

Dexus

2017 Carbon Disclosure Project



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Introduction

1 Introduction

Please give a general description and introduction to your organization

Dexus is an Australian Real Estate Investment Trust, with \$22.2 billion of assets under management. Listed on the Australian Securities Exchange, Dexus manages and directly invests in high quality Australian office and industrial properties, and also actively manages office, industrial and retail properties across Australia on behalf of third party capital partners.

The owned portfolio consists primarily of high quality central business district office properties, held long term and leased to derive stable and secure ongoing income streams. Developments, acquisitions and divestments are undertaken to enhance the quality and value of the portfolio.

Dexus generates both rental income from its own properties and fees for undertaking leasing, property management and development on behalf of third party clients. In addition, Dexus has a trading trust that enables the development and repositioning of properties to enhance value and sell for a profit.

The total property portfolio of \$22.2 billion as at 30 June 2016 includes \$11.0 billion of owned property and \$11.2 billion of property managed for third party clients, with a \$4.7 billion development pipeline across the Group.

Dexus is Australia's preferred office partner with 1.8 million square metres of office space spanning 58 office properties around Australia. Dexus's office buildings are located in the CBDs of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

2 Reporting year

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

Wed 01 Jul 2015 - Thu 30 Jun 2016

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

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, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

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 in CC0.6.

Management

Module: Management

Governance

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

Board or 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

The Board Risk Committee oversees risk management within Dexus and reports to the Board. The Committee oversees the Group's enterprise risk management practices, as well as Work Health & Safety, environmental management, Dexus's climate change response, sustainability initiatives and internal audit practices. It also oversees the effectiveness of the Group's Risk Management Framework. The Dexus sustainability team, led by the Executive General Manager, Customer and Marketing reports and makes presentations to this committee.

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

Yes

1.2a Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator	Comment
Corporate executive team	Monetary reward	Emissions reduction target Energy reduction target Efficiency target Behavior change related indicator	Executives and senior management have an individual KPI linked to financial and non-financial performance including CR&S commitments published in Dexus's Annual Reporting Suite. Those commitments are derived from the list of Dexus's material CR&S issues and strategic goals. In FY16 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. Information regarding Dexus's CR&S commitments can be found on the Dexus website at: http://dexus2016.reportonline.com.au/2016-annual-report/year-review/delivering-fy16-commitments
Environment/Sustainability managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target Behavior change related indicator	The management of climate change risk assessing and reporting is a business objective and the CR&S team have targets to deliver business objectives. These include but are not limited to meeting energy/emission reduction targets, implementing energy/emissions reduction projects, championing behaviour change and communicating climate change issues. These form part of individual objectives within the team and are linked to performance measurement and remuneration.

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator	Comment
All employees	Monetary reward	Behavior change related indicator	CR&S has been integrated into employees' roles and responsibilities within their relevant job description as well as included within team and individual performance scorecards. 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. Staff are also assessed on their contribution, relevant to their position, towards achieving Dexus group annual CR&S commitments as set out within its Annual Reporting Suite. Those commitments are derived from the list of Dexus's material CR&S issues and strategic goals. In FY16 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	Board or individual/ sub-set of the Board or committee appointed by the Board	Corporate wide coverage which spans assets and operations across Australia	> 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 periodic group-wide climate change risk assessments to determine the magnitude of climate change risks across the portfolio. This involves desktop analysis of exposures to climate change related events and is supported by data from ongoing site risk management inspections. Dexus's sustainability and risk teams identify, analyse and evaluate climate change risks and opportunities, referencing the Group's Climate Change Assessment Report and site audit program outcomes, and maintains a WHS&E risk register. Environmental impacts, financial and reputational risks, and health and safety concerns are evaluated and management controls established. Risks that are considered strategic are reviewed by the Group Sustainability

Management continued

Manager and GM Risk and Governance and escalated for review within annual Risk Assessment workshops using a Strategic Risk Register. The current risk to Dexs 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.

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

2.1c How do you prioritise 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. Dexs 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.

2.1d Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

n/a

2.2Is climate change integrated into your business strategy?

Yes

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

i) Influencing strategy: Dexs business strategy is affected by climate change risks and opportunities including environmental impacts on asset performance and resilience, and social impacts including stakeholder's health and wellbeing and the economic resilience of communities in a climate affected world. The integration of climate change into Dexs's business strategy is reflected at all levels of the organisation and is assessed regularly.

Dexs collects and monitors environmental performance data including National Australian Built Environment Rating System (NABERS) ratings, energy, water and waste use and GHG emissions. On each building in the Group portfolio, Dexs conducts climate change risk assessments to identify at-risk properties and identify adaptation and mitigation opportunities. This data is reported to the Dexs risk and sustainability teams, internal management committees and the Board Risk Committee and is used as part of decision making regarding investment decisions, and capex projects to improve building operations and reduce operating costs.

Dexus assesses the materiality of emerging risks and opportunities for all parts of the business, and sets annual commitments and targets in response to material issues and reported data. These include GHG 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:

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

iii) Short-term strategy changes-timeframe: 1 to 2 years. Dexus's short term business strategy is influenced by climate change/extreme weather impacts and its ability to respond quickly to changing environmental or regulatory circumstances. A flexible business model and ongoing review of strategy and operations enables Dexus to manage changes in legislation and implement energy reduction strategies efficiently. Dexus's strategy includes actively focusing on reducing portfolio emissions in order to meet its current target to achieve a 10% reduction in energy use by FY20 against FY15 baseline. Dexus empowers operational teams to respond to climate change related events and severe weather appropriate to their buildings via prevention and adaptation initiatives as well as monitor and manage resource use on a daily basis in the context of tenant needs and varying environmental conditions.

For all acquisition proposals, the Investment Committee considers short term climate change risks (such as impact on planning regulations as a result of climate risk) and resource use against established benchmarks (such as NABERS, Green Star) to identify short-term risks or opportunities for improvement. In FY16 Dexus completed construction of developments at 480 Queen Street Brisbane, Kings Square Perth and 5 Martin Place Sydney. Each property has been designed and built to minimise energy use and emissions to achieve 5 star NABERS ratings. Dexus estimates that these buildings will save approx. \$1.22m per annum in reduced energy costs.

iv) Long term strategy changes-timeframe: beyond 2 years. Long term strategy is influenced by physical climate change risks and their effect on portfolio size, mix across asset classes and geographical location in the event of extreme climate change events. For all acquisition proposals, the Investment Committee considers longer term climate change (geographic and other locational risks) and sustainability/resource usage risks that may require substantial long term investment or life cycle equipment upgrading beyond five years, or the abandonment of potential investments. All capital works projects require the consideration of sustainability risks and opportunities prior to approval.

Dexus monitors the long term risk to its business from the physical threat of climate change. Properties are predominantly located in metropolitan areas with good infrastructure and services and while most of the portfolio is at lower than average risk, some higher risk areas exist which are analysed in more detail as part of the Group's climate risk assessment. Risks associated with regulatory non-compliance, low levels of investment in capital works and efficiency upgrades are continually monitored.

An in-house Research team actively monitors market trends and informs stakeholders to support responsible investment decisions and identify indirect climate change risks and opportunities relating to investments and their local markets.

v) Opportunities for strategic competitive advantage. Dexus's focus on portfolio efficiency enables it to gain strategic advantage over its competitors through its ability to respond more responsibly to changing environmental factors, and climate change related regulatory changes to planning and development frameworks. Dexus surveys its tenants to obtain feedback on its performance and identify opportunities for competitive advantage. Active adoption of energy efficiency and building climate change adaptation reduces costs to tenants, increases tenant satisfaction and retention, which enhances occupancy rates and building valuations.

vi) Substantial business decisions. In September 2015 Dexus made the strategic decision to acquire Waterfront Place located in Brisbane adjacent to the Brisbane River. The property boasted a 5 star NABERS Energy rating representing Australian leadership with regards to environmental performance. This acquisition enhanced Dexus's ability to lower its environmental risk exposure and expand its portfolio of low carbon assets. Dexus undertook exhaustive due diligence and detailed asset-level analysis of environmental performance and climate change risk exposure specifically addressing flood risk. Overall the due diligence highlighted no material issues and Dexus proceeded to acquire the landmark asset.

Management continued

2.2b Please explain why climate change is not integrated into your business strategy

n/a

2.2c Does your company use an internal price of carbon?

