dexus

Dexus

2018 Carbon Disclosure Project

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Introduction

Module: Introduction

C0.1 Introduction

Give a general description and introduction to your organization

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at $24.9 billion. Dexus believes that the strength and quality of its relationships will always be central to Dexus's success. Dexus is deeply committed to working with its customers to provide spaces that engage and inspire.

Dexus invests only in Australia and directly owns $12.2 billion of office and industrial properties.

Dexus manages a further $12.7 billion of office, retail, industrial and healthcare properties for third party clients. The Group's $4.3 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns.

With 1.8 million square metres of office workspace across 54 properties, Dexus is focused on being Australia's preferred office partner. Dexus's portfolio also includes 73 industrial properties and 16 shopping centres under management across Australia. Dexus's office buildings are located in the CBDs of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 28,000 investors from 20 countries. With more than 30 years of expertise in property, investment, development and asset management, Dexus has a proven track record in providing service excellence to its customers, capital and risk management and delivering superior risk adjusted returns for Dexus's investors.

C0.2 Reporting year

State the start and end date of the year for which you are reporting data

01 Jul 2016 – 30 Jul 2017

C0.3 Country list configuration

Select the countries/regions for which you will be supplying data

Australia

C0.4 Currency selection

Select the currency used for all financial information disclosed throughout your response

AUD ($)

C0.5 Reporting boundary

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

Operational boundary

C1: Governance

- Board-level oversight of climate-related issues is considered best practice and provides an indication of the importance of climate-related issues to the organization.
- This module is intended to capture the governance structure of your company with regard to climate change and provides data users with an understanding of the organization's approach to climate-related issues at the board level and below board-level.

C1.1 Board oversight

Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues

Position of individual(s) or committee(s)	Explanation
Board/Executive Board	The Board has ultimate responsibility for the oversight of risk management across Dexus, including climate change risk, which is listed as one of Dexus's top 10 strategic risks. The Board manages these risks as part of setting the Group's overall strategy. The Board receives updates and recommendations from the Group Management Committee and the Board Risk Committee on initiatives to respond to climate change risks. The Dexus sustainability team, led by the Executive General Manager, Investor Relations, Communications & Sustainability reports and makes presentations to the Board as topics emerge.
Other, please specify:	The Board has delegated responsibility for assessing and managing climate-related risks to the Board Risk Committee which consists of four of the eight board of directors. The Board Risk Committee oversees the implementation of Dexus's Risk Management Framework and reports to the Board. The Committee oversees the Group's 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 and internal audit program. The Committee oversees the implementation and management of initiatives to maintain the Group's position as a leader in sustainability practices and endorses environmental targets and strategies for approval by the Board. The Dexus sustainability team, led by the Executive General Manager, Investor Relations, Communications & Sustainability reports quarterly to the Board Risk Committee.

C.1.1b Provide further details on the board's oversight of climate-related issues

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms	Comment
Scheduled – all meetings	Reviewing and guiding major plans of action Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Head of Group Sustainability and Energy is invited to present at Board meetings by invitation and at each quarterly Board Risk Committee meeting as a standing agenda item. The sustainability team prepares a Quarterly Sustainability Report which details progress and status on climate and sustainability targets prior to the Board Risk Committee's meeting and is a discussed agenda item. Post-meeting all Board Risk Committee minutes and papers are provided to the Board. Each key strategic risk, including climate change risk, is discussed as a deep dive on an annual basis. For climate, Dexus's climate change resilience strategy involves 1) mitigating Dexus's impact through decarbonisation, energy efficiency and renewable energy; 2) adaptation to physical and transitions risk of its property, people and operations, and leveraging climate change-related opportunities; 3) influencing Dexus's value chain by engaging customers, tenants and suppliers to reduce climate impacts. Examples of topics discussed with the Board Risk Committee include a) projects contributing to climate mitigation and adaptation of Dexus's sustainability strategy. For example, Dexus's contribution to the City of Sydney's Better Building Partnerships progress towards their Sustainable Sydney 2030 goals; and b) energy price volatility, Dexus's exposure to the energy market and the existing and future initiatives to reduce Dexus's energy price exposure and associated climate impact.
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding business plans Setting performance objectives	The Head of Group Sustainability and Energy is invited to present at each quarterly Board Risk Committee meeting as a standing agenda item. The sustainability team prepares a Quarterly Sustainability Report which details the progress and status on climate and sustainability targets prior to the Committee's meeting and is a discussed agenda item. The sustainability team's reports on its progress on its climate resilience roadmap (mitigation, adaptation, and influencing value chain). CR&S corporate commitments are approved by the board on an annual to needs basis. For example, the Board Risk Committee has reviewed Dexus's Net Zero strategy from proposal to implementation at each quarterly meeting, the strategy and associated targets was approved at the Board level prior to socialisation across the business and disclosure to the market.
Scheduled – all meetings	Reviewing and guiding risk management policies	The Board Risk Committee reviews enterprise wide risk management practices including climate and environmental management. The quarterly meetings are to review the effectiveness of the Group's Risk Management Framework. The Group's Environmental Management System undergoes gap analysis annually, this review feeds on-going enhancements to Dexus's Environmental Management System (EMS) which is managed by the Risk and Compliance and Sustainability teams. The gap analysis and EMS updates are reported to the Board Risk Committee. In addition, Dexus's Sustainability policies and procedures are reviewed annually by the Sustainability team to maintain Dexus as a sustainability leader, all recommended amendments are approved by the Board Risk Committee.
Scheduled – all meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures, acquisitions and divestments	The Dexus Board approves all corporate annual budgets for all business units during their two-day strategy day. The Board oversees all major capital expenditures, acquisitions and divestments, such activities are discussed in meetings where appropriate.

Introduction continued

C1.2 Below board-level responsibility

Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate related issues

Name of positions and/or committees	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer: EGM, Investor Relations, Communications and Sustainability	Both assessing and managing climate-related risks and opportunities	Quarterly
Environment/Sustainability Manager: Head of Group Sustainability and Energy	Both assessing and managing climate-related risks and opportunities	Quarterly
Risk Committee: Group Risk Committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Other C-Suite Officer: EGM, Office and Industrial	Managing climate-related risks and opportunities	As important matters arise
Other C-Suite Officer: EGM, Retail and Group Marketing	Managing climate-related risks and opportunities	As important matters arise

C1.2a Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored

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

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

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

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

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

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

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

C1.3 Employee incentive

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

Yes

1 Bligh Street, Sydney

Introduction continued

C1.3a 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	Incentivized performance indicator	Comment
Corporate executive team	Monetary reward	Emissions reduction target Energy reduction target Efficiency target	Executives and senior management have individual KPI's 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. Progress on improving environmental performance is assessed within Dexus's FY17 corporate commitments to: 1) Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating and 1,000,000 square metres rated at least 4-star NABERS Water rating by 2020; 2) Reduce energy Consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline. Executive and senior management are rated on their performance across KPIs and monetary rewards are tied to achievement of KPIs. Information regarding Dexus's CR&S commitments can be found on the Dexus website at: http://dexus2017.reportonline.com.au/performance/delivering-fy17-commitments
Environment/ Sustainability managers	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Efficiency project Efficiency target	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.
All employees	Monetary reward	Behaviour change related indicator	CR&S has been integrated into employees' roles and responsibilities within their relevant job description as well as included within team performance scorecards. Employees are 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. Key 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 FY17 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 scorecard KPIs and monetary rewards are tied to achievement of KPIs.

Risk and opportunities

Module: Risk and opportunities

- Evaluating exposure to climate-related risks and opportunities over a range of time horizons allows for a strategy for the transition to a low-carbon economy recognized in the Paris Agreement and UN SDGs. This module focuses on processes for identifying, assessing, and managing climate-related issues as well as on the climate-related risks and opportunities identified by your organization.
- Many of the challenges you face when reporting on climate-related issues are common to other aspects of corporate reporting, requiring you to provide statements about your prospective condition. Some organizations, particularly accounting firms and their governing bodies, have published guidance about how to prepare statements that contain forward-looking information.
- Before completing the questions covering risks, you may wish to consult with your financial, legal, and/or compliance departments for advice on your company's general approach to the provision of forward-looking statements and information concerning risks.
- Note that the questions relate to "inherent" risk and not the "residual" risk after management measures have been taken into account.

