP reporting guidelines (co-mingled containers), page 28.	100.00%	
Business travel	Relevant, calculated	1021	Other indirect emissions from air travel for all national employees (tonnes CO <sub>2</sub> -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)) x RFI multiplier. Factor: Short haul 0.20515; Medium haul 0.11600; Long haul 0.13535; km uplift factor 9%; Radioactive Forcing Index (RFI) 1.9. Source: 2010 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors. Other indirect emissions from taxi travel for all national employees (tonnes CO <sub>2</sub> -e)= total kL fuel consumed x energy content factor (GJ/kL) x(scope 1 + scope 3) emissions factor (tonnes CO <sub>2</sub> /kL). Factor: Fuel combustion emission factor- Liquefied petroleum gas (LPG). Energy content factor (GJ/kL) 26.2, Emission factor (CO <sub>2</sub> : 59.6, CH <sub>4</sub> : 0.6, N <sub>2</sub> O:0.6); Scope 3 emissions factor =5.0. Source: National Greenhouse Accounts (NGA) factors (July 2013) - Table 4, page 18 Fuel combustion emission factors (Transport Fuels), Table 40, page 72: Scope 3 emission factors - liquid fuels and certain petroleum based products. Other indirect emissions from car mileage for all national employees (tonnes CO <sub>2</sub> -e)= total kL fuel consumed x (scope 1+ scope 3) emissions factor (tonnes CO <sub>2</sub> /kL). Factor: Fuel combustion emission factor- Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO <sub>2</sub> : 66.7, CH <sub>4</sub> : 0.6, N <sub>2</sub> O:2.3); Scope 3 emissions factor = 5.3. Source: National Greenhouse Accounts (NGA) factors (July 2013) - Table 4, page 18 Fuel combustion emission factors (Transport Fuels); Table 40, page 72: Scope 3 emission factors- liquid fuels and certain petroleum based products. Other indirect emissions from hire cars for all national employees (tonnes CO <sub>2</sub> -e)= total kL fuel consumed x (scope 1+ scope 3) emissions factor (tonnes CO <sub>2</sub> /kL). Factor: Fuel combustion emission factor - Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO <sub>2</sub> : 66.7, CH <sub>4</sub> : 0.6, N <sub>2</sub> O:2.3); Scope 3 emissions factor = 5.3. Source: National Greenhouse Accounts (NGA) factors (July 2013) - Table 4, page 18 Fuel combustion emission factors (Transport Fuels); Table 40, page 72: Scope 3 emission factors - liquid fuels and certain petroleum based products.	100.00%	

# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Employee commuting	Not relevant, explanation provided				DEXUS has a flexible work culture and technology capabilities that support a flexible work environment and therefore employee commuting has not been calculated and 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.
Upstream leased assets	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Not relevant, explanation provided				DEXUS invests directly in Australian office and industrial properties and also 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	Not relevant, explanation provided				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 identified Investments as being a relevant source of scope 3 emissions and has made a public commitment to expand its boundary to include emissions from its properties in the next financial year. This commitment was made publically in the 2012 Annual Review.
Franchises	Not relevant, explanation provided				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.

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO <sub>2</sub> e	Emissions calculation methodology	Percentage of emissions calculated using primary data	Explanation
Investments	Relevant, calculated	54,955	Energy indirect emissions from transmission and distribution losses associated with purchased electricity across DEXUS investment properties (tonnes CO <sub>2</sub> -e)= (annual total electricity consumption (kWh) x scope 3 emissions factor (kgCO <sub>2</sub> -e/kWh))/1000. Factor: Scope 3 Emission factors Electricity: NSW & ACT= 0.19 (kg CO <sub>2</sub> -e/kWh), VIC = 0.15 (kg CO <sub>2</sub> -e/kWh), QLD = 0.14 (kg CO <sub>2</sub> -e/kWh), SA = 0.11 (kg CO <sub>2</sub> -e/kWh), TAS = 0.02 (kg CO <sub>2</sub> -e/kWh), WA = 0.06 (kg CO <sub>2</sub> -e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2013), Table 41, page 73. New Zealand = 0.153 (kg CO <sub>2</sub> -e/kWh). Source: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2012), Table 5, page 15. Energy indirect emissions from transmission and distribution losses associated with purchased natural gas across DEXUS investment properties (tonnes CO <sub>2</sub> -e)= (annual total natural gas consumption (GJ) x scope 3 emissions factor (kgCO <sub>2</sub> -e/GJ))/1000. Factor: Scope 3 Emission factors - Natural Gas: NSW & ACT= 12.8 (kg CO <sub>2</sub> -e/GJ), VIC = 3.9 (kg CO <sub>2</sub> -e/GJ), QLD = 8.7 (kg CO <sub>2</sub> -e/GJ), SA = 10.4 (kg CO <sub>2</sub> -e/GJ), TAS = 0.00 (kg CO <sub>2</sub> -e/GJ), WA = 4.0 (kg CO <sub>2</sub> -e/GJ). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2013), Table 37, page 71. New Zealand = 5.23 (kg CO <sub>2</sub> -e/GJ). Source: Guidance for Voluntary Corporate Greenhouse Gas Reporting (2012), Table 6, page 16. Other indirect emissions from waste to land fill from DEXUS's investment properties (tonnes CO <sub>2</sub> -e)= total weight of waste to landfill (tonnes) x emissions factor (tonnes CO <sub>2</sub> -e/tonne). Factor: Emission Factor= 1.1 (tonnes CO <sub>2</sub> -e/tonne). Source: Other indirect: National Greenhouse Accounts (NGA) Factors (July 2013), Table 44, page 79. Waste volume to weight conversion factor (t/m <sup>3</sup> ): NGER determination July 2012 Chapter 5, Part 5.2, Clause 5.13(4b), page 228.	100.00%	
Other (upstream)					
Other (downstream)					