No, and we currently don't anticipate doing so in the next 2 years

2.2d Please provide details and examples of how your company uses an internal price on carbon

n/a

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

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

Focus of legislation	Corporate Position	Details of Engagement	Proposed Legislative Solution
Other: Voluntary carbon abatement and carbon neutrality	Support	Dexus participated in industry consultation forums conducted by the Australian Government's Department of Environment regarding the expansion of its national carbon neutrality program and its accompanying National Carbon Offset Standard to cover buildings and precincts. Dexus attended workshops with the Department to provide input into the development of the draft standard.	Dexus is certified under the carbon neutrality program and supports its continuation under a government-led governance arrangement. Dexus supported the majority of the Department of Environment's proposals to streamline administration. Dexus highlighted practical considerations relating to proposed options for applying the standard to buildings, challenges and solutions regarding boundary definitions and data collection option and certification pathways. The Department has released the pilot standard for review.
Clean energy generation	Support with major exceptions	Dexus has engaged directly with the Australian Energy Regulator (AER) to discuss existing market rules regarding embedded networks and network policies inhibiting local distribution of renewable electricity between facilities.	Dexus advocates for a relaxation of AER's position regarding establishing embedded networks (ENs) in Victoria and New South Wales. The current position inhibits the establishment of ENs at properties in these states, which in turn yields inequity in market structures between these regions and other states across Australia where ENs are commonplace. This inhibits Dexus's uptake of on-site energy generation including emission-free renewables as it cannot effectively share costs or sell electricity to tenants at favourable rates, and provide assistance with energy efficiency initiatives. Dexus also advocates changes to the policies and tariff structures of local network service providers (LNSPs) to increase their tariffs and incentives for businesses to sell renewable electricity generated on-site at competitive prices, and provide practical tariff options to enable businesses to generate electricity on-site at one property and utilize network infrastructure to distribute excess electricity to other properties within the same network to offset grid purchase of high-emission coal-fired electricity.

Focus of legislation	Corporate Position	Details of Engagement	Proposed Legislative Solution
Energy efficiency	Support	Dexus has engaged with the NSW Department of Office and Environment to provide feedback on voluntary 'commitment agreements' under the National Australian Built Environment Rating System (NABERS). The NABERS Energy Commitment Agreement allows developers and building owners to promote and market excellent greenhouse performance of new and refurbished commercial office buildings from the outset. The Commitment Agreement outlines a developer or property owner's commitment to design, build and commission the building to a 4, 4.5, 5, 5.5 or 6 star level.	Dexus supports NABERS commitment agreements and offered feedback on their practical implementation.

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 Dexus's CEO as one of its directors and Dexus's Chief Financial Officer is a member of the CFO roundtable. An additional 28 Dexus staff members participate in committees, roundtables and working groups. Dexus proactively participates in PCA initiatives where the industry body consults membership on policy submissions and Dexus regularly responds to consultation requests from policy makers. Dexus supports all policies for actions on climate change mitigation and adaptation. Dexus aligns with the PCA in influencing policy of local, State and National regulators to encourage implementation of new technology and initiatives in developments through changes to building codes. These include renewable energy, water harvesting and community energy provision. Dexus also advocates for more efficient implementation of legislation relating to climate change industry improvements and changes in local government regulations improving recycling and energy usage. There are no activities that Dexus is involved in which oppose policy or action on climate change mitigation and adaptation.

Management continued

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	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.	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 FY16 actively supported the GBCA's aims and its Green Star building rating methodologies. During this time Dexus has: - Assisted with prepared papers and joint statements - Acted as an active spokesperson - Supported to some degree in leadership and/or in preparation of documentation - Contributed to the organisation or content of events organised by the group - Provided general support for the initiative in various non-public forums. Dexus rates key development projects using the Green Star design rating tools, and was a participant on the working group that developed the Green Star Performance methodology. As part of this working group, Dexus assisted in drafting and shaping credits to become the tool's performance metrics which ensure buildings are managed to reduce greenhouse gas emissions, reduce waste to landfill, increase biodiversity, reduce water consumption and save energy in their operations. During FY16 Dexus successfully rated 74 properties under the Green Star Performance rating tool.
Investor Group on Climate Change (IGCC)	Consistent	The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focussing 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.	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.

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?
Sydney 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 four technical groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking.	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's Head of Sustainability and Energy is Chair of the Leadership Group that forms the strategy for the Better Building Partnerships initiative. Dexus also is a member of four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking. It is through these working groups that the BBP's solutions and initiatives are implemented. Dexus is a regular attendee and assists with developing BBP's position on a range of issues. Dexus also acts as an active spokesperson and hosts meetings and events.

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

n/a

2.3e Please provide details of the other engagement activities that you undertake

(i) Methods of engagement

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

ii. Dexus is a member of the Green Star Performance Technical Working Group hosted by the Green Building Council of Australia which, along with industry, is advocating a holistic green building management tool for the built environment. As part of this working group, Dexus assists in drafting and shaping the tool's performance metrics which ensure building operations are managed to reduce greenhouse gas emissions, reduce waste to landfill, increase biodiversity and reduce energy and water consumption. In FY16 Dexus successfully rated 74 properties using the Green Star Performance tool.

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

2.3f What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Day to day activities are coordinated via a Corporate Sustainability team in consultation with the Asset Services team. The team meets monthly with minutes distributed to key internal stakeholders. The Sustainability team reports to the Property Executive Committee and the Board Risk Committee, which monitor the team's activities for consistency against strategic objectives.

Management continued

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.

The Investor Relations, Marketing and Communications team coordinates and oversees the publication of all external documents. A formal, structured process involving a materials approvals database is applied for the review and approval of all announcements, presentations and publications by relevant subject experts. Investor Relations, Marketing & Communications determines key spokespeople who are able to engage in public debate or comment on specific topics, with these people undergoing media training.

2.3g Please explain why you do not engage with policy makers

n/a

3. Targets and Initiatives

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

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 covered by target (metric tonnes CO ₂ e)	Target Year	Is this a science-based target	Comment
Abs1	Scope 1+2 (location-based)	95%	10%	2015	145854	2020	2020 No, but we anticipate setting one in the next 2 years	Within its 2015 Annual Review, Dexus set a target to "Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline." This target involves achieving a reduction in energy and subsequent Scope 1 and Scope 2 GHG emissions from purchased electricity and natural gas from Australian properties across the office, industrial and retail portfolios where Dexus has operational control measured on a financial year compared to a FY15 baseline. It was determined that it is more appropriate for Dexus to report and benchmark on a like for like portfolio due to property acquisitions and disposals and changes of operational control within the portfolios.

Abs2	Scope 1+2 (location-based)	77%	8.1%	2015	118889	2020	No, but we anticipate setting one in the next 2 years	Within its 2015 Annual Review, Dexus set a target to “Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating.” This comprises 77% of Dexus’s FY15 baseline. Together the baseline NABERS rating for these assets was 4.7 stars average and the targeted improvement is equivalent to an 8.1% reduction in GHG emissions. GHG emissions savings will result from implementing energy efficiency projects under Dexus’s NABERS Improvement Program.
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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 Please provide details of your renewable energy consumption and/or production target

n/a

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

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	20%	26%	In FY16 Dexus has achieved a 2.6% reduction in Scope 1 and 2 greenhouse gas emissions against the FY15 like-for-like baseline.
Abs2	20%	44%	In FY16 Dexus has achieved a 3.6% reduction in GHG emissions across the Group’s NABERS-rated office portfolio, and achieved a 4.8 star portfolio average NABERS Energy Rating at 30 June 2016. This equates to 44% progress against the 8.1% emissions reduction target.

3.1f Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

n/a

3.2 Does you classify any of your existing goods and/or as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

Management continued

3.2a Please provide details of your goods and/or services that you classify as low carbon products or that directly enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Company-wide	Dexus's customers avoid upstream Scope 3 greenhouse gas emissions from occupying Dexus's buildings that represent Australian best practice in energy efficiency and GHG emissions management. This product is classified within the Low Carbon Investment (LCI) Registry taxonomy [Category->Type of Investment->Sub-type] as Buildings->Green Buildings->New and Existing Commercial and Retail Buildings. Since FY08, Dexus has reduced its Scope 1 and 2 emissions by 346,163 tCO ₂ -e across the Group's office portfolio due to ongoing emissions reductions activities that deliver energy efficient air conditioning, lighting, and transportation services. Dexus designs and operates office buildings to achieve 5 stars NABERS energy rating or better. In FY16 over 50% of Dexus's properties were rated at 5 stars NABERS Energy or better. Tenants gain benefit from occupying highly efficient buildings that lower GHG emissions by 50% or more, when measured against an average building with a 3 star NABERS rating.	Low carbon product and avoided emissions	Low Carbon Investment (LCI) Registry Taxonomy	46%	Less than or equal to 10%	Dexus focuses on the following key initiatives to reduce or limit greenhouse gas emissions in partnership with tenants: a) Base building energy efficiency: Dexus has formally tracked NABERS ratings across its portfolio since 2008 and its Office portfolio average rating has improved from 3.2 stars to 4.8 stars in FY16. Over that time Dexus has implemented over 300 projects across its office portfolio to improve energy efficiency and reduce greenhouse gas emissions for the direct benefit of tenants. Examples include upgrades to HVAC mechanical plant, lighting retrofits, building control upgrades and recommissioning, installation of sub metering, and ongoing performance monitoring. b) New building design: Dexus applies the Green Star rating tool (administered by the Green Building Council of Australia) within the design and construction of new office assets and sets NABERS energy commitments, typically 5 stars or better, for each new development. For example, Dexus's recently completed development at 480 Queen St, Brisbane has been awarded a 6 star Green Star Office Design v3 certification. Tenants directly benefit from occupying highly efficient new buildings that lower greenhouse gas emissions by 50% or more, when measured against most current building stock, where a 3 star NABERS energy rating represents average performance. Since FY08, the Scope 1 and 2 emissions intensity of the Group's office portfolio has improved from 131kgCO ₂ -e/sqm to 77kgCO ₂ -e/sqm in FY16 due to ongoing emissions reductions activities. Dexus has applied the methodology, assumptions, emission factors and global warming potentials published within the National Greenhouse and Energy Reporting (NGER) Act as the basis for its emission reduction calculations. Dexus is not currently considering generating CERs or ERUs within the framework of CDM or JI (UNFCCC).