C2: Risk and opportunities

C2.1 Time Horizons

Describe what your organization considers to be short, medium and long-term horizons

Time Horizon	From (years)	To (years)	Comment
Short term	0	2	Next 24 months or sooner. Managing day-to-day risks to properties from climate-related events. Managing building operations to minimise energy consumption and associated emissions. This aligns with the Dexus's frequency of financial and operational planning and annual budgets.
Medium term	2	7	Next 2 to 7 years, in line with meeting current energy and emission reduction 2020 targets, as well as establishing medium interim environmental targets for Dexus's 2030 Net Zero Strategy. In addition, the time horizon aligns with Dexus's science-based 2030 emissions target. The time horizon aligns with Dexus group scorecard goals to ensure company-wide comprehensive awareness of climate-related issues and renewable energy uptake alongside appropriate adaptation planning and management. Dexus's climate change resilience pathway goal involves improving understanding of transitional risks over the medium term and incorporating those learnings into Dexus's strategy through stress testing over a two to seven year horizon.
Long term	7	15	Horizon to 2030 and beyond in line with Dexus's Net Zero 2030 Strategy, as well as long term investment objectives across key funds. Integrating physical and transitional -economic and social- climate-related issues into asset planning. Setting and implementing energy, renewable energy and emissions targets consistent with climate-related science and global transition to a low carbon economy, supported by Dexus's in-house research team's long-term (20 to30 year) outlook analysis. Referencing IPCC climate scenarios to support science-based target setting and inform 10-year asset planning through planned CAPEX, updates, and decision on disposals, including emissions reduction projects such as on site solar, off-site renewable power purchase agreements, and building electrification.

C2.2 Management Processes

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

Integrated into multi-disciplinary company wide risk management processes

Risk and opportunities continued

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

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

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

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

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

The risk analysis process involves the assignment of an overall residual risk rating for each risk documented in the risk register through the following steps:

1. Identification – Risks are identified via audits, reports, incident, external advice, etc.
2. Analysis – Risks are assessed to determine their significance and priority. The risk assessment process involves a consideration of the risk criteria in terms of likelihood and consequence and involves analysing the following:

   a) Inherent risk –the likelihood and consequence of a risk event if it were to occur in the absence of controls. The inherent nature of the risk event will provide the basis and extent to which controls or treatment plans are required to mitigate the risk to an acceptable level.

   b) Identify and assess controls – identify the existing controls in place to address the risk and assess how effective they are in operation. The control's current operating effectiveness is determined and rated on a scale of effectiveness. Where controls are identified as ineffective or partially effective, action plans are required to be developed by management to establish effective controls and mitigate risks.

   c) Residual risk rating – The residual risk rating is determined by combining the likelihood and consequence of the risk taking into consideration the effectiveness of existing controls. Dexus has adopted standardised criteria and rating scales to be applied across all risk management activities and business areas.

3. Evaluation – Risks are evaluated, and a decision is made as to whether a risk is acceptable or not, factoring the frequency, likelihood of occurrence, and the potential environmental, financial or business impact that would result. Risk mapping tools are used to prioritise risks.
4. Treatment – Risk Treatment Plans are developed for all risks that have a residual risk rating of Significant or High.

Dexus's Risk Management Framework aligns with the Australian and New Zealand standard for risk management (ISO 31000). The Risk Management Framework's treatment of climate-related risks is consistent with the process outlined above. Dexus's climate-related risks are assessed based on likelihood, consequence, and effectiveness of controls which is used to determine a resulting overall risk evaluation.

The Risk Management Framework determines the likelihood criteria ranges from almost certain to rare. Almost certain defined as the event is expected to occur several times a year, and rare defined as the event is expected to occur in exceptional circumstances, i.e. every 5 to 20 years. The framework's consequence criteria range from catastrophic to insignificant and is broken down by the four main sources of risk faced by Dexus, strategic risk, operation risks, compliance risks and financial risks. Substantive or 'Catastrophic' strategic risk is defined as negative outcomes from persistent poor investment decisions or lost opportunities which, if not resolved, will result in strategic objectives not being achieved.

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

Risk type	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Dexus's Risk and Compliance team maintains a legal compliance register which includes all environment and climate related legislation at Federal and State level of government. Dexus has mapped all obligations and linked them to the Corporate WHS&E Risk Register and identified means of socialising and ensuring there is awareness of compliance obligations. The legal compliance register details control measures that track Dexus's compliance obligations, corrective actions and status, as well as personnel that are key to ensure implementation. Some of the actions Dexus is obligated under include: National Greenhouse and Energy Reporting(NGER) Act 2007, Environment Protection Act 1970, Electricity Supply Act 1995, Supply (General) Regulation 2014, and Energy Savings Scheme Rule of 2009 and Renewable Energy (Electricity) Regulations 2001. This compliance is assessed periodically by both the Sustainability and the Risk and Compliance teams. For example, the commercial building disclosure (CBD) program lowered the mandatory disclosure threshold on commercial office buildings from 2000 to 1000 square metres, which resulted in additional compliance cost associated with effort to monitor compliance for and conduct NABERS assessments across the few newly obligated properties. These additional costs were offset by the tenancy lighting assessment being valid for five years rather than one.
Emerging regulation	Relevant always included	Dexus's Sustainability team monitors emerging climate related legislation to assess the compliance impact to Dexus. Dexus maintains dialogue with industry bodies and government agencies to ensure adequate preparation for emerging regulation. For example, Dexus, in conjunction with the Property Council of Australia, has been monitoring policy developments around the National Energy Guarantee (NEG) and progress around the Renewable Energy Target. Both climate related policies have a direct cost impact to Dexus. Dexus has assessed the price risk on its current and future energy costs and engaged in discussion with its electricity retailer on the electricity price movements that may result from the NEG being legislated.
Technology	Relevant always included	Dexus's Sustainability and Customer Technology teams consider existing and emerging technology for application in optimising building operations and as part of capital equipment replacement, to reduce energy consumption and associated greenhouse gas emissions. For example, when developing Dexus's Net Zero by 2030 strategy, the Sustainability team has modelled a portion of the energy efficiency savings from emerging technology. Dexus has engaged with the Clean Energy Finance Corporation's (CEFC's) Clean Energy Innovation Fund program participants and ESD consultants to identify new technology that can be leveraged towards achieving greater energy efficiency. Likewise, the team has been following the predicted uptake of electric vehicles and how this will influence energy consumption in Dexus buildings.

