

National Carbon Offset Standard Carbon Neutral Program Public Disclosure Summary



An Australian Government Initiative

DEXUS Property Group

2013/14

Public Disclosure Summary

1. Carbon neutral information

Certification is for	Part of an organisation – DEXUS Head Office (located at Levels 25 & 26, 264 George Street, Sydney 2000) and Melbourne Office (located at Level 1, 180 Flinders Street, Melbourne 3000)
Gross emissions this reporting year	1,995 t CO ₂ -e

Organisation Activities

DEXUS Property Group is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$17.8 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners.

The Group manages an office portfolio of 1.7 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner of office buildings in the Sydney CBD, Australia's largest office market.

DEXUS Property Group is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (ASX) under the stock market trading code 'DXS' and is supported by more than 32,000 investors from 20 countries.



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

The Group aims to maximise resource efficiency and minimise the overall environmental impact of operations. This approach is applied in the development of new properties and in the management and refurbishment of existing properties.

The Group has a proud record of developing and implementing leading practices in CR&S. As a responsible property investor, manager and developer, the Group integrates CR&S objectives across the property lifecycle to create long term value for its stakeholders including tenants, employees, investors, suppliers, community and the environment.

Experience has demonstrated that a holistic approach – from the boardroom to the plant room – reduces operating costs, enhances property values and improves tenant appeal, resulting in enhanced long term returns for investors together with lower environmental risks.

The Group adopts a balanced approach to addressing environmental, social and governance (ESG) issues. The Group utilises a CR&S framework through which it systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations. For example, the Group conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and greenhouse gas emissions, partners with like-minded suppliers, and promotes diversity, equality and basic human rights.

As a signatory to the United Nations Principles of Responsible Investment (UNPRI), DEXUS Property Group has a commitment to invest responsibly and raise awareness of responsible investment with its stakeholders. In recognition of the UNPRI, the Group delivers CR&S benefits, keeping four guiding values at the forefront of its business:

- Investing responsibly, managing properties and consolidating property services
- Achieving positive environmental outcomes through business operations
- Identifying material issues through stakeholder engagement
- Delivering responsible outcomes for the community

The Group's commitment to sustainable performance has been recognised through the inclusion in a number of global benchmarks, including:

- Dow Jones Sustainability Index (World and Asia Pacific Indices)
- FTSE4Good Index
- Carbon Disclosure Project
- Global Real Estate Sustainability Benchmark

DEXUS Property Group is a founding member of the City of Sydney's Better Buildings Partnership and a member of the Investor Group on Climate Change.

Certification Boundary

Scope 1 and 2 emissions are based on the definition of the DEXUS head office facility and Melbourne office facility under the NGER legislation. DEXUS calculated Scope 1 and 2 greenhouse gas emissions attributable only to the organisation's head office and Melbourne offices for twelve months of operation.

DEXUS also included certain indirect (Scope 3) emissions that are impacted by the operations of the business and that are associated with the overall operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

This report is aligned with the Kyoto and Montreal protocols. The six Kyoto and Montreal greenhouse gases have been evaluated in the compilation of this report.

Inclusions are:

Scope 1 = emissions from refrigerant use

Scope 2 = emissions from purchased electricity at tenancy

Scope 3 = emissions from:

- Transmission and distribution losses associated with purchased electricity
- Emissions from purchased electricity and natural gas at base building
- Waste to landfill (head office and Melbourne office)
- Reams of paper procured at DEXUS head office and Melbourne office
- Airline travel for all national employees
- Taxi travel, hire cars and car mileage from all national employees
- Commuting to and from work from all national employees

DEXUS has expanded the boundary in this reporting period to also include emissions relating to commuting to and from work for all national employees as listed above.