3.3 Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or 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 CO2e savings

Stage of Development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	297	
To be implemented*	7	433
Implementation commenced*	32	3641
Implemented*	27	5090
Not to be implemented	76	



2 & 4 Dawn Fraser Avenue, Sydney Olympic Park

Management continued

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 ₂ e savings (metric tonnes CO ₂ e)	Scope	Voluntary/ Mandatory
Energy efficiency: Building services	Dexus has an ongoing capital works program focused on improving each asset's NABERS Energy and Water ratings, and has delivered substantial energy and greenhouse gas reductions and improved the NABERS Energy ratings across the Dexus portfolio. The program involved the following activities: - conducted energy audits to identify and quantify energy efficiency opportunities - evaluation and decision making to prioritise opportunities for implementation based on feasibility, cost and contribution towards the program target - allocation of capital funding to support implementation - staged implementation involving dedicated project management and use of industry specialists - review and evaluation of outcomes and reporting to internal stakeholders. Examples of the types of initiatives that Dexus implemented include: - Replaced outdated and inefficient water-cooled air conditioning systems that used excessive energy and potentially contained prohibited refrigerants. - Installed modern, computer-controlled building management control systems (BMCS) to optimise building performance through algorithms that match outdoor conditions with internal building requirements. - 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. - 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, 2 and 3 greenhouse gas emissions. Activities progressed in FY16 are estimated to reduce annual Scope 1, 2 and 3 emissions by 9,165 t.CO₂-e.	9165	Scope 1 Scope 2 (location-based) Scope 3	Voluntary

Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
1592836	21660342	11-15 years	21-30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" or "Implementation Commenced" from Question 3.3a. Average pay back period is 13.6 years. Total investment required excludes 75% of costs associated with large, 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, 2 and 3 greenhouse gas emissions.

Management continued

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

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

n/a



1 Farrer Place, Sydney

Management continued

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	Status	Page/Section reference	Attach the document	
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	AR pages 5, 7, 8, 9	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016 DEXUS Annual Report.pdf	
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	Slide 58	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016_dxs_annual_results_presentation_and_appendices.pdf	
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	pages 3, 5, 6	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016 Reporting Suite - FY17 Commitments and Case Studies.pdf	
In voluntary communications	Complete	pages 1-15	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016 DEXUS CNP Public Disclosure Summary.pdf	
In mainstream reports (including an integrated report) but have not used the CDSB Framework	Complete	pages 30-50	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC4.1/2016 DEXUS Performance Pack.pdf	

	Comment
	The 2016 Annual Report is a consolidated summary of Dexus's performance for the financial year ended 30 June 2016. Dexus has published case studies highlighting the successful implementation of energy and emissions reduction activities which have improved building performance via NABERS Energy ratings.
	Within the annual results presentation Dexus publishes its greenhouse gas emissions performance and current NABERS portfolio ratings.
	The online report also describes Dexus's sustainability strategy or 'Approach', reports on achievement of environmental commitments, and states forward looking commitments including Dexus's latest targets to i) reduce FY15 energy/emissions by 10% by 2020, and ii) deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating by 2020
	Dexus is a signatory to the Australian Carbon Neutral program and its corporate head office has been certified as carbon neutral since 2011. In line with the National Carbon Offset Standard, Dexus offsets direct emissions from refrigeration and electricity usage and indirect emissions generated by waste to landfill, paper use, airline travel and car mileage for national employees, taxi travel, hire cars and employee commuting. Dexus has reported under the NCOS Carbon Neutral Program since 2011. It has carbon emission reductions as a part of the ongoing resource monitoring, management and reporting framework. Carbon neutral certification is achieved through assessing its energy consumption and developing an emissions management plan. The plan focuses on reducing waste to landfill, increasing recycling, increasing the use of recycled products, reducing its use of consumables and paper and introducing new technologies to reduce energy consumption. Dexus continues to set targets against previous years as a part of its commitment to reducing greenhouse gas emissions.
	The 2016 Performance Pack is a detailed summary of Dexus Property Group's performance against key sustainability metrics including sustainability commitments and targets. The Environment section (pages 30-50) describes the Group's GHG emissions performance, emissions intensity across each asset class, as well as property and portfolio NABERS ratings. This section also reports on Dexus's achievement of its 10% energy/emissions reduction target.

Risks and Opportunities

Module: Risks and Opportunities

5. Climate Change Risks

5.1 Have you identified any inherent 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	
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	
Product labeling 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 their buildings in the event of marketing the lease and/or sale of a space and/or building over a minimum 2,000 square metres (reducing to 1,000sqm from 1 July 2017). Dexus is required to prepare a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating (valid for 12 months), and b) a Tenancy Lighting Assessment (valid for 5 years). The provisions of the Act also require the energy efficiency rating (via NABERS ratings) to be displayed in printed, physical and online marketing materials.	Increased operational cost	Up to 1 year	Direct	Virtually certain	Medium-high	

Estimated financial implication	Management method	Cost of management
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 inherent risk in the form of fines of up to \$360,000 (2,000 penalty units) for failure to apply for registration, and daily fines of up to \$18,000 (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 partners with an external service provider to accurately record (including verification of) energy, gas and water consumption and calculate GHG emissions. Adherence to the protocols for the collection and record keeping of data is paramount to the compliance risk. External resources enter the data into the Government's database.	Dexus has incurred costs of \$300,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees, as well as fees for external data assurance.
Disclosure Act 2010 (BEED Act) governs the obligations of building owners that lease or sell commercial offices over 2000 square metres in Australia (reducing to 1,000sqm from 1 July 2017). The legislation addresses non-compliance through monetary infringement notices. Dexus faces inherent risk in the form of civil penalties of up to \$180,000 for the first day of non-compliance and up to \$18,000 for each subsequent day of non-compliance may be imposed by a court. 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 each property incurs costs in excess of \$5,000 per annum.

Risks and Opportunities continued

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

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of Impact	
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	
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	

Estimated financial implication	Management method	Cost of management
The inherent financial impacts of tropical cyclones are quantified through insurance excess, which is \$10,000 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, in preparation for the cyclone season, Smithfield Shopping Centre proactively undertook remediation works which included tree lopping and removal, drainage clearance, erosion control, surface levelling and planting.	Management costs vary by site. For example Dexus incurred additional cost of \$47,600 to prepare and make safe Smithfield Shopping Centre for the cyclone season by undertaking landscape remediation which included tree lopping and removal, drainage clearance, erosion control, surface levelling and planting.
For Dexus, the inherent 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. In addition Dexus conducts an ongoing comprehensive risk audit program to identify and evaluate and mitigate risk with regard to personal health and safety, building safety, environmental hazards and climate change, security and insurance risk. Within these audits, each property's exposure to storm and flood damage is assessed and any risks identified are prioritised for mitigation and adaptation strategies. The risk analysis process involves: - Risk identification - Risk analysis: Determine inherent risk by assessing likelihood and impact, and effectiveness of current controls - Evaluation: Evaluate residual risks and apply risk mapping tools to decide whether a particular risk is acceptable, factoring in the frequency, likelihood of occurrence, and the potential environmental, financial or business impacts. - Treatment: Develop Risk Treatment Plans for all 'Significant' or 'High' risks to mitigate either the cause of the risk or the effects. For example, the stormwater infrastructure is oversized at properties at risk of flooding due to increased precipitation. Risk assessments and the risk register are updated annually to identify changing risks and to monitor the effective implementation of risk mitigation actions.	Costs associated with mitigation and future adaptation are determined on a property by property basis. For example, Willows Shopping Centre spent an additional \$48,500 on upgrading roofing and box gutters to mitigate the risk of on-site flooding due to heavy precipitation.

