

Australian Government
Carbon Neutral Program
Public Disclosure Summary

dexus



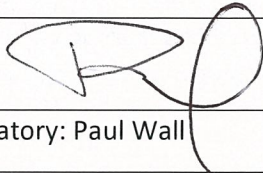
An Australian Government Initiative

Dexus

1 July 2017 – 30 June 2018

Declaration

To the best of my knowledge, the information provided in this Public Disclosure Summary is true and correct and meets the requirements of the National Carbon Offset Standard Carbon Neutral Program.

Signature 	Date: 22-11-17
Name of Signatory: Paul Wall	
Position of Signatory: Head of Group Sustainability and Energy	

Carbon neutral certification category	Organisation
Date of most recent external verification/audit	September 2017
Auditor	Pricewaterhouse Coopers
Auditor assurance statement link	http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/crs-library/reports



Australian Government
Department of the Environment and Energy

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1. Carbon neutral information

1A. Introduction – About Dexu

Dexu is one of Australia's leading Real Estate Investment Trust, investing directly in high quality Australian office, and industrial properties, with \$27.2 billion of assets under management. Listed on the Australian Securities Exchange, Dexu also actively manages office, industrial, retail and healthcare properties located in key Australian markets on behalf of third party capital partners.

Dexu manages a portfolio of 4.5 million square metres spanning across Sydney, Melbourne, Brisbane, Perth and Canberra. Dexu is Australia's preferred office partner with 1.7 million square metres of office space spanning across 53 office properties around Australia and is the largest owner of office buildings in the Sydney CBD, Australia's largest office market.

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

Dexu aims to maximise resource efficiency and minimise the overall environmental impact of operations across properties it acquires, owns, manages and develops.

Dexu has a proud record of developing and implementing leading practices in CR&S. As a responsible property investor, manager and developer, Dexu integrates our Sustainability Approach across the property lifecycle to create sustained value for our people, customers, communities, cities and the environment, by embracing connectivity, liveability and resilience.

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

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

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

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

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

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

Carbon neutral certification

Dexus is a signatory to Australia's Carbon Neutral Program, which is administered by the federal Department of the Environment. Each year the Group develops an emissions inventory in line with the program's National Carbon Offset Standard (NCOS) across our Corporate Operations.

The Group has offset direct emissions from refrigeration and electricity usage and indirect emissions generated by waste and recycling, water and wastewater, paper use, airline travel and car mileage for national employees, taxi travel, hire cars and employee commuting.

Dexus's NCOS carbon footprint

Dexus has prepared a greenhouse gas emissions inventory for the 2018 reporting period from 1 July 2017 to 30 June 2018.

Boundary and consolidation approach

Dexus's NCOS boundary includes Dexus corporate operations, which comprises facilities listed below that fall under Dexus's operational control for all or part of the 2018 reporting period. The boundary also includes Scope 3 emissions relating to corporate travel for all Dexus employees.

Dexus has applied the principles contained within the National Greenhouse and Energy Reporting Act 2007 and its associated guidelines to determine the operational control of its properties across Australia and New Zealand.

Where Dexus has operational control of a tenancy, we report 100% of energy, water, waste and emissions applicable to that tenancy, and an area-based proportion of base building operations.

Dexus's 2018 NCOS boundary includes:

- Dexus office tenancies and proportion of base building services attributable to those tenancies, for the following locations:
 - Sydney Office: Levels 24-26, 264 George Street, Sydney 2000
 - Melbourne Office: Level 16, 385 Bourke Street, Melbourne 3000
 - Brisbane Office: Level 26, 1 Eagle Street, Brisbane 4000
- Corporate travel and commuting for all staff employed directly by Dexus nationally

The boundary excludes Dexus's owned and managed investment property portfolio comprising office, retail and industrial properties.

Inventory standards and methods

Dexus's methods and procedures for collecting, collating and calculating our greenhouse gas emissions and resource consumption are prepared in accordance with the following reporting standards:

- National Carbon Offset Standard (NCOS) for organisations: Department of the Environment and Energy, Australia www.environment.gov.au
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition): World Resources Institute and World Business Council for Sustainable Development (www.ghgprotocol.org)
- National Greenhouse and Energy Reporting (NGER) Act 2007: Clean Energy Regulator, Australia www.cleanenergyregulator.gov.au

Emission factors and calculation methodology

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

Where possible, the emission factors and calculation methodologies have been taken from National Greenhouse Accounts (NGA) Factors, dated July 2017, which is aligned with Method 1 within NGER.