Risk and opportunities continued

Risk type	Relevance & inclusion	Please explain
Legal	Relevant, always included	Dexus monitors its compliance risk against the National Greenhouse and Energy Reporting (NGER) Act for determining operational control and has an established framework to review operational control status of facilities periodically and for all new facilities post-acquisition. For example, during the year Dexus determined operational control for newly acquired assets at 56 Berry Street, North Sydney and 100 Harris Street, Sydney. Determinations are reviewed by independent, third party auditors in conjunction with providing annual assurance over Dexus's environmental dataset. Dexus recognises the value of the Task Force on Climate-related Financial Disclosures (TCFD) framework and the growing investor interest in understanding the financial impacts to Dexus stemming from climate-related risks and opportunities. Dexus is monitoring the international adoption of the TCFD guidelines across companies and financial markets and its potential adoption by the Australian Securities Exchange. Dexus is evaluating its alignment against TCFD reporting expectations, to benchmark its practices and support future disclosure in line with the TCFD framework. Boards are becoming increasing aware of climate change as a foreseeable risk and it is becoming prominent amongst their fiduciary duties. Dexus recognises directors' responsibilities to incorporate climate-related impacts within investment decision making, and Dexus seeks to address this through its comprehensive approach towards integrating sustainability into strategy, governance, and through targets and metrics, and disclosure. Dexus's climate resilience strategy which involves adaptation and mitigation through its 2030 net zero target are examples of this.
Market	Relevant always included	Dexus monitors markets in which it operates with regards to how climate issues are identified and being addressed. Dexus engages in dialogue with the Investor Group on Climate Change, responds to investor surveys and ESG analytics queries on climate disclosure. For example, leadership in sustainability was recognised within the 2017 GRESB Real Estate Assessment with the Dexus Office Trust ranking 1st globally amongst listed office entities. In addition, Dexus monitors shifts in customer demands such as, government leasing minimum requirements for NABERS ratings and Property Council of Australia's Guide to Office Building Quality with ambition to operate a sustainable, premium quality portfolio. Increased greenhouse gas emissions will negatively impact a building's NABERS rating which may prompt existing tenants with minimum performance requirements to review their lease and will adversely impact Dexus's ability to attract and retain new tenants. Greenhouse gas emissions are a significant measure of Dexus's environmental credentials and Dexus sees significant positive impact towards its brand, share value, public opinion and perception of integrity by actively reducing its emissions impact. This involves active engagement and collaboration with customers, industry peers and climate-focused organisations on continuous improvement initiatives. For example, in FY17 Dexus launched Prism, its online thought leadership hub that provides insights and information to Dexus stakeholders to strengthen engagement with its customers and stakeholders. Dexus publishes sustainability content to inform their readership of emerging initiatives and market challenges. For example, Dexus released an article on the benefit of Green Star-rated workplaces and promoted the Green Building Council of Australia. Dexus monitors its media presence daily, all sustainability related content is circulated to the sustainability team and the wider business to evaluate the effectiveness and feedback to its initiatives. Furthermore, Dexus participates in global sustainability surveys to benchmark it's ESG management and disclosure against industry peers and achieves market-leading results.

Risk type	Relevance & inclusion	Please explain
Acute physical	Relevant always included	Initial Status Audits (ISA), environmental risks assessments, are conducted on all acquisitions as part of Dexus's Environmental Management System (EMS). Dexus's EMS is certified against international standard ISO 14001:2004 and is implemented at a property level by the Operations teams. The EMS has been designed to assess properties for their risk exposure against long term scenarios for changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels. Post-acquisition, reinspection environmental management reports or 'Statement of Environmental Aspects' are conducted for each property prepared from the ISA and reviewed annually. For example, in FY17 Dexus conducted an ISA of 36 Hickson Road, Millers Point, which determined that the property has low risk exposure to cyclones, and low to moderate exposure to flooding from extreme weather events. Where required, Improvement Plans are developed and tracked via Periskope, an internal property risk management tool. The scope of works includes emissions to atmosphere and climate change issues. Property risk engineering reports are conducted by Dexus's insurers as part of Dexus's property loss control program and the assessment include flood and storm risk.
Chronic physical	Relevant, sometimes included	Dexus's portfolio-level climate change risk modelling reviewed physical property risks against the IPCC's AR5 RCP8.5 scenario (likely worst-case scenario) using 2030 and 2070 time horizons. The assessment looks at chronic physical risks such as 2030 days over 35 degrees, 2030 summer temperatures, 2070 days over 35 degrees and 2070 mean maximum temperature risk. The outcomes of long-term modelling show moderate impacts across geographical markets in Far North Queensland, Western Australia and South Australia, which may influence investment decision making, depending on its nature and time horizon. This modelling is built into the scope of Initial Status Audits (ISA); environmental risks assessments, which are conducted on all acquisitions as part of Dexus's Environmental Management System (EMS). For example, in FY17 Dexus conducted an ISA of 36 Hickson Road, Millers Point, which determined that the property is unlikely to be inundated by long-term effects of sea level rise, and the projected increase in hot days will lead to increased electricity use.
Upstream	Relevant, always included	Dexus's Supplier Code of Conduct highlights preference for low carbon products, particularly to achieve Green Star credits in emissions and transport. Dexus conducts annual surveys for sustainability monitoring. For example, in FY17 Dexus surveyed its panel of preferred suppliers to identify sustainability risks within Dexus's tier 1 supply chain and support further analysis of the severity and likelihood of certain risks. Questions included but are not limited to; methods of monitoring and reporting of CR&S performance, familiarity with relevant Dexus policies, environmental commitments and procedures in place, reporting of CR&S indicators, and level of exposure to physical climate risks and use of sustainable products within suppliers' supply chain. Some of the risks enquired includes access to and use of energy, access to and use of water, emissions, temperature change, sea level rise and prolonged drought.
Downstream	Relevant, sometimes included	Dexus's climate resilience strategy includes a science-based Scope 3 emissions reduction target, the achievement of which requires Dexus to effectively influence its value chain, and work with tenants to reduce their carbon footprint. For example, Dexus has adopted measures such as green leases to collaborate on whole building energy efficiency, as well as the adoption of the Better Building Partnerships strip-out waste guidelines to minimise fit-out waste to landfill. With increasing market desire for sustainable and healthy workplaces, Dexus is assessing customer product opportunities to reduce its value chain's climate change impact.

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

Through Dexus's Risk Management Framework, risks are identified and managed in a systematic and timely way to minimise the impact of undesirable events and to provide the ability to consider opportunities as they arise. This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, collaboration/knowledge sharing, and audit/assurance.

The Framework articulates its approach to managing risk and is aligned to the principles of the AS/NZS ISO 31000:2009. The approach involves establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with managing, acquiring, developing or disposing of real property to minimise losses and maximise opportunities. Risks are identified and evaluated to determine their severity, likely consequences and the frequency that an event is likely to occur which is evaluated over a period of up to 20 years.

Risk and opportunities continued

The Board Risk Committee meets quarterly to review and approve policies and review reports on ESG performance including active projects, climate issues, achievements and performance metrics. All meeting minutes and papers are reported directly to the board.

The board distinguishes climate change as among the top 10 key risks that could impact Dexus's strategy and outlook. Climate-related issues are considered regarding the following as they relate to specific decisions:

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

Dexus assesses the resilience of each building in coping with climate change risks. Properties are ranked according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning.

Dexus's response involves mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities.

Dexus reviews the climate and sustainability risks and opportunities of a potential acquisition before purchase through a due diligence process. This process requires details on the potential acquisition's environmental performance and climate change assessments that have been conducted, building upgrade and improvement plans, past energy and water audits as well as costing required to implement upgrades to the property in line with the Group's 5-star NABERS Energy rating target. The building performance and climate-related exposure can affect procurement decisions and investment strategy for the asset.

Natural disaster risks are reviewed as part of Dexus's annual environmental audit process. The process involves analysis and determination of climate change risk level based on the inherent risk to recent and historical natural disasters. From this process key risks are identified, and site mitigation plans are developed. Dexus conducts annual Risk Assessment workshops using a Risk Register that includes property climate change risk.

As the nature and impact of transitional risks continue to evolve, Dexus gathers data and insights to inform investment decision-making in the following ways:

- In-house research team tracks economic conditions and emerging megatrends, correlates market risks and forecasts real estate market performance
- Collaboration with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation
- Gathers insight on climate-exposure of its supply chain through a supplier self-assessment on physical and transitional risks

Dexus undertakes the following activities to manage greenhouse gas emissions:

- Monitor emissions by property and by source
- Maintain a continuous rating of buildings under NABERS to benchmark
- Track NABERS ratings and provide feedback/diagnosis to building managers to maintain or improve ratings
- Create efficiency KPIs and targets to drive continual performance management and improvement
- Develop strategic improvement plans, describing projects that will assist the property to achieve performance targets
- Provide CAPEX to implement projects
- Set science based and Net Zero 2030 targets in line with the Paris Agreement

Adoption of Dexus's Net Zero by 2030 target involved monitoring of changes in the energy and technological market, and an acute understanding of how Dexus's operations impact on the environment. Dexus has set its Net Zero target boundary by assessing its varying ability to impact scope 3 emissions. During the development of the target for scope 3 sources, Dexus considered: 1) sources it can control, 2) sources it can influence and 3) sources it has no ability to control or influences. Consideration of control, influence and inability to control is consistent with the Australian National Carbon Offset Standard for buildings and is in line with the relevance test from the WBCSD GHG Protocol.