## 14.2 Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance complete

### 14.2a Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 3 emissions verified (%)
Limited assurance	<a href="https://www.cdp.net/sites/2014/27/4627/Investor%20CDP%202014/Shared%20Documents/Attachments/CC14.2a/Dexus%20Independent%20audit%20July%202013%20v%202.pdf">https://www.cdp.net/sites/2014/27/4627/Investor CDP 2014/Shared Documents/Attachments/CC14.2a/Dexus - Independent audit July 2013 v 2.pdf</a>	NCOS Audit Report, pages 1-31	ISO14064-3	4

## 14.3 Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

### 14.3a Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Purchased goods & services	Emissions reduction activities	20.3	Decrease	GHG emissions from paper purchased decreased from 6.3 tonnes CO <sub>2</sub> -e to 5.1 tonnes CO <sub>2</sub> -e in FY13, this equates to a 20% decrease. This is due to emissions reduction activities to transition DEXUS towards a paperless office. Initiatives included the introduction of electronic filing and a reduction in the number of printers available from 18 to six. The new printers were fitted with swipe card technology that requires employees to login prior to printing a document, which avoids unnecessary printing through behaviour management as well as avoiding situations where print jobs are never collected. For FY13 the measurement boundary was also extended to include paper consumption volume of the Melbourne office.

# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	25.5	Decrease	<p>DEXUS has an emissions reduction strategy as part of its Carbon Neutral Program (NCOS). The plan outlines DEXUS's key strategies, objectives and targets for a more sustainable office and is focused on six key areas which include liveability, information technology, office consumables and recycled content procurement, office energy consumption, recycling and waste and internal processes. During the FY13 period, DEXUS implemented a key fuel and energy related emission reduction activity as it moved its Sydney office to a highly efficient workspace, and at the same time consolidated the amount of leased space. The new premises includes a range of energy efficiency features including:</p> <ul style="list-style-type: none"> <li>providing laptops to all employees thereby reducing the connected PC load</li> <li>high efficiency lighting with movement based controls that is designed to make use of abundant natural light through dimming.</li> </ul> <p>Through these initiatives, in FY13 DEXUS reduced emissions from its Sydney office by 30% from FY12. As a function of this reduction, the scope 3 emissions from refrigerants and energy related transmission and distribution losses for the tenancy also reduced by 30%. During the reporting period, the boundary was expanded to include emissions for DEXUS's Melbourne tenancy, which has resulted in the overall decrease of 26%.</p>
Business travel	Divestment	25.7	Decrease	<p>During the FY13 period DEXUS divested the remainder of its US portfolio. As a function of this business activity, emissions from air travel decreased as the amount of international travel decreased over the period from 2,253,000 kms to 1,810,000 kms, or 19%. Domestic travel was also reduced.</p>
Waste generated in operations	Other: Office relocation	80.4	Increase	<p>The Sydney office relocated which led to an increase in waste to landfill as the contents of the old office were prepared for removal. This accounted for an increase of 94 tonnes CO<sub>2</sub>-e. DEXUS has implemented segregated waste at its new Sydney office and aims to reduce waste to landfill in FY14. In addition, for FY13 emissions reporting, DEXUS expanded the boundary for its emissions due to Waste in Operations to include its Melbourne tenancy, which added 3 tonnes CO<sub>2</sub>-e of emissions.</p>
Investments	Acquisitions	1.6	Increase	<p>During the FY13 reporting period, DEXUS acquired or obtained operational control over several properties. As a result of additional properties being included as new sources of Scope 3 GHG emissions there was an increase of 1.6% in emissions reported.</p>
Investments	Divestment	0.4	Decrease	<p>During the FY13 reporting period, DEXUS divested several properties which has contributed to a 0.4% reduction in Scope 3 emissions reported.</p>
Investments	Change in physical operating conditions	0.1	Increase	<p>DEXUS manages a portfolio of properties that include Office and Retail asset types. These premises provide occupants with a comfortable, air conditioned 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 FY13 reporting period Australia and New Zealand experienced greater fluctuations in temperatures when measured against FY12. 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. Some key variations include - Sydney, Melbourne and Brisbane saw increases in cooling requirements of 19%, 23% and 10% respectively. Changes in heating needs varied across the portfolio with Sydney seeing a 6% reduction in heating requirement, while Melbourne saw an increase of 11%. Increases in heating or cooling needs results in increased energy use and associated greenhouse gas emissions. Across the portfolio, these changes accounted for an increase of approximately 0.1% in Scope 3 greenhouse gas emissions.</p>