Where additional detail is required, Dexus has used a number of other credible sources including the 2018 DEFRA Carbon Factors, EPA Victoria's Greenhouse Gas Emission Factors for Copy Paper, and the Bureau of Meteorology's Urban National Performance Report 2016-17 for water and wastewater.

Greenhouse gases included within inventory

Dexus has determined its emissions resulting from the common greenhouse gases reported under the Kyoto Protocol, being carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

Emissions are aggregated into carbon dioxide equivalents (CO₂-e) using factors called global warming potentials (GWPs).

1B. Emission sources within certification boundary

Quantified sources

Table 1 lists the quantified emission sources that Dexus has included within our 2018 NCOS greenhouse gas inventory.

Table 1. 2018 quantified emissions sources		
Scope	Qualified Emission source	Data collection source
1, 2 & 3	Tenancy electricity and gas consumption and associated transmission and distribution losses	Metered and invoiced by utility providers Purchase of renewable electricity is sourced from sub metering systems and GreenPower tracking spreadsheets
3	Share of base building electricity and gas consumption and associated transmission and distribution losses	
1	Tenancy refrigerant leakage	Estimated using default leakage rates of total equipment charge provided from facility/ centre managers and maintenance service providers
3	Share of base building refrigerant leakage	
3	Waste to landfill and recycling	Data provided by waste contractors
3	Office paper consumed	Data provided from facility managers
3	Corporate air travel	Data provided by Dexus's outsourced travel booking provider
3	Corporate land-based transport	Determined from invoices and transactions processed and paid via the Dexus accounts payable system
3	Employee commuting	Collected directly from Dexus employees via survey
3	Hotel accommodation	Determined from invoices and transactions processed and paid via the Dexus accounts payable system
3	Water (including wastewater): Share of base building potable water consumption	Metered and invoiced by utility providers. Factor used to include both water and wastewater.
3	Office supplies and stationery	Determined from data relating to annual spend obtained from facilities management employees
3	Postage and couriers	
3	Food and catering	Determined from data relating to annual spend obtained from IT employees
3	Telecommunications	
3	IT equipment purchases	
3	IT data warehousing	

Excluded sources

Table 2 lists Scope 3 emission sources have not been quantified in line with the provisions in the NCOS. The impact of excluding these sources is not expected to materially affect the overall total emissions.

Table 2. 2018 non-quantified emissions sources		
Scope	Non-quantified emission source	Reason for exclusion
3	Office printing	All internal printing is captured via emissions for paper use, office suppliers, IT and electricity use. External printing is not included as information is difficult to gather.
3	Cleaning services	Cleaning services are not included because the information is difficult to gather relative to estimated size of emissions.
3	Events and meals out	Events and meals out have been excluded as these activities relate to social functions rather than operational activities.