145 Ann Street, Brisbane

Risk and opportunities continued

C2.3 Risk Disclosure

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

Yes

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

Identifier	Where in the value chain does the risk driver occur?	Risk type	Primary climate-related risk driver	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact
Risk 1:	Direct operations	Transitional Risk	Policy and legal: Enhanced emissions-reporting obligations	Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments	Dexus must maintain compliance with the Australian National Greenhouse Energy Reporting Act (NGER), which requires mandatory reporting of GHG emissions and energy usage across the Dexus Australian portfolio. Data is required to be accurate to +/-5%. Dexus faces risk of non-compliance if it fails to accurately track group-wide energy and emissions, and report in the required timeframes.	Current	Virtually certain	Medium-low

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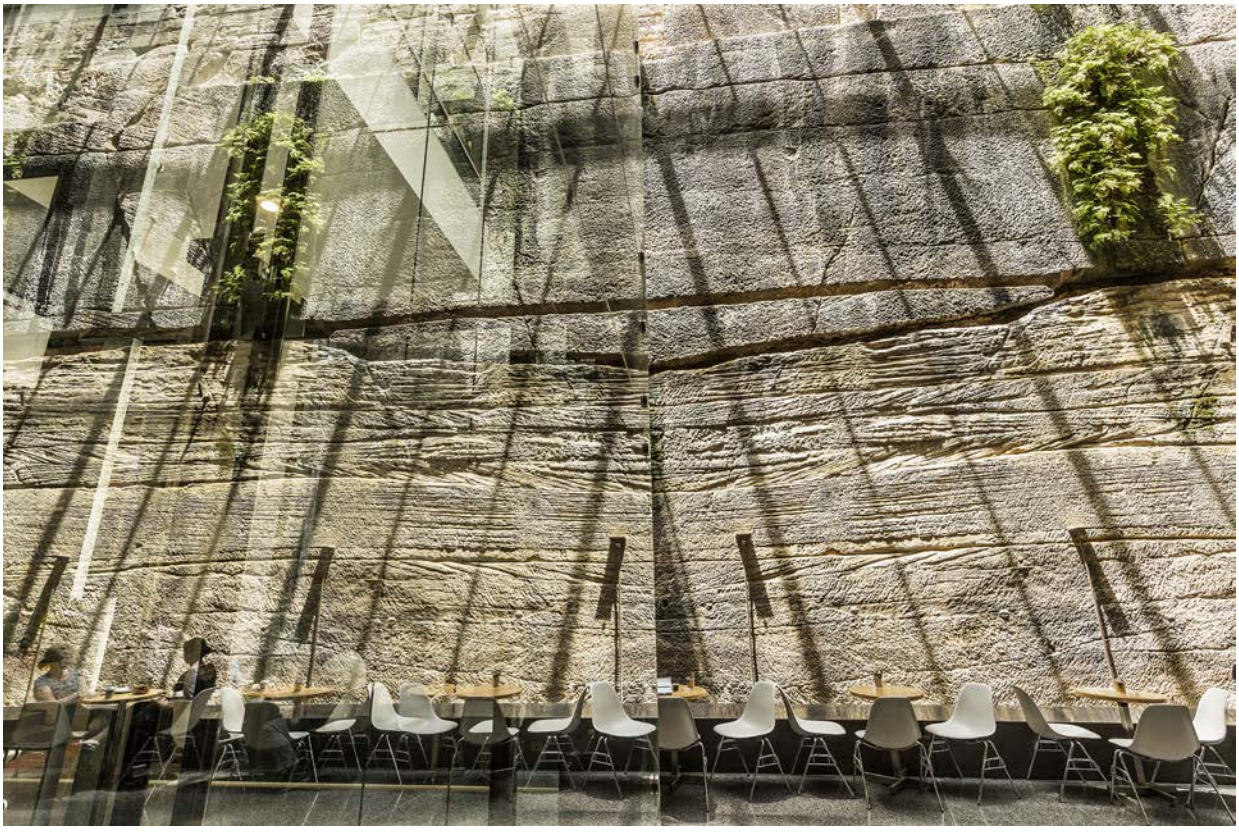
	Potential financial impact	Explanation of financial impact	Management method	Cost of Manag-ement	Comment
	360000	Corporations that do not register and report on their emissions may be liable for penalties. The NGER legislation allows for administrative, civil and/or criminal penalties in response to 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 provides in-house employees and financial resources and has established formal processes to deliver the reporting requirements under the Act. Dexus has appointed external consultants and internal analysts to manage the collection of and maintenance of property-level emissions data. Dexus partners with an external service provider to accurately record (including verification of) energy, gas and water consumption and calculate GHG emissions. Adherence to the protocols for the collection and record keeping of data is paramount to the compliance risk. For example, Dexus's FY17 environmental dataset was collected and compiled within a group-wide Environmental Reporting System using bottom-up utility data and underwent independent assurance prior to being submitted to the Government's database. Dexus has incurred costs of $300,000 per annum. This is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees, as well as fees for external data assurance.	300000	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.



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Risk and opportunities continued

Identifier	Where in the value chain does the risk driver occur?	Risk type	Primary climate-related risk driver	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Risk 2:	Direct operations	Transitional Risks	Policy and legal: Enhanced emissions-reporting obligations	Policy and legal: Increased costs and/or reduced demand for products and services resulting from fines and judgments	Dexus must maintain ongoing compliance with Building Energy Efficiency Disclosure (BEED) 2010 Act, which requires Dexus and other commercial building owners to disclose the energy efficiency and greenhouse gas emissions (via NABERS rating) of their buildings in the event of marketing the lease and/or sale of a space and/or building 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. Dexus faces risk of non-compliance and financial penalties for each property in the portfolio where it fails to obtain and disclose energy and emissions performance rating when marketing for sale or lease.	Current	Virtually certain	Medium-low	
Risk 3:	Direct operations	Physical risks	Acute: Increased severity of extreme weather events such as cyclones and floods	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations	Dexus manages properties in Far North Queensland, an area prone to regular cyclone activity. The potential for more regular/extreme events could have a significant financial impact on business and disrupt property operations. Dexus assets are impacted by climate change either through loss of value, through damage caused by increased severe weather events, or sea level change. Insurers recognise the increases in frequency and severity of extreme weather events in Far North Queensland and are increasing insurances excesses for specific types of weather events at specific locations. Dexus faces increased property costs to pay for repairs that fall below the increased deductibles, which would be typically be covered at other ‘low risk’ locations.	Current	Very likely	High	

	Potential financial impact	Explanation of financial impact	Management method	Cost of Manag-ement	Comment
	180000	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. For example, as at 30 June 2017 Dexus has rated 64 office and retail properties plus two industrial properties under NABERS, representing 43% of all properties by number and 83% of total AUM. Dexus cost impacts include: cost to change marketing collateral already in circulation (leasing brochures, web sites, leasing sign board materials), cost of NABERS assessments on unrated properties; cost of NABERS assessments brought forward for those properties due to expire, cost of applications for exemptions. Costs from ratings for mixed use premises prior to clear guidelines being finalised. Legal costs arising from the interpretation of the Act. Collectively each property incurs costs in excess of $5,000 per annum, resulting in $500,000 in cumulative annual costs across Dexus.	500000	Dexus cost impacts include: cost to change marketing collateral already in circulation (leasing brochures, web sites, leasing sign board materials), cost of NABERS assessments on unrated properties; cost of NABERS assessments brought forward for those properties due to expire, cost of applications for exemptions. Costs from ratings for mixed use premises prior to clear guidelines being finalised. Legal costs arising from the interpretation of the Act. Collectively each property incurs costs in excess of $5,000 per annum, resulting in $500,000 in cumulative annual costs across Dexus.
	90000	Dexus insurers have imposed higher insurance deductibles for specific properties located in Far North Queensland. The inherent financial impacts of tropical cyclones for 'high risk' properties climate-related events (wind and flood) via insurance deductibles is up to $100,000, against a typical insurance excess, which is $10,000 per event. Representing a $90,000 financial impact above business as usual. The quoted figure is based on one claim per year. This excludes additional costs for repairs, plus any loss in revenue from lost trading days.	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. 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. In addition, 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. Dexus engages its property insurer to conduct a risk assessment as part of Dexus's property loss control program and to provide underwriting for property insurance, this risk assessment costs $500,000 to monitor all assets, of which approximately 10% is attributable to climate change impacts, resulting in the quoted management figure of $50,000 per annum. Risk assessment includes climate events such as storm, rain, and flood damage.	50000	Management costs vary by site. Property risk assessments include climate events such as storm, rain, and flood damage.