Risks and Opportunities continued

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

Risk driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	
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.	Reduced stock price (market valuation)	1 to 3 years	Direct	Very likely	High	
Changing consumer behavior	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	

Estimated financial implication	Management method	Cost of management
The inherent financial impacts of Dexus's reputational risk can be measured through the ability of attracting new capital, delivering required returns to investors and enabling future growth, having a more competitive cost of capital and superior security 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; with estimates ranging from 5% to 25% or more. A 10% fall in Dexus's share price would result in approximately \$1bn in loss of share value for investors based on current market capitalisation.	Dexus creates value for its stakeholders and manages its reputation in this area through a commitment to a robust governance and management structure and its dedicated response to reporting requirements. Through its CR&S framework Dexus systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations. Dexus is a signatory to the UNPRI and has integrated these principles. For example, Dexus 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. Dexus conducts an ongoing comprehensive risk audit program to identify and evaluate and mitigate risks including those posed by climate change. Dexus sets ongoing continuous improvement emissions reduction targets for its property portfolio and monitors operational efficiency and performance targets set for its third party property managers. In addition, regulatory compliance, capital investment, carbon analysis and education of staff, investors and other stakeholders form part of the way Dexus undertakes its responsibilities regarding carbon management. Dexus proactively manages its reputation through disclosure of its environmental performance and has been recognised globally as a leader by inclusion on various indices including DJSI, FTSE4Good Index and the Group's commitment to the CDP.	Costs to maintain company reputation include staff resourcing, capital investment, 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. For example Dexus enhanced its reputation and successfully repositioned Blue Tower - 12 Creek Street Brisbane, by focusing on customer service and building efficiency upgrades. Dexus invested over \$2.5m to upgrade the mechanical services and controls, and install sub metering and monitoring. The works resulted in an improvement in the building's NABERS Energy rating from 2.5 stars at acquisition to 3.5 stars reducing operating costs by approximately \$160,000 p.a.
Inherent financial implications of risk change in consumer behaviour comprise increased vacancy periods, lower rental income or increases in lease incentives (i.e. lease discounts). For example a 1% reduction in occupancy due to changing consumer demand would reduce rental income by approximately \$5.8m per annum across Dexus's listed portfolio. 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 its risk regarding changing consumer behaviour in three ways: 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. 2. Analyse consumer trends through market research and develop adaption plans. 3. Focusing on tenant needs and issues to provide service excellence.	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.

Climate change opportunities

5.1d Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

5.1e Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

5.1f Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

6. Climate change opportunities

6.1 Have you identified any inherent 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



Quarry at Greystanes, Turnbull Close, Greystanes



Climate change opportunities continued

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

Opportunity driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	
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	
Product labeling regulations and standards	Compliance with Building Energy Efficiency Disclosure (BEED) 2010 Act requires Dexus and other commercial building owners to disclose the energy efficiency of their buildings in the event of marketing the lease and/or sale of a space and/or building over a minimum 2,000 square metres (reducing to 1,000sqm from 1 July 2017). Dexus is required to prepare a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating (valid for 12 months), and b) a Tenancy Lighting Assessment (valid for 5 years). The provisions of the Act also require the energy efficiency rating (via NABERS ratings) to be displayed in printed, physical and online marketing materials. Through these ratings, Dexus gains visibility of the potential for further energy efficiency improvements that can be implemented to reduce energy use, greenhouse gas emissions and reduce operating costs.	Reduced operational costs	3 to 6 years	Direct	Virtually certain	High	
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 2025.	Reduced operational costs	>6 years	Direct	Virtually certain	High	

Estimated financial implication	Management method	Cost of management
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, conduct competitive energy procurement, reductions in emissions and ultimately lower operating costs across the properties and the business. Accurate consumption load data has helped Dexus save approximately \$500k per annum in energy commodity costs in recent tenders.	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 utilises consumption data to monitor performance and identify initiatives to reduce cost with regard to building operations (e.g. managing building loads based on occupancy and seasonal ambient temperatures).	Dexus has incurred costs of \$300,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees.
Adherence to the BEED Act enables Dexus to avoid fines of \$18,000 and a maximum court imposed penalty of \$180,000, plus any adverse effects due to vacancy or reputational damage. Benchmarking properties highlight opportunities to improve energy efficiency and reduce operating costs, which vary by property. On average, a Sydney-based property rated 5 stars is 18% more efficient than an equivalent 4.5 star building. The Dexus office portfolio has achieved a 4.6 star NABERS average rating. A 10% reduction in energy use across the Dexus office portfolio would reduce operating costs by approximately \$2.75m per annum.	Dexus takes an ongoing approach to assessing and implementing energy efficiency projects as part of its capital works program. Dexus develops and implements strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of lighting air conditioning systems and Building Management systems and software. 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. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings, and ongoing energy and greenhouse gas emissions monitoring and reporting. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, installation of high efficiency chillers in some cases and modifications to the water distribution systems incorporating variable speed drives and high efficiency motors.	Cost impacts include: Cost to change marketing collateral already in circulation (leasing brochures, web sites, leasing sign board materials); cost of NABERS assessments on unrated properties; cost of NABERS assessments brought forward for those properties due to expire; Cost of applications for exemptions. Costs from ratings for mixed use premises prior to clear guidelines being finalised. Legal costs arising from the interpretation of the Act. Collectively each property incurs costs in excess of \$5,000 per annum.
Dexus forecasts diminishing annual revenue between FY16 and FY20 of approximately \$300,000 per annum. 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. Each property incurs costs in excess of \$5,000 per annum for ratings and program participation.

Climate change opportunities continued

6.1b Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	
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.	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.	>6 years	Direct	Very likely	High	
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	Medium	

Estimated financial implication	Management method	Cost of management
Proactive adaptation and preventative design will enable Dexus to avoid cost and continuity issues associated with extreme weather events. By avoiding the need to make insurance claims, Dexus would reduce insurance premiums and avoid claim costs of \$10,000 per event. 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. The IPD Green Property Index tracks 'Green' premiums gained from NABERS and Green Star rated buildings. The premiums vary but evident in most cases, however they show that Dexus properties with 4-6 star NABERS energy ratings deliver 0.88% green premium over offices with low NABERS energy ratings between 0-3.5 stars.	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 practises and operations.	Stringent design and evaluation processes already exist 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 \$3,000 per site.
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 \$3,000 per site.

Climate change opportunities continued

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

Opportunity driver	Description	Potential impact	Timeframe	Direct / Indirect	Likelihood	Magnitude of impact	
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	3 to 6 years	Direct	More likely than not	High	
Changing consumer behavior	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	>6 years	Direct	Virtually certain	High	

Estimated financial implication	Management method	Cost of management
The opportunity for managing reputation also is attracting new capital, delivering required returns to investors and enabling future growth, more competitive cost of capital and superior security price performance. Dexus leverages its demonstrated reputation for prudent capital management as a responsible investor to raise additional capital and attract new investment partners. For example in FY16 Dexus completed a \$200 million equity raising via existing investors for one its unlisted funds to finance acquisitions and fund committed developments.	Regulatory compliance, capital investment, carbon analysis and education of the organisation's staff, investors and other stakeholders form part of the way Dexus undertakes its responsibilities regarding carbon management. Dexus manages its reputation in this area through a commitment to a robust governance and management structure and a dedicated response to reporting requirements. Dexus has been recognised globally as a leader by inclusion on various indices, as outlined in its 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, 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. For example Dexus enhanced its reputation and successfully upgraded Blue Tower - 12 Creek Street Brisbane, by focusing on customer service and building efficiency upgrades. Dexus invested over \$2.5m to upgrade the mechanical services and controls, and install sub metering and monitoring. The works resulted in an improvement in the building's NABERS Energy rating from 2.5 stars at acquisition to 3.5 stars reducing operating costs by approximately \$160,000 p.a.
The direct financial implications of the opportunity can be measured by returns on investment achieved based on the efficiency of the property. For example a 1% increase in occupancy due to changing consumer demand would increase rental income by approximately \$5.8m per annum across Dexus's listed portfolio. Dexus also benefits from a 0.88% average green premium that offices with high NABERS ratings deliver (source IPD Green Index) as well as attracting customers to sign longer lease terms, which reduces transaction costs. Thus opportunity lies in Dexus's ability to reduce greenhouse emissions to maximise returns to achieve these returns.	Dexus focuses on delivering customer service excellence and providing tenants with premium buildings that demonstrate environmental leadership. Dexus comprehensively manages its building operations to provide tenants with safe, efficient, connected, high-performing assets. Dexus takes an ongoing approach to assessing and implementing energy efficiency projects as part of its capital works program. Dexus develops and implements strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of lighting air conditioning systems and Building Management systems and software. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings, and ongoing energy and greenhouse gas emissions monitoring and reporting. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, installation of high efficiency chillers in some cases and modifications to the water distribution systems incorporating variable speed drives and high efficiency motors.	Costs to maintain implement building sustainability upgrades vary from project to project and include staff resourcing, capital investment, engaging consultants to advise, capital expenditure and operating costs. For example Dexus enhanced its reputation and successfully upgraded Blue Tower - 12 Creek Street Brisbane, by focusing on customer service and building efficiency upgrades. Dexus invested over \$2.5m to upgrade the mechanical services and controls, and install sub metering and monitoring. The works resulted in an improvement in the building's NABERS Energy rating from 2.5 stars at acquisition to 3.5 stars reducing operating costs by approximately \$160,000 p.a.