1C. Diagram of the certification boundary

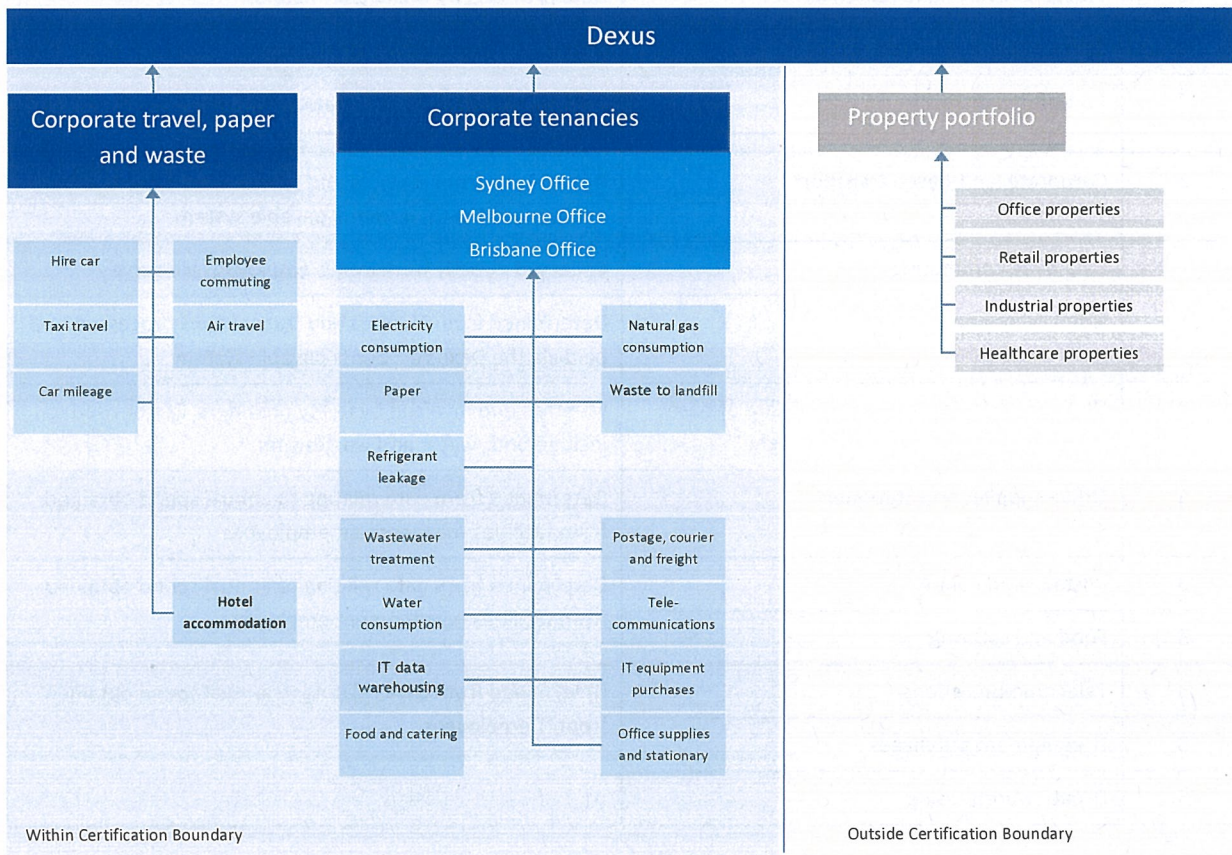


Figure 1: Diagram of the boundary of the subject of certification

2. Emissions reduction measures

2A. Emissions over time

Dexus is a signatory to the Australian Carbon Neutral Program and our corporate head office has been certified as carbon neutral since 2011.

Over the eight-year period, Dexus has expanded the emissions inventory with regards to boundary and the emissions sources covered. The key business events and reporting changes that impact Dexus's NCOS inventory are:

- In 2013 Dexus expanded the boundary to include our Melbourne Office for the first time and, due to relocation of the Sydney Office, Dexus reported part-year emissions across two New South Wales tenancies.
- In 2014 Dexus has expanded the inventory to include Scope 3 emissions associated with employee commuting for all national employees. Dexus surveyed staff to identify the distances and modes of transport taken to commute to and from their workplace. The results were extrapolated across Dexus's full time-equivalent employees and emissions for each mode of transport were calculated.
- In 2015 Dexus expanded the boundary to include our newly opened Brisbane Office and, due to relocation of the Melbourne Office, Dexus reported part-year emissions across two Victorian tenancies.

Aside from the organic growth associated with the opening of Dexus's Brisbane Office, the expansion of the boundary and emission sources has triggered a requirement to recalculate the base year inventory to reflect these changes and allow for meaningful comparison of emissions from base year, on a like-for-like basis.

We therefore reviewed our reported Scope 3 sources and expanded the source boundary from 2015 to include:

- Hotel accommodation
- Telecommunications
- Water and wastewater
- Office supplies and stationery
- Postage, courier and freight
- Food and catering
- IT equipment purchases
- IT data warehousing

Table 3 below summarises Dexus's like-for-like emissions against our updated 2015 baseline.

	Table 3. Emissions since base year (t CO ₂ -e)				
	Base Year: FY15	Year 1: FY16	Year 2: FY17	Current year Year 3: FY18	Change % FY18 vs Base Year
Scope 1	1	1	1	1	-8.7%
Scope 2	269	248	264	311	9.4%
Scope 3	2,330	2,312	2,246	2,269	-2.6%
Total (t CO₂-e)	2,599	2,561	2,511	2,575	-0.9%

2B. Emissions reduction strategy

Dexus is committed to continuous improvement under the ISO 14001 Environmental Management System, which includes reducing resource consumption and the impact of climate change across the entire portfolio including Dexus's corporate operations.