Risk and opportunities continued

Identifier	Where in the value chain does the risk driver occur?	Risk type	Primary climate-related risk driver	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Risk 4:	Customer	Transitional risk	Reputation: Increased stakeholder concern or negative stakeholder feedback	Reputation: reduction in capital availability	Reputational risk is of primary concern to Dexus and the financial implications of not managing this risk can have a significant impact investors' appetite to invest in Dexus, resulting in a lower share price and less institutional investors selecting Dexus as their investment manager. Through increasing engagement with investors, Dexus understands their drivers to invest responsibly, and the scrutiny they apply to assess Dexus's ESG performance, including Dexus's approach and track record regarding climate change issues and emissions reduction. Dexus's reputation for proactively managing inherent risks such as that presented by climate change is critical to attracting new capital and impacts Dexus's ability to deliver investor returns and enable future growth through access to additional capital. Dexus is already seeing examples of investors divesting out of businesses that exhibit high carbon intensity and/or do not articulate a clear strategy for addressing climate change risks.	Medium term	More likely than not	High	
Risk 5:	Customer	Transitional Risk	Market: Changing customer behaviour	Market: Reduced demand for goods and/or services due to shift in consumer preferences	Changing consumer behaviour and tenant preference for energy efficient buildings could lead to increased vacancy, lower rental income, and a devaluation of the property portfolio if Dexus fails to future-proof the portfolio to enhance energy efficiency and maintain performance in a low carbon economy. The public sector as well as several private sector industries have minimum NABERS ratings requirements of 4.5 stars or higher and cannot occupy Dexus buildings that do not meet their requirements. Dexus is increasingly being asked to demonstrate to prospective and current tenants the environmental performance of the buildings they occupy, and request alignment with their own climate change-related objectives.	Medium	Very likely	High	

	Potential financial impact	Explanation of financial impact	Management method	Cost of Manag-ement	Comment
	40750000	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, potentially putting at risk $815m in debt and capital raising activities conducted in FY17 (reporting 5% or $4.075m attributed to sustainability performance). Further Dexus's share price would be negatively impacted; with estimates ranging from 5% to 25% or more. A 10% fall in Dexus's share price would result in approximately $1.28bn in loss of share value for investors based on current market capitalisation.	Dexus creates value for its stakeholders and manages its reputation through a commitment to a robust governance and management structure and its dedicated response to reporting requirements. Dexus systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations. Dexus is a signatory to the UNPRI and has integrated these principles. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and greenhouse gas emissions, and partners with like-minded suppliers. Dexus conducts an ongoing comprehensive risk audit program to identify and evaluate and mitigate risks including those posed by climate change. Dexus sets ongoing continuous improvement emissions reduction targets for its property portfolio and monitors operational efficiency and performance targets set for its third-party property managers. Dexus proactively discloses through environmental performance benchmarks including DJSI, FTSE4Good Index, MSCI and the Group's commitment to the CDP. For example, leadership in sustainability was recognised within the 2017 GRESB Real Estate Assessment with the Dexus Office Trust ranking 1st globally amongst listed office entities. Dexus incurs additional, direct costs of approximately $76,000 per annum to maintain its reputation as a leader in incorporating sustainability and addressing climate change by participating in the above global sustainability surveys that benchmark Dexus to demonstrate its leadership in sustainability, and costs of maintaining memberships to industry associations.	76000	Surveys include UNPRI, GRESB, RobecoSAM (DJSI) and CDP. Memberships include GBCA and IGCC.
	5500000	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 $5.5m per annum across Dexus's listed office portfolio. Operating costs would also increase as energy usage remains inefficient. To improve efficiency, Dexus faces capital investment to upgrade property air conditioning and lighting systems.	Dexus manages its risk regarding changing consumer behaviour in four ways: 1. Focusing on operational efficiency by setting continuous improvement targets, supported by incentivised facility management teams 2. Capital investments in properties to maximise building energy efficiency and reduce emissions. The primary drivers of energy reduction are the implementation of strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of HVAC systems and Building Management Systems and software. 3. Analyse consumer trends through market research and develop adaption plans. 4. Focusing on tenant needs and issues to provide service excellence. For example, in FY17 Dexus invested approximately $28m to improve energy performance across its managed portfolio, by taking advantage of lifecycle replacements to install high performing equipment or retrofit and electrify building systems. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, and installation of high efficiency. For example, Dexus successfully improved the performance of Blue Tower 12 Creek St, Brisbane by investing in $2.5m to update 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.	28000000	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.

Risk and opportunities continued

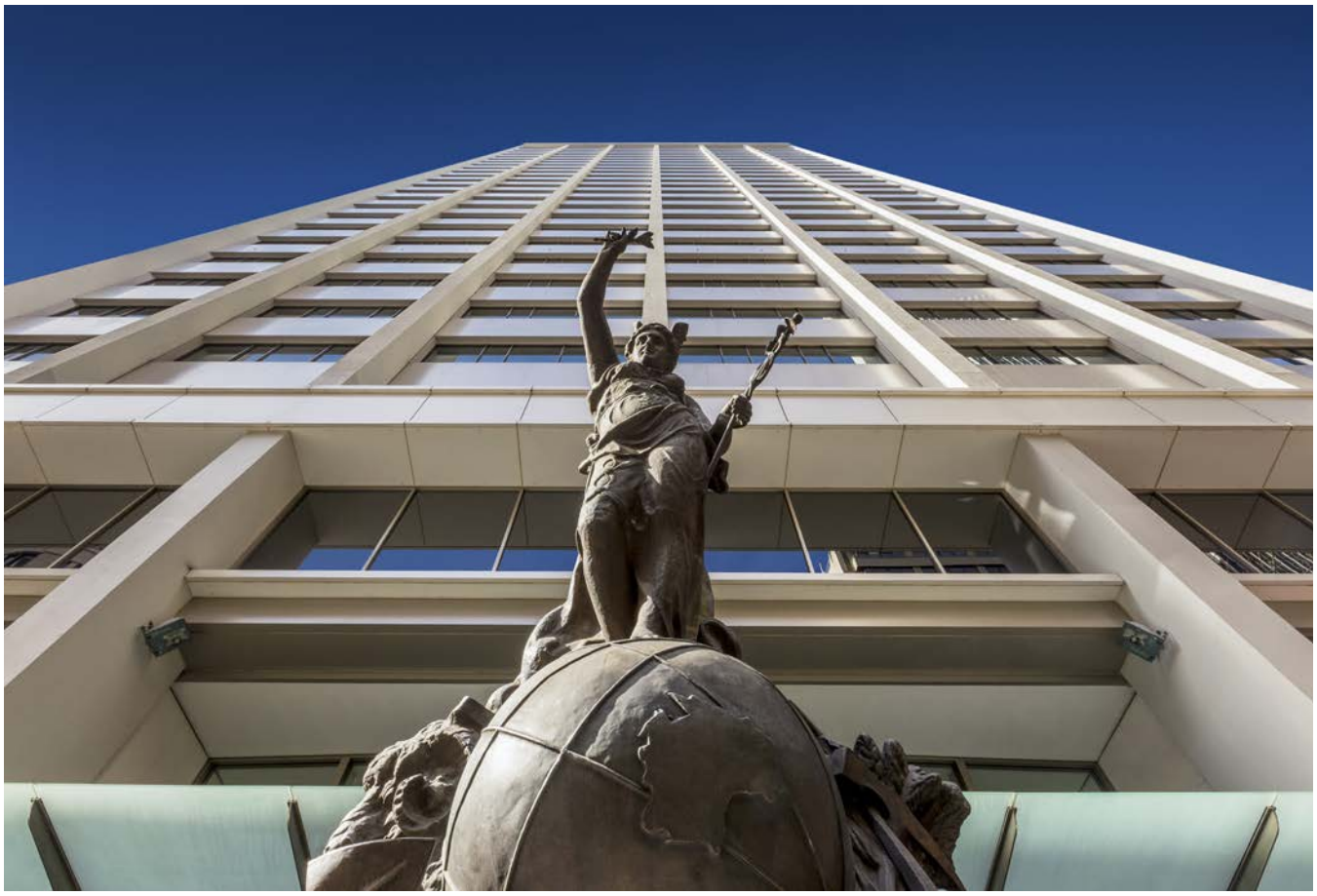
Identifier	Where in the value chain does the risk driver occur?	Risk type	Primary climate-related risk driver	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Risk 6:	Customer	Physical risk	Chronic: rising mean temperatures	Increased operating costs (e.g. inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)	Rising mean temperatures influences building electricity demand and puts strain on the air conditioning systems to ensure indoor temperature is maintained to meet occupants' comfort requirements. Dexus's leasing requirements dictate that indoor temperature needs to be between at 22.5 degree Celsius +/-0.5 degrees. More frequent and intense heatwaves will increase energy consumption and possibly lead to grid strain and blackouts from increasing demand for air conditioning to mitigate temperatures. Increases to Dexus energy use and energy security risks will put upwards pressure on energy prices, which are borne by tenants through their outgoings.	Medium term	Likely	Medium	