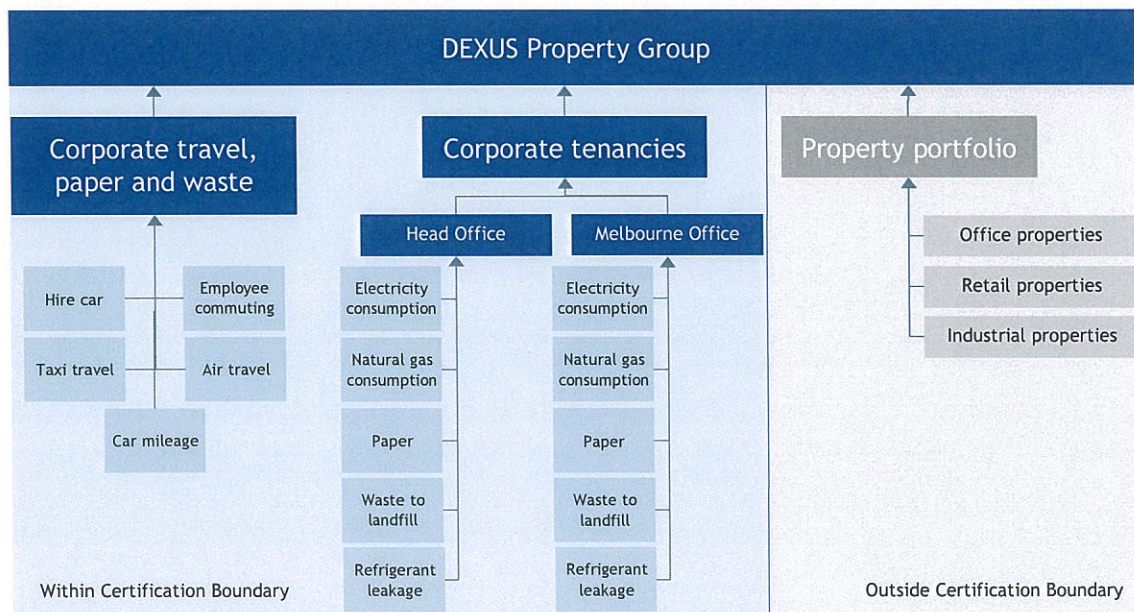


Figure 1: Diagram of the boundary of the subject of certification

Emissions Factors

Where possible, the emission factors have been taken from National Greenhouse Accounts Factors, dated July 2013.

Where additional detail is required, DEXUS has used a number of other credible sources including 2014 Guidelines to Defra / DECC's 2014 Government GHG Conversion Factors for Company Reporting, July 2014; EPA Victoria Paper note, May 2011; and ABS Survey of Motor Vehicle use, 12 months ended 31 October 2012.

Calculation Methodology

Activity data has been collected from key data sources including electricity invoices, reports provided by key suppliers (such as travel providers) and internally generated consumption reports (such as expenses claimed).

2. Summary of changes to the carbon footprint

In 2014 DEXUS has expanded its inventory to include Scope 3 emissions associated with employee commuting for all national employees. DEXUS surveyed its staff to identify the distances and modes of transport taken to commute to and from their workplace. DEXUS received survey responses from 165 employees, representing 60% of total staff numbers.

The emissions for each mode of transport were calculated using relevant emissions factors and the total emissions was extrapolated across the Group's number of full time equivalent employees.

The total emissions for employee commuting in FY14 were 346.7 t. CO₂-e.

The expansion of the boundary has triggered a requirement to recalculate the base year inventory to reflect the changes to the boundary. DEXUS recalculated the base year in line with the NCOS criteria document and base year recalculation Policy, dated July 2012.

Emissions associated with employee commuting for DEXUS's FY11 base year were determined by pro-rating the survey dataset across the staff number from FY11, resulting in additional base year emissions of 363.7 t. CO₂-e. The total recalculated FY11 gross and net emissions are 2,641 t. CO₂-e and 2,197 t. CO₂-e respectively.

A recalculated base year inventory allows for meaningful comparison of emissions from base year, on a like-for-like basis.

3. Emission Reduction Measures

DEXUS Property Group is committed to continuous improvement under the ISO 14001 Environmental Management System which includes reducing resource consumption and the impact of climate change across the entire portfolio beginning with the head office and Melbourne office.

This is the Group's fourth reporting year under the NCOS Carbon Neutral Program, with a solid track record and carbon emissions reduction results as part of the ongoing resource monitoring, management and reporting framework.