Dexus's emissions reduction strategy is aligned to the Enriched Environment objective within Dexus's Sustainability Approach. Dexus is committed to:

- A minimum 5-Star NABERS Energy Tenancy Ratings for its Sydney Head Office
- Reducing energy consumption by 10% by 2020 against a FY15 like-for-like baseline
- Reducing scope 1 and 2 greenhouse gas emissions by 10% by 2020 against a FY15 like-for-like baseline

Further, during FY18 Dexus set the goal to achieve net zero greenhouse gas emissions by 2030 through improving energy efficiency and increasing renewables. Dexus's *New Energy, New Opportunities* strategy outlines the Group's pathway to net zero emissions through a prioritised approach to avoid, reduce, re-source and offset its impacts. Targeted initiatives include investing in energy and water efficiency, electrification to operate from on-site and off-site renewables, and reducing emissions associated with waste from operations.

2C. Emissions reduction actions

Over the last year, Dexus has achieved a 2.6% decrease in emissions intensity per employee. During that time Dexus experienced growth in the Group's full-time equivalent staff of 5.5%, which is higher than the 2.8% increase in net emissions.

In comparison with Dexus FY15 baseline, in FY18 Dexus reduced emissions by 18 t CO₂e and achieved a 22.3% reduction in emissions intensity per employee, which equates to 742 tonnes CO₂-e of avoided emissions for the year. Dexus has avoided cumulative emissions of 1,925 tonnes between FY15 and FY18.

FY18 Projects

In FY18 Dexus completed the following emissions reductions projects:

Table 4. Emissions reduction measures implemented in the current reporting period					
Year completed	Emission source	Reduction measure and calculation method	Scope	Status	Reduction t CO ₂ -e
2018	Waste	On-going engagement with staff on best practice waste management during an internal Sustainability Week. Key initiatives include Keep cups, e-waste collections, and Simply cups recycling.	3	Implemented	6.7
2018	IT Equipment	Reviewed IT infrastructure and data centers to consolidate equipment and increase efficiency. Conducted IT equipment replacements with preference for efficient laptops and monitors.	3	Implemented	24.9
2018	Electricity	Voluntary emission-free GreenPower purchase.	2	Implemented	0.3
2018	Paper	Purchase of NCOS certified carbon neutral paper.	3	Implemented	5.7
Total emission reductions implemented in this reporting period					33

3. Emissions summary

The table below lists Dexus's FY18 gross and net greenhouse gas emissions for corporate activities as per the stated boundary.

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

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

Table 5. Emissions Summary		
Scope	Emission source	t CO ₂ -e
1	Refrigerant leakage - tenancy	0.7
3	Refrigerant leakage - % of base building	11.9
2	Purchased electricity – tenancy (gross)	311.3
3	Purchased electricity - transmission and distribution losses (tenancy)	44.6
3	Purchased electricity – % of base building	279.9
3	Purchased electricity – % of base building transmission and distribution losses	39.5
3	Purchased natural gas – % of base building (gross)	11.0
3	Purchased natural gas – % of base building transmission and distribution losses	2.5
3	Transport Fuel – Air Travel	981.1
3	Transport Fuel – Taxi	32.0
3	Transport Fuel – Car Mileage	8.1
3	Transport Fuel – Hire Car	18.1
3	Transport fuel – Employee Commuting	561.2
3	Office paper use (Carbon Neutral Program certified product)	0
3	Office waste to landfill	13.2
3	Waste recycling	2.4
3	Telecommunications	29.9
3	Water (including wastewater)	2.4
3	IT Equipment	19.9
3	Stationery	7.3
3	Data Centre	36.2
3	Postage	35.1
3	Couriers	5.5
3	Hotel Accommodation	74.0
3	Food and catering	48.1
Total Gross Emissions		2,575.8
GreenPower or retired LGCs		-0.3
Total Net Emissions		2,575.5

4. Carbon offsets

4A. Offsets summary

To fully offset our FY18 emissions footprint of 2,575 t.CO₂-e, Dexus has purchased and retired certified carbon offsets totalling 3,000 tCO₂-e, which includes a contingency of 425 t.CO₂-e to be retired as excess for this year.