C2.4 Opportunity disclosure

Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

	Potential financial impact	Explanation of financial impact	Management method	Cost of Manag-ement	Comment
	3000000	Dexus and its tenants face inherent financial cost increases due to higher energy prices, and financial losses due to blackouts. For example, a 10% increase in energy prices or use due to operational inefficiencies will result in Dexus incurring an additional $3m cost per annum. In addition, the financial impact of each blackout includes potential property damage (estimate of $10,000), cost of re-commencing operations (estimate of $750), generator cost (estimate of $500), and trading losses (estimate of $12,000).	Dexus proactively manages building energy performance to reduce operational costs by: 1. Monitoring and optimising operational performance by investing in effective use building management systems, data analytics and sub-metering to assist the facility team in rectifying performance issues 2. Proactive procurement, using Dexus's size and scale to purchase electricity and effective rates. For example, in 2017 Dexus moved to progressive purchasing of electricity across properties in NSW and Victoria, to better time future purchases to take advantage of price fluctuations and to mitigate the impacts of higher energy prices. 3. Through the property risk management system and through improving asset performance. The annual property risk assessments test the buildings capacity to withstand a power outage and test the fitness of the power generators. For example, the Dexus Sustainability team drives efficient asset performance through building upgrades, effective use of the building management system, and data analytics and sub-metering to assist the facility team in rectifying performance issues. Dexus incurs annual costs of approximately $2m to maintain systems and resources for managing building energy efficiency and operating costs.	2000000	Dexus successfully improved the performance of Blue Tower 12 Creek St, Brisbane by investing $2.5m to update 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.



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Risk and opportunities continued

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

Identifier	Where in the value chain does the opportunity driver occur?	Opportunity type	Primary climate-related opportunity driver drop-down options	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Opp1	Customer	Resource efficiency	Use of more efficient production and distribution processes	Reduced operating costs (e.g., through efficiency gains and cost reductions)	Dexus rates and benchmarks its office and retail properties to via a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating (valid for 12 months), and b) a Tenancy Lighting Assessment (valid for 5 years). Through these ratings, Dexus gains visibility of the potential for further energy efficiency improvements that can be implemented to reduce energy use, greenhouse gas emissions and reduce operating costs.	Current	Virtually certain	High	
Opp2	Direct operations	Markets	Use of public-sector incentives	Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks)	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.	Medium term	Virtually certain	High	

	Potential financial impact	Explanation of financial impact	Strategy to realise opportunity	Cost to realise opportunity	Comment
	3250000	Benchmarking properties highlights opportunities to improve energy efficiency and reduce operating costs, which vary by property across the Dexus portfolio. On average, a Sydney-based property rated 5 stars is 18% more efficient than an equivalent 4.5 star NABERS Energy rated building. The Dexus office portfolio has achieved a 4.6-star NABERS Energy average rating, excluding GreenPower. A 10% reduction in energy use across the Dexus office portfolio would reduce operating costs by approximately $2.75m per annum. Accurate performance data has helped Dexus save approximately $500k per annum in energy commodity costs in recent tenders.	Dexus rates and benchmarks its office and retail properties to via a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating, and b) a Tenancy Lighting Assessment. For example, as at 30 June 2017 Dexus has rated 64 office and retail properties plus 2 industrial properties under NABERS, representing 43% of all properties by number and 83% of total AUM. These benchmarks are used to report progress against Dexus's target to deliver 1,000,000sqm of office properties with a 5 star NABERS rating or higher. In FY17 Dexus achieved 600,000sqm. 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 (SIPs), working with engineers to assess the efficiency and potential upgrade of HVAC systems and Building Management systems and software. Dexus analyses the potential improvement of the property versus the cost of upgrades. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings. For example, Dexus has established programs to upgrade existing HVAC systems including modifying or replacing Building Management Control Systems, advanced building control analytics, and installation of high efficiency. 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.	300000	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.
	300000	Dexus forecasts diminishing annual revenue between FY17 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. For example, in FY17 Dexus created 4,599 ESCs from several properties including 1 Margaret Street Sydney and 44 Market Street Sydney following successful implementation of prior projects. Dexus continues to rate each property on an annual basis to facilitate future claims. Dexus has incurred costs with establishing itself as an Accredited Certificate Provider, including obtaining legal advice, collecting data and preparing baselines, internal labour costs and application fees. Each property incurs costs in excess of $5,000 per annum for ratings and program participation.	20000	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.

Risk and opportunities continued

Identifier	Where in the value chain does the opportunity driver occur?	Opportunity type	Primary climate-related opportunity driver drop-down options	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Opp3	Customer	Products and services	Development and/or expansion of low emission goods and services	Better competitive position to reflect shifting consumer preferences, resulting in increased revenues	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.	Medium term	More likely than not	High	

	Potential financial impact	Explanation of financial impact	Strategy to realise opportunity	Cost to realise opportunity	Comment
	25000000	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 FY17 Dexus raised A$653 million in the US Private Placement market. All prospective Private Placement investors were issued with a Private Placement Memorandum (PPM) in which it describes in detail its responsible investment approach regarding Governance, Management as well as Corporate Responsibility & Sustainability. Also, in FY17, Dexus completed a $550 million equity raising via existing investors for one of its unlisted funds to finance acquisitions and fund committed developments. Indicatively, a 5% increase in capital due to market-leading sustainability performance would typically enable Dexus to access $25m per annum.	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, MSCI and commitment to the CDP. For example, Dexus is a signatory to the UNPRI and has integrated these principles throughout the organisation. Dexus has retained its leadership status, achieving an A+ score for Strategy and Governance, and an 'A rating' for the Direct Property module in the 2018 UNPRI assessment. Dexus draws on market expertise by engaging a specialist consultancy annually to assist with the formation and ongoing management of the Climate Change Risk Report, Climate Change Impact Property Register and Property Climate Change Action Plans. Dexus incurs additional, direct costs of approximately $76,000 per annum to maintain its reputation as a leader in incorporating sustainability and addressing climate change by participating in the above global sustainability surveys that benchmark Dexus to demonstrate its leadership in sustainability, and costs of maintaining memberships to industry associations.	76000	Surveys include UNPRI, GRESB, RobecoSAM (DJSI) and CDP. Memberships include GBCA and IGCC. Dexus collaborates with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation.