GHG emissions accounting, energy and fuel use and trading

6.1d Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

6.1e Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

6.1f Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

n/a

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)

Scope	Base year	Base year emissions (metric tonnes CO ₂ e)
Scope 1	Sun 01 Jul 2007 - Mon 30 Jun 2008	6,226
Scope 2 (location-based)	Sun 01 Jul 2007 - Mon 30 Jun 2008	151,951
Scope 2 (market-based)	Sun 01 Jul 2007 - Mon 30 Jun 2008	151,951

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
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

7.2a If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

n/a

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

Gas	Reference
CO ₂	IPCC Fourth Assessment Report (AR4 - 100 year)
CH ₄	IPCC Fourth Assessment Report (AR4 - 100 year)
N ₂ O	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	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	0.84	metric tonnes CO ₂ e per MWh	NSW and ACT, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Electricity	1.13	metric tonnes CO ₂ e per MWh	VIC, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Electricity	0.79	metric tonnes CO ₂ e per MWh	QLD, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Electricity	0.56	metric tonnes CO ₂ e per MWh	SA, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Electricity	0.76	metric tonnes CO ₂ e per MWh	WA, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Electricity	0.2	metric tonnes CO ₂ e per MWh	TAS, Australia - NGER Measurement Determination 2008, Schedule 1, Part 6, page 344, July 2014
Natural gas	0.05133	metric tonnes CO ₂ e per GJ	Australia - NGER Measurement Determination 2008, Schedule 1, Part 2, page 337, July 2014
Diesel/Gas oil	0.0702	metric tonnes CO ₂ e per GJ	Australia - NGER Measurement Determination 2008, Schedule 1, Part 3, page 338, July 2014

8. Emissions Data - (1 Jul 2015 - 30 Jun 2016)

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 CO₂e

17044

8.3 Please describe your approach to reporting Scope 2 emissions

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

8.3a Please provide your gross global Scope 2 emissions figures in metric tonnes CO₂e

Scope 2 (location-based)	Scope 2 (market-based)	Comment
134895	127852	Dexus's market-based Scope 2 emissions accounts for voluntary purchase of accredited GreenPower for properties in Australia, with the residual mix calculated using state-based electricity grid emission factors. GreenPower purchases are unbundled and consist of purchases from government-accredited, emission-free renewable sources including wind and solar.

GHG emissions accounting, energy and fuel use and trading continued

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	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 2% but less than or equal to 5%	Extrapolation Metering/ Measurement Constraints Data Management	The Australian FY16 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.
Scope 2 (location-based)	Less than or equal to 2%	Extrapolation Metering/ Measurement Constraints Data Management	The Australian FY16 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.
Scope 2 (market-based)	Less than or equal to 2%	Extrapolation Metering/ Measurement Constraints Data Management	The Australian FY16 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. GreenPower purchases are considered to be zero emission sources, with no uncertainty. 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.

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

Third party verification or assurance process in place

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

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC8.6a/2016 PwC Assurance Opinion and Criteria. pdf	1-8	ASAE3000	100

8.6b Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission 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 process in place

8.7a Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC8.7a/2016 PwC Assurance Opinion and Criteria.pdf	1-8	ASAE3000	100

8.8 Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Other: Total energy (GJ), total water (kL), Total recycling and waste to landfill (T), Scope 3 emissions from waste and energy transmission/distribution	Limited assurance also included assessment of total energy consumption, total water consumption, total recycling and waste to landfill, and scope 3 emissions from waste and energy transmission/distribution 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 CO₂

n/a

GHG emissions accounting, energy and fuel use and trading continued

9. Scope 1 Emissions Breakdown - (1 Jul 2015 - 30 Jun 2016)

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

No

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

n/a

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

10. Scope 2 Emissions Breakdown - (1 Jul 2015 - 30 Jun 2016)

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

No

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

n/a

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

11. Energy

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

More than 5% but less than or equal to 10%

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

Energy type	MWh
Heat	0
Steam	0
Cooling	0

11.3 Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

51073

11.3 Please complete the table by breaking down the total “Fuel” figure entered above by fuel type

Fuels	MWh
Diesel/Gas oil	1514
Natural gas	49559

11.4 Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
Energy attribute certificates, Guarantees of Origin	7043	0	Dexus pre-commits to purchasing a quantity of unbundled GreenPower (for the FY16 reporting period, this was 7,043 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).

11.5 Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
155715	152919	2796	2190	2190	In FY16 Dexus produced electricity from renewable sources including solar PV and low-carbon cogeneration, and from non-renewable diesel oil.

GHG emissions accounting, energy and fuel use and trading continued

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 (%)	Direction of change	Please explain and include calculation
Emissions reduction activities	4.4	Decrease	During the FY16 reporting period, Dexus achieved a 4.4% reduction in absolute emissions (scope 1 and 2 combined) from FY15 and 3.9% overall when compared to the baseline year of FY08 despite a 39% increase in net lettable area under management. Emissions have decreased across Dexus operations primarily due to a number of integrated, targeted emissions reduction activities. These include major plant replacements and upgrades, Dexus's resource consumption reduction targets, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for onsite Building Services Managers to ensure optimal building performance and best practice building management and engineering. The 4.4% decrease is equal to 6,585 tCO ₂ -e / 148,646 t.CO ₂ -e where 6,585 is the change in emissions from emission reduction activities and 148,646 t.CO ₂ -e is the total Scope 1 and 2 emissions reported by Dexus in FY15.
Divestment	3.5	Decrease	During the FY16 reporting period, Dexus divested several properties which has contributed to a 5,134 t.CO ₂ -e or 3.5% reduction in emissions reported. The 3.5% decrease is equal to 5,134 tCO ₂ -e / 148,646 t.CO ₂ -e where 5,134 is the change in emissions from properties that were disposed during the reporting period and 148,646 t.CO ₂ -e is the total Scope 1 and 2 emissions reported by Dexus in FY15.
Acquisitions	4.9	Increase	During the FY16 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 7,218 t.CO ₂ -e or 4.9% in emissions reported. The 2.7% increase is equal to 7,218 tCO ₂ -e / 148,646 t.CO ₂ -e where 7,218 is the change in emissions from properties that were acquired during the reporting period and 148,646 t.CO ₂ -e is the total Scope 1 and 2 emissions reported by Dexus in FY15.
Mergers			
Change in output			
Change in methodology	0.4	Increase	Dexus has observed minor changes to its FY15 inventory post-reporting due to the continued capture of billing data which was received after its reporting deadlines. In addition, energy retailers have revised invoiced quantities for a selected number of invoices. Together these ongoing data management changes have improved the accuracy of Dexus's inventory with estimated data replaced by actual data. These changes resulted in an increase of 637 t.CO ₂ -e or 0.4% of emissions reported. The 0.4% decrease is equal to 637 tCO ₂ -e / 148,646 t.CO ₂ -e where 637 is the change in emissions resulting from methodology changes and 148,646 t.CO ₂ -e is the total Scope 1 and 2 emissions reported by Dexus in FY15.
Change in boundary	2.9	Increase	In its FY16 disclosure Dexus included a restatement of energy and emissions figures for QV Melbourne following clarification of a metering boundary between base and tenant consumption, and resolution of metering and billing issues which has added 12,100GJ to the energy footprint. This these changes resulted in an increase of 4,367 t.CO ₂ -e or 2.9% of emissions reported. The 2.9% decrease is equal to 4,367 tCO ₂ -e / 129,634 t.CO ₂ -e where 4,367 is the change in emissions resulting from boundary changes and 148,646 t.CO ₂ -e is the total Scope 1 and 2 emissions reported by Dexus in FY15.