Table 6 below provides details of purchased offsets and their retirement details.

Table 6. Offsets Summary				
Project Name	Offset type and registry	Year retired	Serial numbers	Quantity
Bundled Wind Power Project, India	Verified Carbon Standard, VCU -Renewable energy, India - VCS Registry	2018	5457-238171263-238172612-VCU-029-MER-IN-1-1669-01012016-31122016-0	1,350
10.9 MW Bundled Solar Power Project, India	Verified Carbon Standard, VCU – Renewable Energy, India - VCS registry	2018	4536-189118317-189118356-VCU-048-APX-IN-1-1486-01012015-31082015-0	40
Bundled Solar Power Project, India	Verified Carbon Standard, VCU – Renewable Energy, India - VCS registry	2018	5415-236561264-236562023-VCU-029-MER-IN-1-1670-01012016-31122016-0	760
REDD Forests Grouped Project: Protection of Tasmanian Native Forest	Verified Carbon Standard, VCU - Forestry, Tasmania - VCS Registry	2018	3291-148258786-148259310-VCU-016-MER-AU-14-641-16042012-15042013-0	525
GS1247 Improved Kitchen Regimes Multi-Country PoA Master Project	Gold Standard VER Energy Efficiency, Africa - Markit Registry	2018	GS1-1-RW-GS3451-16-2015-6082-58 to 232	175
WithOneSeed Timor Leste Community Forestry Program	Gold Standard VER Forestry, Timor Leste - Markit Registry	2018	GS1-1-TL-GS4210-22-2013-6148-1040 to 1189	150
Total offset units cancelled				3,000
Net emissions after offsetting				-425
Total offsets banked for use future years				0

4B. Offsets purchasing and cancellation strategy

Dexus views our investment in carbon abatement projects as part of our overall sustainability approach and an extension of our own emissions reduction activities. Dexus invests in projects that fall into one or more of the following criteria:

- Carbon abatement projects involving generation of renewable energy or energy from waste, which enables Dexus to support the transition to cleaner energy sources
- Carbon abatement projects situated in Australia, which enables Dexus to support carbon abatement in the geographical region in which Dexus operates
- Carbon abatement projects that also give back to local communities in the form of income or through other social co-benefits such as improved health or livelihood

Dexus’s offsetting approach involves purchasing and retiring offsets in arrears at the end of each reporting year as follows:

1. Dexus determines the number of offsets to retire to encompass our annual emissions inventory for the current reporting year
2. Dexus applies a contingency to round up our abatement
3. Dexus partners with a broker to select carbon abatement projects that fit with Dexus’s offsetting goals
4. Certificates are purchased and retired immediately

4C. Offset projects (Co-benefits)

Table 7 below describes the projects that Dexus has chosen to support in FY18.



Table 7. Carbon abatement projects	
<p>Project: Bundled Wind Power Project, Madhya Pradesh & Gujarat, India</p> <p>Description: The purpose of the project activity is to generate power using renewable energy source (wind energy) and sell the power generated to the state grid. The project activity generates electricity using wind.</p> <p>The generated electricity is exported to the regional grid system which is under the purview of the INDIAN electricity grid of India. The wind power generated from the Project will be displacing the electricity generated from thermal power stations feeding into Indian grid (Indian Electricity Grid) and will be replacing the usage of diesel generators for meeting the power demand during shortage periods. Since, the wind power is greenhouse gas emissions free, the power generated will prevent the anthropogenic emissions generated by the fossil fuel based thermal power stations comprising coal, diesel, furnace oil and gas.</p> 	<p>The estimation of GHG reductions by this project is limited to carbon dioxide (CO2) only. The proposed project activity involves the installation of Wind Power Projects. The total installed capacity of the project is 112.5 MW; which involves operation of Wind Turbine Generators (WTGs) in multiple states of India.</p> <p>Co-benefits</p> <ul style="list-style-type: none"> ▪ The project activity will bring development and employment opportunities in to the local area ▪ The project will assist in reducing voltage problems for the local villages ▪ Increase recognition to the local area and to India in contributing to international efforts in increasing renewable energy <p>FY18 offsets retired: 1350</p>
<p>Project: 10.9 MW Bundled Solar Power Project, India</p> <p>Description: The proposed project activity involves the installation of Solar Power Projects. The total installed capacity of the project is 10.9 MW; which involves operation of solar projects in different states; Tamil Nadu of Southern Grid while Madhya Pradesh and Maharashtra form part of NEWNE grid in India.</p> 	<p>Co-benefits:</p> <ul style="list-style-type: none"> ▪ Project provides jobs to local workers for the operation of the project, with generous wages and social security contributions. ▪ The generated power will feed into the grid and improve the supply and demand gap, aiding the development of the country ▪ The enhance availability of power will assist quality of power supplier to the local industries <p>FY18 offsets retired: 40</p>