Risk and opportunities continued

Identifier	Where in the value chain does the opportunity driver occur?	Opportunity type	Primary climate-related opportunity driver drop-down options	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Opp4	Customer	Products and services	Shift in consumer preferences	Increased revenue through demand for lower emissions products and services	Dexus has the opportunity to benefit from changing consumer behaviour, including Government and some private sector tenants that now require a minimum level of energy efficiency in their office tenancies, and typically require buildings the occupy to hold an accredited NABERS Energy rating of 4.5 stars or higher. In order for Dexus to maintain occupancy levels, continual upgrades and innovation in buildings is required to maintain efficiency levels. By ensuring Dexus properties meet the minimum performance requirements, Dexus has the opportunity to bid for performance-related leasing deals which should lead to higher levels of occupancy rental income.	Current	Virtually certain	High	
Opp5	Customer	Markets	Access to new markets	Increased revenues through access to new and emerging markets	The opportunity exists for Dexus to capitalise on Australia's electricity grid transformation, driven by increases in distributed electricity generation by new market operators. Dexus is exploring opportunity to self-generate and on-sell electricity or lease the available roof space across its managed industrial portfolio to third party solar energy providers companies on a large scale. These providers will then be able to install rooftop solar panels to generate renewable electricity for deliver to building tenants or to export to the electricity grid.	Short term	Likely	Medium-high	

	Potential financial impact	Explanation of financial impact	Strategy to realise opportunity	Cost to realise opportunity	Comment
	5800000	The direct financial implications to Dexus of the opportunity can be measured by increases in building occupancy. For example, a 1% increase in occupancy due to Dexus meeting consumer's building performance-related requirements, and subsequent increase in demand, would increase rental income by approximately $5.8m per annum across Dexus's listed portfolio. Dexus also benefits from green premiums that offices with high NABERS ratings deliver as well as attracting customers to sign longer lease terms, which reduces transaction costs. Thus, opportunity lies in Dexus's ability to reduce greenhouse emissions to maximise returns to achieve these returns.	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 sets performance targets that take into consideration market demand and consumer preferences relating to operational performance. Dexus takes an ongoing approach to assessing and implementing energy efficiency projects as part of its capital works program. Dexus develops and implements strategic improvement plans, working with engineers to assess the efficiency and potential upgrade of lighting air conditioning systems and Building Management systems and software. Projects are scheduled for implementation within annual Asset Plans and savings are tracked by subsequent NABERS ratings, and energy and greenhouse gas emissions monitoring and reporting. For example, in the upcoming year, Dexus is targeting $165-170m in capital expenditure, a proportion of which (indicatively $20m) will be used to improve energy performance, by taking advantage of lifecycle replacements to install high performing equipment or retrofit and electrify building systems. Example projects include upgrading existing HVAC systems including upgrading Building Management Control Systems, advanced building control analytics, installation of high efficiency chillers in some cases and modifications to the water distribution systems.	2000000	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.
	1800000	Dexus estimates that a majority of its retail roof space and around 20% of its industrial roof spaces could be eligible for solar panels or to lease to third party solar panel providers to generate renewable electricity, with the solar installation company incurring the cost associated with installation and maintenance. The indicative annual revenue for leasing roof space across the Dexus managed industrial portfolio is estimated at $1.8m per annum.	Dexus has conducted a feasibility study to estimate the infrastructure lifecycle costs for large scale solar at trial sites, with future expansion across all industrial roofs. The analysis looks at the economic feasibility of rooftop solar, factoring in estimated installation and operating costs, forecast revenue from electricity on-selling, and availability of rebates in the form of renewable energy certificates. For example, Dexus assessed the feasibility for solar panels at 100 Harris Street Pyrmont, which highlighted potential for 200kW of solar PV, with an attractive payback. In further work, Dexus will analyse the current energy consumption profile of industrial tenants and determine its preferred rollout model, either own and operate (on-selling model) or via an independent operator (roof-rent model) Dexus is also monitoring policy developments surrounding Australia's proposed 'National Energy Guarantee' for financial impacts. In addition, Dexus is selecting a panel of preferred suppliers with the size, scale and capability to support a solution across Dexus's industrial portfolio. Following this Dexus will engage with its industrial tenants to initiate uptake of solar electricity. Dexus anticipates the main cost to realise the solar roof top leasing opportunity would be the solar feasibility study, which would cost $4000 on average for each property.	55000	Dexus anticipates the main cost to realise the solar roof top leasing opportunity would be the solar feasibility study, which would cost $4000 on average for each property.

Risk and opportunities continued

Identifier	Where in the value chain does the opportunity driver occur?	Opportunity type	Primary climate-related opportunity driver drop-down options	Type of financial impact driver	Company- specific description	Time horizon	Like-lihood	Magnitude of impact	
Opp6	Customer	Resource efficiency	Other	Reduced operating costs (e.g., through efficiency gains and cost reductions)	Dexus's leasing requirements dictate that the indoor environment must conditioned to 22.5 degree Celsius +/-0.5 degrees. More frequent and intense heatwaves will increase energy consumption and possibly lead to grid strain and blackouts from increasing demand for air conditioning to mitigate temperatures. Dexus has identified the opportunity to adopt leasing guidelines from the Better Building Partnership to adjust building comfort conditions through collaboration and ultimately via revised lease terms. The proposed approach involves expanding the allowable temperature range to 2 - 3 degrees Celsius above or below the indoor temperature set point from 22.5 degrees Celsius. By widening the temperature 'dead band', Dexus and its customers can energy consumption, particularly in the summer months. Other benefits include, a reduction of summertime air conditioning complaints due to indoor temperature being too cold.	Short term	Likely	Medium-high	

	Potential financial impact	Explanation of financial impact	Strategy to realise opportunity	Cost to realise opportunity	Comment
	2400000	Dexus anticipates a 10% of energy savings from the implementation of a 2 - 3 degrees Celsius 'dead band' on the indoor temperature set point from 22.5 degrees Celsius. This amounts to $2.4m energy cost savings across Dexus's managed office portfolio.	Dexus has identified the opportunity to adopt leasing guidelines from the Better Building Partnership to adjust building comfort conditions through collaboration and ultimately via revised lease terms. The proposed approach involves expanding the allowable temperature range to 2 - 3 degrees Celsius above or below the indoor temperature set point from 22.5 degrees Celsius. By widening the temperature 'dead band', Dexus and its customers can energy consumption, particularly in the summer months. Other benefits include, a reduction of summertime air conditioning complaints due to indoor temperature being too cold. For example, Dexus is assessing the feasibility to conduct trials in FY19 of a '3-degree Friday' and develop a widespread communications plan to provide tenants with adequate notice and inform tenants of the business and sustainability benefits. The success of these trials will influence the roll-out of a broader collaboration approach, and then formal adoption by revising lease clauses that stipulate indoor comfort requirements. The main costs associated with implementing a 2 - 3 degrees Celsius 'dead band' on the indoor temperature set point from 22.5 degrees Celsius are associated with developing and implementing a communication customer management plan and legal advice with changing leasing contracts. Costs to adjust building management systems are considered negligible.	30000	The main costs associated with implementing a 2 - 3 degrees Celsius 'dead band' on the indoor temperature set point from 22.5 degrees Celsius are associated with developing and implementing a communication customer management plan and legal advice with changing leasing contracts. Costs to adjust building management systems are considered negligible.