Reason	Emissions value (%)	Direction of change	Please explain and include calculation
Change in physical operating conditions	1.9	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 FY16 reporting period Australia experienced greater fluctuations in temperatures when measured against FY15. 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 and Brisbane saw increases in cooling requirements of 10%, and 6% respectively, while Melbourne saw a 54% increase in cooling requirements. These changes result in increases or decreases in energy use associated with building air conditioning. Nearly all properties saw an increase in heating needs with HDDs increasing by 16% to 44% in Melbourne and Brisbane while Melbourne saw a drop of 4% in heating requirements. This resulted in increases in energy use for heating and associated greenhouse gas emissions. At a portfolio level the net increase in heating and cooling requirements accounting for an increase of approximately 2,789 t. CO2-e or 1.9% in greenhouse gas emissions. The 1.9% increase is equal to 2,789 tCO2-e / 148,646 t.CO2-e where 2,789 is the net change in emissions resulting from changes in ambient temperatures and 148,646 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY15.
Unidentified			
Other			

12.1b Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

GHG emissions accounting, energy and fuel use and trading continued

12.2 Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO₂e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.000142	metric tonnes CO ₂ e	1072200000	Location-based	0.7	Increase	In the previous year, Dexus's emissions were 0.000141 tonnes of CO ₂ e/\$revenue. In FY16, total Scope 1 and Scope 2 GHG emissions increased by 2.2% from the previous year and increased \$revenue from the previous year by 1.5%. The 0.7% increase in intensity per \$revenue is due to a net increase of 6.6% due to acquisitions outweighing divestments, minor changes in data methodology and operating conditions. This was offset by a decrease in emissions of 4.4% due to emissions reduction activities including major plant replacements and upgrades, Dexus's resource consumption reduction program, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.



60 Castlereagh Street, Sydney

12.3 Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator. Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.050131	metric tonnes CO2e	square metre	2,965,173.1	Location-based	0.6	Decrease	In the previous year, DEXUS's emissions were 0.050542 tonnes of CO2e/square metre. DEXUS increased total Scope 1 and Scope 2 GHG emissions by 14.7% from the previous year yet emissions per square metre reduced from the previous year by 0.6%. During FY15 the lettable area (square metres) of office properties within the portfolio increased by 15.3%, while corresponding emissions increased by a lesser amount of 14.7%, with a net decrease in office emissions intensity of 0.6% arising from emissions reduction activities. Across the portfolio emissions increased by 20.1% due to these acquisitions and minor changes in data methodologies, however this was offset by an overall decrease in portfolio emissions of 5.5% due to emissions reduction activities including major plant replacements and upgrades, DEXUS's resource consumption reduction program, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

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 2 years

13.1a Please complete the following table for each of the emission trading schemes in which you participate

n/a

13.1b What is your strategy for complying with the schemes in which you participate or anticipate participating?

n/a

GHG emissions accounting, energy and fuel use and trading continued

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	
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.	
Credit purchase	Biomass energy	Jilin Liaoyuan Biomass Power Generation, China: The project adopts biomass direct combustion technology to utilise local surplus biomass residues (mainly, but not exclusively, rice straw, and wheat straw, and cotton stalk) for power generation. The biomass fuels are collected at the straw-collecting stations at first, and then packed and transported to the project power plant. The biomass fuels may be stored and then are shredded before being fed into the power generating system and burnt.	
Credit purchase	Wind	Tamil Nadu Wind Project, India: 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. Emission-free wind power is generated using wind turbines and distributed for use in across the Tamil Nadu's state transmission system, displacing fossil fuel based electricity generation plants.	
Credit purchase	Fossil fuel switch	Fuel-efficient cook stoves and 'rocket barns', Malawi: The project was initiated to address Malawi's overdependence on wood fuel for domestic cooking and tobacco processing (Malawi's main export), in order to protect its forest resources. The ultimate goal of the project is to facilitate a nationwide shift from inefficient exploitation of fuel wood to sustainable and efficient biomass use. Fuel efficient household and institutional cook-stoves and fuel-efficient rocket barns are distributed to replace existing inefficient curing barns. The new stoves reduce fuel consumption by up to 50% through better combustion and improve heat transfer. The 'rocket barn' incorporates a double chimney that uses 'waste heat' to increase convective flow through the tobacco and barn structure for improved heat transfer systems, which ensure equal heat distribution with improved air-flow minimising the risk of barn fires. The rocket barn has a twofold increase in heat exchanger surface area compared to the conventional barn and has an improved, extended, and durable "venturi" furnace. The improved rocket barns reduced fuel-use by 63% on average in sampled farms.	
Credit purchase	Agriculture	Savannah burning, Northern Australia: The project reduces emissions from savannah fires by shifting burning from the late dry season (approximately October - November) towards the early dry season (approximately March - April), and Reducing the area that is burnt each year. Practices employed by traditional owners, such as controlled savannah burning help control the incidence of large fires occurring during the dry season and decrease the amount of methane and nitrous oxide emissions into the atmosphere. Careful early dry season burning can reduce fuel loads and create burnt firebreaks in the landscape. Fire breaks alongside roads or watercourses help to reduce the risk of hot fires spreading in the late dry season.	
Credit origination	Other: Energy efficiency: Commercial and Retail properties	Dexus NABERS Improvement program: Dexus has generated ESCs through the implementation of energy efficiency measures including upgrades to building services plant and equipment and proactive management of building operations.	

Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
VCS (Verified Carbon Standard)	500	500	Yes	Voluntary Offsetting
VCS (Verified Carbon Standard)	900	900	Yes	Voluntary Offsetting
VCS (Verified Carbon Standard)	800	800	Yes	Voluntary Offsetting
Gold Standard	400	400	Yes	Voluntary Offsetting
Other: Carbon Farming Initiative (CFI) Australia – Kyoto Australian Carbon Credit Units (ACCUs).	100	100	Yes	Voluntary Offsetting
Other: NSW Energy Savings Scheme (ESS)	15934	15934	Not relevant	Other: Revenue creation to offset capital outlays in energy efficiency projects to reduce payback

GHG emissions accounting, energy and fuel use and trading continued

14. 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 ₂ e	Emissions calculation methodology
Purchased goods and services	Relevant, calculated	479	Other indirect emissions: Paper procured at Dexus tenancies (tCO ₂ -e) = total weight of paper purchased (kg) x emissions factor (kgCO ₂ /t)/1000. Factor: Emission Factor= kg x 1.08. Source: EPA Paper note, dated May 2011; Potable water usage within Dexus tenancies = water (kL) x emissions factor (tCO ₂ /ML) x 1000; Factor: Water = 0.232 tCO ₂ -e/ML: Derived from National Performance Report 2012-13 - urban water utilities, Part B; http://www.nwc.gov.au/publications/topic/nprs/npr-2013-urban ; Wastewater arising from Dexus tenancies = wastewater (kL) x emissions factor (tCO ₂ /ML) x 1000; Factor: Wastewater = 0.423 tCO ₂ -e/ML: Derived from National Performance Report 2012-13 - urban water utilities, Part B; http://www.nwc.gov.au/publications/topic/nprs/npr-2013-urban ; Hotel accommodation = number of guest nights x emissions factor (kgCO ₂ /guest night)/1000; Factor = 58.2kgCO ₂ -e/guest night; Source: Derived from the Commercial Buildings Baseline Study; http://www.industry.gov.au/ENERGY/ENERGYEFFICIENCY/NON-RESIDENTIALBUILDINGS/Pages/CommercialBuildingsBaselineStudy.aspx ; Other sources as follows have been calculated = emissions (source) = financial spend (\$) x ISA emissions intensity factor (kgCO ₂ -e/\$)/1000, using a Licensed version of the Input-Output Analysis calculator developed by the Integrated Sustainability Analysis (ISA) Research Team at the University of Sydney (www.isa.org.usyd.edu.au) - using the following: Industry Allocation: Domestic telecommunication services, Factor = 0.16 kgCO ₂ -e/\$; Industry Allocation: Printing & Stationary, Factor = 0.39 kgCO ₂ -e/\$; Industry Allocation: Data processing services, Factor = 0.17 kgCO ₂ -e/\$; Industry Allocation: Postal Services, Factor = 0.11 kgCO ₂ -e/\$; Industry Allocation: Courier Services, Factor = 0.40 kgCO ₂ -e/\$; Industry Allocation: Fresh Meat, Factor = 6.71 kgCO ₂ -e/\$; Industry Allocation: Confectionery, Factor = 0.40 kgCO ₂ -e/\$; Industry Allocation: Vegetable Products, Factor = 0.49 kgCO ₂ -e/\$; Industry Allocation: Oats, sorghum and other cereal grains, Factor = 2.92 kgCO ₂ -e/\$; Industry Allocation: Dairy Products, Factor = 1.15 kgCO ₂ -e/\$; Industry Allocation: Oil & Fats, Factor = 0.91 kgCO ₂ -e/\$; Industry Allocation: Spirits, Factor = 0.62 kgCO ₂ -e/\$;
Capital goods	Not relevant, explanation provided		
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	19828	Energy indirect emissions from transmission and distribution losses associated with purchased electricity across Dexus investment properties and tenancies (tCO ₂ -e) = (annual total electricity consumption (kWh) x scope 3 emissions factor (kgCO ₂ -e/kWh)/1000. Factor: Scope 3 Emission factors Electricity: NSW & ACT= 0.12 (kg CO ₂ -e/kWh), VIC = 0.13 (kg CO ₂ -e/kWh), QLD = 0.13 (kg CO ₂ -e/kWh), SA = 0.11 (kg CO ₂ -e/kWh), TAS = 0.02 (kg CO ₂ -e/kWh), WA = 0.07 (kg CO ₂ -e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (August 2015), Table 41, page 68. Energy indirect emissions from transmission and distribution losses associated with purchased natural gas across Dexus investment properties (tCO ₂ -e)= (annual total natural gas consumption (GJ) x scope 3 emissions factor (kgCO ₂ -e/GJ)/1000. Factor: Scope 3 Emission factors - Natural Gas: NSW & ACT= 12.8 (kg CO ₂ -e/GJ), VIC = 3.9 (kg CO ₂ -e/GJ), QLD = 8.7 (kg CO ₂ -e/GJ), SA = 10.4 (kg CO ₂ -e/GJ), TAS = 0.00 (kg CO ₂ -e/GJ), WA = 4.0 (kg CO ₂ -e/GJ). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (August 2015), Table 37, page 66.