The first reporting year under NCOS, FY11, which is also the base year, allowed DEXUS to communicate the footprint across the organisation. This year, DEXUS has recalculated the base year in line with the Base year recalculation Policy, dated July 2012; which will allow comparison of emissions from base year, on a like-for-like basis.

DEXUS has set targets for previous years and will continue to as part of its commitment to reducing greenhouse gas emissions.

DEXUS's emissions reduction strategy takes the form of a 'Tenancy Sustainability Plan' specifically for the head office. The plan outlines 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.

DEXUS has a charter to ensure year on year improvements both in energy and carbon reduction and cost savings for its tenancy.

In FY14, DEXUS achieved a reduction in greenhouse gas emissions of 22% against its recalculated FY11 base year. On a like-for-like basis excluding employee commuting, DEXUS achieved a reduction of 15% in net emissions against FY13.

Table 1. Emissions Reduction Measures				
Emission source	Reduction Measure	Scope	Status	Reduction t CO ₂ -e
Tenancy electricity consumption	<p>FY14 sees the completion of DEXUS's full 12 months occupation of its new head office tenancy.</p> <p>Previously, DEXUS relocated its head office from a 4.0 star NABERS Energy rated tenancy to its new head office tenancy designed to achieve 4.5 star NABERS energy rating.</p> <p>In June 2014 the head office tenancy achieved its 4.5 star NABERS Energy rating meeting its design target.</p> <p>Key energy efficiency features of the new head office tenancy include:</p> <ul style="list-style-type: none"> ▪ Tenancy is designed around 'activity based working' whereby staff are not allocated a specific desk and the overall number provided is reduced. This enables greater productivity in a smaller space and selected spaces can be reconfigured for multiple uses ▪ Provided laptops to all head office employees. Laptops have a significantly lower energy consumption in comparison to desktop computers, and employees turn laptops off and store them in lockers at the end of the work day ▪ Installed second monitor at all work stations at head office, contributing to a significant reduction in printing ▪ Printing is authorised via swipe card and together with 	2 & 3	Complete	58.4

	<p>monitoring of individual and team printing statistics aims to reduce printing</p> <ul style="list-style-type: none"> Lighting has a high proportion of LEDS lights and is run on timers and sensors. After hours lighting is set to timed sensor system, with emergency only lighting on during weekends and after hours 			
Base building refrigerants	<p>FY14 sees the completion of DEXUS's full 12 months occupation of it new head office tenancy.</p> <p>The new base building features a central air conditioning system with chillers that operate using refrigerants with lower global warming potentials than the previous location</p>	3	Complete	9.7
Corporate travel	<p>Overall DEXUS has seen a reduction in corporate travel despite an increase in staff numbers of 18% from 234 to 276 FTEs, and significant acquisitions during the year which required staff travel during due diligence.</p> <p>Emissions from use of hire cars dropped by 32.5 tonnes, which was partially offset by increased emissions from air travel of 14.6 tonnes due to activity surrounding new acquisitions</p>	3	Complete	12.3
Waste to landfill	<p>Centralised waste stations into four streams of organics, recyclables (plastic, glass, tin), paper and waste. It is estimated that the introduction of centralised waste stations will significantly reduce total waste to landfill and improve the proportion of total waste diverted from landfill and recycled.</p>	3	Complete	162.9
Base building energy consumption	<p>FY14 sees the completion of DEXUS's full 12 months occupation of it new head office tenancy.</p> <p>As building landlord, DEXUS is progressively implementing sustainability initiatives to improve the efficiency of the head office base building. Once completed all tenants will benefit from occupying an energy efficient building with lower outgoings.</p>	3	Underway – to be completed in future reporting period	89.4
Total emission reductions implemented in this reporting period				332.7
Total expected emissions reductions in future reporting periods				DEXUS will calculate expected emission reduction at implementation

4. Carbon emissions summary

The table below lists DEXUS Property Group's FY14 gross and net greenhouse gas emissions for its corporate activities as per the stated boundary.

Where GreenPower is used, the total emissions from electricity are provided in the table for the total gross emissions and then the emissions from GreenPower are subtracted to calculate the net footprint. The total net emissions represent the amount of offsets required to achieve carbon neutrality.