Table 7. Carbon abatement projects

Project: Bundled Solar Power Project, Tamil Nadu and Telangana, India

Description: The purpose of the bundled project activity is to generate power using renewable energy source (solar energy) and sell the power generated to the state grid. The project activity generates electricity using solar energy.

The generated electricity is exported to the regional grid system which is under the purview of the INDIAN electricity grid of India. The proposed project activity will support development of renewable energy generation plants based on Solar PV technology in India and delivering electricity to the grid.

The proposed project activity is a voluntary action being undertaken project investors. Since, the solar power is greenhouse gas emission-free, the power generated will replace anthropogenic emissions of greenhouse gases estimated to be approximately 95,656 tCO₂e per year, thereon displacing 97,838 MWh/year amount of electricity from the generation-mix of power plants connected to the INDIAN GRID, which is mainly dominated by thermal/ fossil fuel-based power plant.



Co-benefits

- Generation of employment opportunities during the construction and operation of the project
- The project helps reduce the demand - supply gap in the region
- The project will demonstrate solar PV technology in the region

FY18 offsets retired: 760

Project: REDD Forests Grouped Projects – Protection of Tasmanian Native Forest

Description: The purpose and objective of the Grouped Project is to protect native forest that will be logged in the absence of carbon finance. Protecting forests from timber harvesting reduces emissions caused by harvesting and maintains the forest carbon stock.



Co-benefits

- Protect native forests that previously have been subjected to logging and agricultural clearing
- Provide a source of income to landholders to pursue a new business model, generating revenue from protecting trees rather than the removal of them
- Help preserve habitat for endemic and endangered species including the wedge-tailed eagle, spotted quoll and Tasmanian devil

FY18 offsets retired: 525

Project: Improved Kitchen Regimes Multi-Country PoA Master Project

Description: This project involves the distribution of improved cook stoves and safe water technologies into LDCs and LLDCs across the world. In addition to reducing deforestation through less wood use (for cooking and water boiling), the project is also expected to have additional benefits for local communities such as reduced incidences of illnesses related to indoor air pollution, smoke inhalation and consumption of unsafe drinking water, improved employment opportunities, and less time and money spent on fire wood collection.



Co-Benefits:

- Avoidance of overexploitation of the forests
- Reduction of airborne particles emission and indoor pollutants, and associated respiratory diseases
- Time saving in fire wood collection
- Reduction of purchased fuel costs
- Transfer of technology to indigenous people and creation of employment opportunities.

FY18 offsets retired: 175

Table 7. Carbon abatement projects

Project: WithOneSeed Timor Leste Community Forestry Program

WithOneSeed is the first social enterprise taking action on climate change through community forestry in Timor Leste. It is dedicated to improving the resilience of subsistence communities to make environments sustainable, to end poverty and hunger, to deliver open education and to create regional partnerships.

WithOneSeed is working with subsistence farming communities to generate income through a community forestry initiative. The reforestation of their land reduces soil erosion, improves soil and water quality, crop yields and nutrition, which improves the health and wellbeing of the community. It also helps to build the local economy, boost education and training and to deliver social and economic participation.



Co-benefits

- Reducing poverty and hunger and supporting sustainable farming and lifelong learning.
- Promoting decent work, sustainable agricultural communities and economic growth
- Taking action to combat climate change through managing forests and reversing land degradation.
- Encouraging global partnerships for sustainable development through relationships with Australian schools.
- Empowering women and children by increasing family income, facilitating children's education and creating family job prospects.

FY18 offsets retired: 150

5. Use of trade mark

This section is a register of use of the trade mark during the year.

Table 8. Trade mark register

Where used	Logo type
2018 Dexus Performance Pack, page 56: https://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/2018-sustainability-performance	Certified organisation