	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
	100.00%	
		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.
	100.00%	

GHG emissions accounting, energy and fuel use and trading continued

Sources of Scope 3 emissions	Evaluation status	Metric tonnes CO2e	Emissions calculation methodology
Upstream transportation and distribution	Not relevant, explanation provided		
Waste generated in operations	Relevant, calculated	10218	Other indirect emissions from waste to land fill from Dexus's investment properties and tenancies (tCO2-e) = total weight of waste to landfill (tonnes) x emissions factor (tCO2/tonne). Factor: Emission Factor = 1.3 (t.CO2-e/tonne). Source: Other indirect: National Greenhouse Accounts (NGA) Factors (August 2015), Table 43, page 74. Weight-based measurement for waste collection occurs at selected Dexus properties and this data is used to develop density factors for each specific waste collection stream which are used to convert waste data that is collected in volume to an equivalent weight across the remaining Dexus sites.
Business travel	Relevant, calculated	927	Other indirect emissions from air travel for Dexus employees (tCO2-e) = ((total SHF km travelled x km uplift factor x SHF emissions factor)+ (total MHF km travelled x km uplift factor x MHF emissions factor)+ (total LHF km travelled x km uplift factor x LHF emissions factor)). Factor: Domestic 0.3083; Short haul [Economy: 0.18263, Business/First: 0.27394], Long Haul [Business: 0.47092, First: 0.64955] which includes 9% uplift factor and 1.9x Radiation Forcing Index (RFI). Source: 2016 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors. Other indirect emissions from taxi travel for Dexus employees (tCO2-e) = total kL fuel consumed x energy content factor (GJ/kL) x (scope 1 + scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor- Liquefied petroleum gas (LPG)-Post 2004 vehicles. Energy content factor (GJ/kL) 26.2, Emission factor (CO2: 60.2, CH4: 0.4, N2O:0.3); Scope 3 emissions factor = 3.6. Source: National Greenhouse Accounts (NGA) factors (August 2015) - Table 4, page 17 Fuel combustion emission factors (Transport Fuels), Table 39, page 67: Scope 3 emission factors - liquid fuels and certain petroleum based products. Other indirect emissions from car mileage for Dexus employees (tCO2-e) = total kL fuel consumed x (scope 1+ scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor- Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO2: 67.4, CH4: 0.02, N2O:0.2); Scope 3 emissions factor = 3.6. Source: National Greenhouse Accounts (NGA) factors (August 2015) - Table 4, page 17 Fuel combustion emission factors (Transport Fuels); Table 39, page 67: Scope 3 emission factors- liquid fuels and certain petroleum based products. Other indirect emissions from hire cars for Dexus employees (tCO2-e) = total kL fuel consumed x (scope 1+ scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor - Gasoline (other than for use as fuel in an aircraft). Energy content factor (GJ/kL) 34.2, Emission factor (CO2: 67.4, CH4: 0.02, N2O:0.2); Scope 3 emissions factor = 3.6. Source: National Greenhouse Accounts (NGA) factors (August 2015) - Table 4, page 17 Fuel combustion emission factors (Transport Fuels); Table 39, page 67: Scope 3 emission factors - liquid fuels and certain petroleum based products.

	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
		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.
	100.00%	
	100.00%	

GHG emissions accounting, energy and fuel use and trading continued

Sources of Scope 3 emissions	Evaluation status	Metric tonnes CO2e	Emissions calculation methodology	
Employee commuting	Relevant, calculated	501	Other indirect emissions from employee commuting for all national employees (tCO2-e) were calculated using the following process: 1. Dexus surveyed staff in June 2014 to collect data on employee commuting habits, with a response rate of 60%. 2) Scope 3 emissions from employee commuting (tCO2-e) were compiled for each survey response with emissions arising from the following modes of travel: bus, train, tram, ferry, car, and pooled car as well as zero emission sources including walking/running and cycling. 3) The total emissions were extrapolated to cover 100% of Dexus FTEs. 4) A 10% contingency was added to determine the total emissions for employee commuting for all national employees (tCO2-e). Calculations: for each mode of transport, greenhouse gas emissions (tCO2-e) = total passenger distance (pkm) travelled x combined emissions factor (kgCO2/pkm/1000). Combined emissions factors(kgCO2/pkm): walking = 0, cycling = 0, bus = 0.093, train = 0.124, tram = 0.187, ferry = 0.301, car = 0.278, pooled car = 0.139. Sources: Bus, ferry, tram, train: AGO National Greenhouse Gas Inventory – Analysis of Recent Trends and Greenhouse Indicators 1990 - 2005: Tables 12, 15, 16 and 17; Car and pooled car: National Greenhouse Accounts (NGA) factors (August 2015) - Table 4, page 17 Fuel combustion emission factors (Transport Fuels) Table 39, page 67: Scope 3 emission factors- liquid fuels and certain petroleum based products. Assumptions: Car, pooled car - assumed average vehicle fuel efficiency of 10.9 litres/100km; pooled car carries two passengers.	
Upstream leased assets	Not relevant, explanation provided			
Downstream transportation and distribution	Not relevant, explanation provided			
Processing of sold products	Not relevant, explanation provided			
Use of sold products	Not relevant, explanation provided			
End of life treatment of sold products	Not relevant, explanation provided			

	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
	100.00%	
		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.
		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.
		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.
		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.
		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.

GHG emissions accounting, energy and fuel use and trading continued

Sources of Scope 3 emissions	Evaluation status	Metric tonnes CO2e	Emissions calculation methodology	
Downstream leased assets	Not relevant, explanation provided			
Franchises	Not relevant, explanation provided			
Investments	Not relevant, explanation provided			
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 process in place

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

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of Scope 3 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/27/4627/Climate Change 2017/Shared Documents/Attachments/CC14.2a/2016 PwC Assurance Opinion and Criteria.pdf	1-8	ASAE3000	100

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

Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
	Dexus has calculated and included scope 3 emissions impacted by its operations. These were determined based on the criteria listed for scope 3 emissions in the GHG Protocol and based on the NCOS Standard. Dexus does not lease non property assets therefore emissions from downstream leased assets are not relevant to its business. Dexus has calculated and included scope 3 emissions impacted by its operations. These were determined based on the criteria listed for scope 3 emissions in the GHG Protocol and based on the NCOS Standard.
	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.
	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 hold indirect investments. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.