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Investments	Emissions reduction activities	1.1	Decrease	During the FY13 reporting period, DEXUS achieved a 1.1% reduction in Scope 3 emissions from FY12 .Emissions have decreased across DEXUS operations primarily due to a number of integrated, targeted emissions reduction activities. These include the NABERS Energy Improvement Program which included 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.

**14.4 Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies?**

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

**14.4a Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success**

DEXUS, as a signatory to the United Nations Principles of Responsible Investment, is committed to delivering value to its investors from all of activities while respecting and supporting its various stakeholders. DEXUS's strategy and strategic objectives will be implemented through its CR&S framework. Being globally recognised as the leading real estate company in Australia in office, core capabilities, capital partnerships and capital and risk management requires DEXUS to fulfil its commitments to its key stakeholders:

- investors
- tenants
- employees
- suppliers
- community
- environment

DEXUS has a robust stakeholder engagement strategy in place that allows us to measure, assess and respond to material issues, using the framework outlined under the AA1000 standard.

1. Supplier Engagement:

DEXUS engages with suppliers specifically on GHG emissions and climate change when re-negotiating a service agreement and during formal tender processes. DEXUS requires all new suppliers to submit as part of their application, a CR&S specific questionnaire on CR&S policies and processes, this forms part of the selection tool DEXUS uses. Further, all tender documentation and service agreements have DEXUS CR&S policies and KPIs integrated within. DEXUS prioritises its engagements based on the commodity/service involved, the size of the contract, its criticality to business continuity and the like mindedness of the supplier. DEXUS's measure of success is for policies and KPIs to be embedded within service agreements and that CR&S performance against agreed KPIs is measured on an ongoing basis. An example KPI for a cleaning contractor is "95% of all cleaning products must have a low environmental impact". This KPI has a 100% compliance threshold and is assessed each month.

2. Tenant engagement:

During FY13, DEXUS was an active participant in numerous tenant engagement initiatives, programs and events targeted at reducing direct and indirect carbon emissions, raising awareness of climate change and carbon emissions and energy-efficiency programs. DEXUS prioritises all tenants equally.



# GHG EMISSIONS ACCOUNTING, ENERGY AND FUEL USE AND TRADING - INVESTOR CONT'D

(i) Earth Hour - DEXUS participated in Earth Hour 2012, a global initiative by the WWF held on Saturday March 23, 2013. DEXUS participated across its commercial office portfolio by switching off non-essential power and lighting. In 2013, 100% of DEXUS's office properties participated in Earth Hour nationally by turning off all non-essential base building power. DEXUS is proud of its total tenant participation rate of 99% in the 2013 Earth Hour campaign.

(ii.) City Switch - DEXUS is also involved in City Switch Green Office, a government program focused on engagement, leadership and action by office tenants to improve the environmental performance of their own office accommodation and to publicly demonstrate their commitment, actions and achievements.

(iii.) Tenant surveys - Annually, DEXUS engages with tenants through a tenant satisfaction survey. DEXUS utilises a standardised satisfaction questions for each sector, so that satisfaction levels can be benchmarked across the Group. The questions focus on tenant satisfaction with the organisation's management performance, building maintenance, sustainability, service delivery and responsiveness. The measures of success which are reviewed each year include the overall response rate and the level of satisfaction measured against an internal target.

### 3. Engagement with other partners:

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. Examples include engagement 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 on a monthly basis via dashboard reporting. 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.

#### 14.4b To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Number of suppliers	% of total spend	Comment
2	35%	Two major suppliers representing 35% of total spend are engaged regularly. Other suppliers are engaged with during re-negotiation of service contracts and formal tender processes.

#### 14.4c If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

How you make use of the data	Please give details
We do not have any data	DEXUS plans to review its supply chain management in the next 12 months and plans to collect greenhouse gas emissions data from suppliers to assess its supply chain impacts and inform its strategy.



## Module: Sign Off

### 15. Sign Off

15.1 Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
David Yates	Executive General Manager, Investor Relations, Marketing and Communications	Public affairs manager



Property expertise.  
Institutional rigour.  
Entrepreneurial spirit.