Green Power and carbon neutral products are separated to allow for tracking across years where GreenPower is not purchased and provide transparency regarding the total number of offsets required.

Table 2. Emissions Summary		
Scope	Emission source	t CO ₂ -e
1	Refrigerant leakage – tenancy	0.5
3	Refrigerant leakage - % of base building	1.4
2	Purchased electricity – tenancy (gross)	232.8
3	Purchased electricity - transmission and distribution losses (tenancy)	48.4
3	Purchased electricity – % of base building (gross)	234.0
3	Purchased electricity – % of base building transmission and distribution losses	49.5
3	Purchased natural gas – % of base building (gross)	12.2
3	Purchased natural gas – % of base building transmission and distribution losses	2.7
3	Transport Fuel – Air Travel	950.5
3	Transport Fuel – Taxi	26.1
3	Transport Fuel – Car Mileage	1.9
3	Transport Fuel – Hire Car	30.1
3	Transport fuel – Employee Commuting	346.7
3	Office paper use	5.6
3	Office waste to landfill	52.8
Total Gross Emissions		1,995.2
GreenPower or LGC reductions		0.0
Total Net Emissions		1,995.2




5. Carbon offsets for this year

In order to fully offset its FY14 emissions footprint of 1,995 t.CO₂-e, DEXUS Property Group has purchased and retired certified carbon offsets totalling 2,200 t.CO₂-e, which includes a contingency of 205 t.CO₂-e to be retired as excess for this year.

Table 3 below provides details of purchased offsets and their retirement details.


Table 3. Offset cancellations			
Offset type	Registry	Serial number	Quantity (t CO ₂ -e)
VCU	APX VCS Regsity	2657-116644415-116645214- VCU-016-MER-AU-14-587- 01032011-29022012-0	800
VCU	APX VCS Regsity	3237-146159795-146160494- VCU-41-APX-CN-1-1121- 03012011-31122011-0	700
VCU	APX VCS Regsity	3511-156323578-156324277- VCU-009-APX-IN-1-249- 01072007-31122007-0	700
Total			2,200

Table 4 below describes the projects that DEXUS Property Group has chosen to support in FY14.

Table 4. Carbon abatement projects	
<p>Project: Tasmania Forestry Project, Australia</p> <p>Description: This project promotes improved forestry management by bringing groups of local landholders together to protect areas of forest that would have usually been logged.</p> <p>Co-Benefits:</p> <ul style="list-style-type: none"> ▪ Project directly supports the rural community in Tasmania ▪ Win/win scenario promoting forest protection over logging whilst providing a lucrative income for landholders ▪ Risk management strategies in place reduce the risk of forests fires in the protected areas 	
<p>Project: Anhui Biomass Project, China</p> <p>Description: The project originator has constructed and operates the installed boiler and steam turbine generator to utilise renewable biomasses for energy consumption. The boiler takes rice straw, maize straw, peanut straw and wood residues as fuel for power generation.</p> <p>Co-Benefits:</p> <ul style="list-style-type: none"> ▪ Over 70 employment opportunities created for both the construction and ongoing operation of the biomass project ▪ Increases support for local farmers giving them financially rewarding options as opposed to discarding their biomass 	
<p>Project: Tamil Nadu Wind Project, India</p> <p>Description: This project promotes the sustainable development of the wind industry by bringing investors together, with small to medium power requirements, to invest in wind technologies.</p> <p>Co-Benefits:</p> <ul style="list-style-type: none"> ▪ Consists of over 800 Wind Turbine Generators (WTGs) ▪ Generate in excess of 800 GWh of renewable energy ▪ Enhances the investment environment into the wind industry ▪ Long term and short term employment opportunities ▪ Small business opportunities due to population increase 	

6. Declaration

To the best of my knowledge and having met the requirements of the National Carbon Offset Standard Carbon Neutral Program (NCOS CNP), the information provided in this Public Disclosure Summary is true and correct.

[Sign here] 	[Date] 1-10-17
Name of Signatory: Paul Wall	
Position of Signatory: Group Sustainability and Operations Manager	