Kings Square 2, 568 Wellington Street, Perth

GHG emissions accounting, energy and fuel use and trading continued

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 (%)	Direction of change	Comment
Purchased goods & services	Change in physical operating conditions	0.2	Increase	In 2016 Dexus's emissions from purchased goods and services has increased by 57 tCO ₂ -e due to increased consumption of catering by increased staff numbers against the previous year.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Emissions reduction activities	4.7	Decrease	During the FY16 reporting period, Dexus achieved a reduction in fuel and energy related Scope 3 emissions of 1,490 tCO ₂ -e or 4.7% against FY15 for like-for-like properties. Scope 3 emissions from fuel and energy related activities have decreased across Dexus operations primarily due to a number of integrated, targeted emissions reduction activities which have reduced energy use and associated transmission and distribution losses. These include major plant replacements and upgrades, Dexus's resource consumption reduction targets, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers to ensure optimal building performance and best practice building management and engineering.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Acquisitions	3.2	Increase	During the FY16 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 1,024 t.CO ₂ -e or 3.2% in fuel and energy related Scope 3 emissions reported.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Divestment	2.5	Decrease	During the FY16 reporting period, Dexus divested several properties which has contributed to a 778 t.CO ₂ -e or 2.5% reduction in fuel and energy related Scope 3 emissions reported.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in methodology	1.0	Decrease	Dexus has observed minor changes to its FY15 inventory post-reporting due to the continued capture of billing data which was received after its reporting deadlines. In addition, energy retailers have revised invoiced quantities for a selected number of invoices. Together these ongoing data management changes have improved the accuracy of Dexus's inventory with estimated data replaced by actual data. Together these changes resulted in a decrease of 319 t.CO ₂ -e or 1.0% of Scope 3 emissions reported.
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in boundary	1.3	Increase	In its FY16 disclosure Dexus included a restatement of energy and emissions figures for QV Melbourne following clarification of a metering boundary between base and tenant consumption, and resolution of metering and billing issues which has added 12,100GJ to the energy footprint. This change resulted in an increase of 405 t.CO ₂ -e or 1.3% of scope 3 emissions reported.

Sources of Scope 3 emissions	Reason for change	Emissions value (%)	Direction of change	Comment
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Change in physical operating conditions	1.9	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 FY16 reporting period Australia experienced greater fluctuations in temperatures when measured against FY15. 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 and Brisbane saw increases in cooling requirements of 10%, and 6% respectively, while Melbourne saw a 54% increase in cooling requirements. These changes result in increases or decreases in energy use associated with building air conditioning. Nearly all properties saw an increase in heating needs with HDDs increasing by 16% to 44% in Melbourne and Brisbane while Melbourne saw a drop of 4% in heating requirements. This resulted in increases in energy use for heating and associated greenhouse gas emissions. At a portfolio level the net increase in heating and cooling requirements accounting for an increase of approximately 402 t. CO2-e or 1.9% in greenhouse gas emissions.
Business travel	Change in output	0.4	Decrease	In FY16 Dexus reduced its emissions from business travel by 0.4% or 114 t.CO2.e, due mainly to less requirements for travel during the period.
Waste generated in operations	Change in methodology	5.1	Increase	Throughout FY16 Dexus installed weight scales to directly measure waste and recycling in tonnage, instead of converting from volume to weight using standard densities. Although data accuracy has improved, from this change Dexus saw its waste to landfill, and associated emissions increase by 5.1% or 1,598 t.CO2.e
Waste generated in operations	Acquisitions	0.2	Increase	During the FY16 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 64 t. CO2-e or 0.2% in reported Scope 3 emissions relating to waste from operations. Dexus successfully achieved limited assurance over its FY16 waste and recycling dataset.
Waste generated in operations	Divestment	1.7	Decrease	During the FY16 reporting period, Dexus divested several properties which have contributed to a 541 t.CO2-e or 1.7% reduction in reported Scope 3 emissions relating to waste from operations. Dexus successfully achieved limited assurance over its FY16 waste and recycling dataset.
Employee commuting	Change in output	0.3	Increase	In FY16 Dexus total employees (FTEs) increased to 399.2 employees, compared with 334 FTEs in FY15. Emissions from employee commuting are prorated based on periodic employee commuting surveys and the increase in headcount added 81 t.CO2-e or 0.3% in Scope 3 greenhouse gas emissions.

GHG emissions accounting, energy and fuel use and trading continued

14.4 Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

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 sustained value to its investors from all of its activities while respecting and supporting its various stakeholders. Dexus's strategy and strategic objectives will be implemented through its Sustainability Approach. 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:

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

Dexus has a robust stakeholder engagement strategy in place that allows it 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 sustainability 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, it's 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 FY16, 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.

(i) Earth Hour. Dexus participated in Earth Hour 2016, a global initiative by the WWF held on Saturday March 19, 2016. Dexus participated across its commercial office portfolio by switching off non-essential power and lighting. In 2016, 100% of Dexus's office properties participated in Earth Hour nationally by turning off all non-essential base building power.

(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 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

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Active engagement	91	23%	Ninety-one major suppliers representing 23% of total spend are engaged regularly. Other suppliers are engaged with during re-negotiation of service contracts and formal tender processes. Dexus also engages with existing suppliers to optimise performance through a structured relationship and performance management process to maximise supplier services levels, manage risk, maintain healthy supplier relationships and realise shared value. In July 2015 Dexus surveyed 39 key suppliers across its preferred supplier panel to a) gain further insight into their day-to-day CR&S systems and practices in order to continue ongoing dialogue regarding corporate responsibility and sustainability (CR&S), b) gain a better understanding of day-to-day CR&S systems, practices and issues, c) Evaluate alignment between Dexus and its suppliers regarding CR&S ambitions, and d) identify areas for improvement and risk management.

14.4c Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future



Australia Square, 264 George Street, Sydney

Sign off

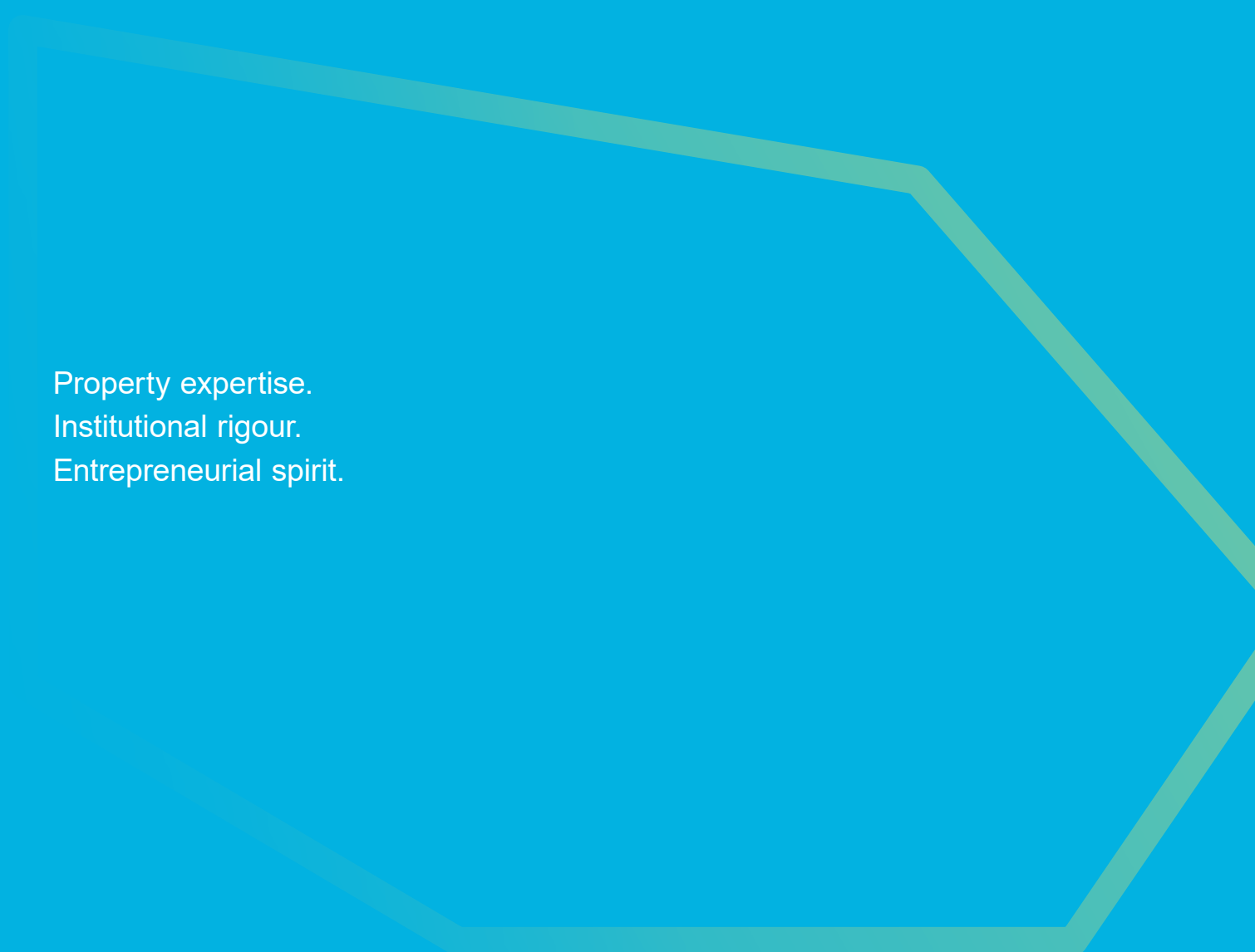
n/a

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
Darren Steinberg	Chief Executive Officer	Chief Executive Officer (CEO)



Property expertise.
Institutional rigour.
Entrepreneurial spirit.