Risk and opportunities continued

C2.5 Business impact assessment

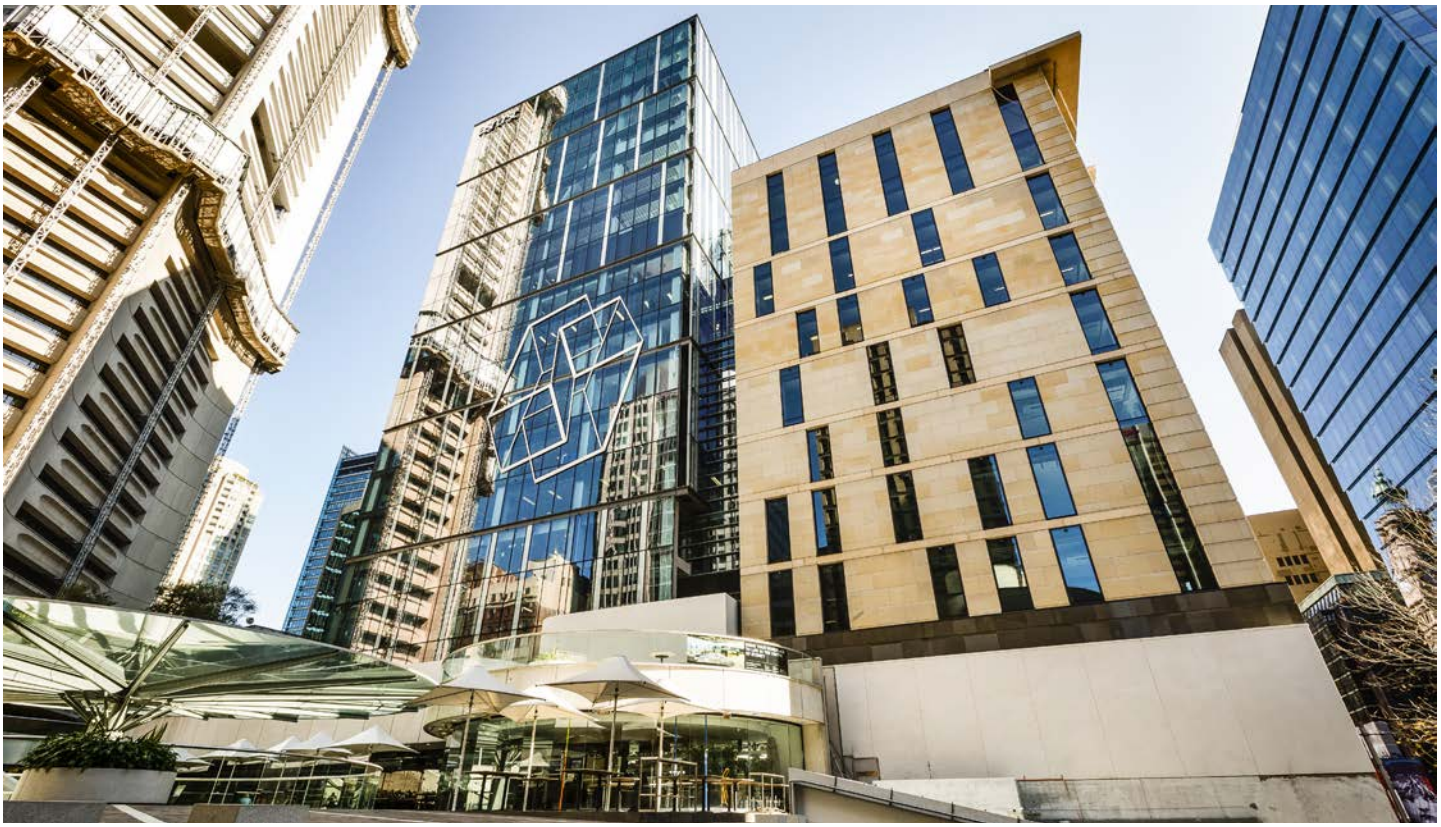
Describe where and how the identified risks and opportunities have impacted your business

Area	Impact	Description
Products and services	Impacted	**Impact to Dexus:** In order to satisfy changing consumer preference (Risk5/Opp4) for energy efficient buildings, particularly customers with minimum performance standards such as government tenants, Dexus has set continuous NABERS and Green Star targets across its managed portfolio and for new constructions. Buildings with higher energy efficiency attract customers as they result in lower outgoings and typically provide better comfort conditions due to their focus on efficient operation. For Dexus, this in turn increases occupancy and increases rental returns. **Magnitude and response:** The impacts of changing consumer preferences affect the entire Dexus managed portfolio. Inherent financial implications of lower demand for products and services 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 $5.5m per annum across Dexus's listed office portfolio. Dexus has established continuous improvement targets for its portfolio to improve NABERS ratings in line with market demand. Dexus applies a formal process to track building operational performance, via monthly performance meetings to track NABERS ratings, building upgrades and occupancy. Energy performance data is collected daily and feedback/diagnosis is provided to building managers to maintain or improve ratings. Dexus provides flexibility to accommodate customer needs through its 'simple and easy' lease and has embedded 'green leasing' within Dexus's new precedent lease to encourage customers to collaborate with Dexus on integrating sustainability within their buildings. Dexus is also progressing options for onsite and offsite renewable energy to supply base building and tenant requirements as part of Dexus' climate resilience strategy, to reduce energy market volatility and climate exposure through progressive purchase agreements (PPA) and rooftop solar PV. Industrial rooftop leasing for solar PV is a product opportunity that reinforces Dexus's sustainability leader credentials and can add additional rental income to industrial properties.
Supply chain and/ or value chain	Impacted for some suppliers, facilities, or product lines	**Impact to Dexus:** Climate-related risks and opportunities impact Dexus's supply chain. Dexus procures an extensive range of products and services as part of managing and operating its property portfolio. Dexus has conducted a portfolio-wide risk assessment its operational supply chain and identified procurement of energy, water and cleaning as services with high climate-related impact to Dexus's emissions footprint. **Magnitude and response:** Energy, water rand cleaning services represent approximately 20% of overall spend and extend across the entire Dexus managed portfolio. To manage its environmental exposure, Dexus has established a Supplier Code of Conduct which sets out environmental performance objectives. In addition, Dexus develops and manage relationships with suppliers and contractors to encourage them to promote a best practice approach to employment practices, social outcomes and the environment. With increasing appetite for Green Star design and as-built ratings, Dexus has engaged building contractors across its developments to disclose the environmental impacts of their products, as specified in performance targets for new builds. Dexus has established a preferred supplier panel and critical suppliers which undergo pre-screening on their sustainability credentials. Dexus conducts a supplier self-assessment which asks suppliers of their physical and transition climate risk exposure. Dexus looks to engage suppliers with high climate risk exposure to gain an understanding as to how those businesses are managing their climate risk. Dexus is also progressing opportunities to leverage Australia's transition to a low carbon economy (Opp5), in line with Dexus's 2030 net zero emissions target and climate resilience strategy. For example, Dexus has completed feasibility studies at the Quarry Greystanes and Deepwater Plaza, and is progressing to tender on viable opportunities. Dexus will capitalise on further opportunities with third party renewable energy generators in the future.

Area	Impact	Description
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	**Impact to Dexus:** Dexus properties face inherent acute risks (Risk3) impacted by climate change either through loss of value, through damage caused by increased severe weather events, or sea level change. Dexus properties face long-term chronic climate-related risks (Risk6) due to heat stress. Dexus must actively manage these risks to ensure the health and safety of building occupants, and to preserve and enhance property value. Dexus insurers have imposed higher insurance deductibles for specific properties located in Far North Queensland due to their inherent climate-related risk exposure. **Magnitude and response:** Overall, Dexus's exposure to acute physical risks is low, although Dexus's most recent group-wide climate change risk assessment identified several properties located in geographical markets with high exposure to acute risks in the form of severe weather events (across Far North Queensland), and long-term chronic climate-related risks due to heat stress (mainly Western Australia and South Australia). To effectively address these risks, Dexus has established an ongoing risk audit program to identify, evaluate and manage acute physical risks (Risk3) and chronic risks (Risk 6), which is integrated into this audit process. Within these audits, each property's exposure to natural disasters is assessed and any risks identified are prioritised for mitigation and adaptation. Evaluation of the risk residual factors in frequency, likelihood, and the potential environmental, financial or strategic impacts. Dexus develops Risk Treatment Plans for all 'Significant' or 'High' risks to mitigate either the cause of the risk or the effects. Initial Status Audits (ISA) are conducted on all acquisitions as part of Dexus's Environmental Management System, and properties are rated for their risk exposure against long term scenarios for changes in temperature, precipitation, extreme winds and rising sea levels. Post-acquisition, reinspection environmental management reports are conducted to review outcomes of the ISA review of the ISA for each property prepared from the ISA and reviewed annually. Environmental Improvement Plans are developed and tracked via Periskope, an internal property risk management tool. Dexus collaborates with its insurers on adaptation and mitigation activities across properties with high exposure to reduce deductibles where feasible.
Investment in R&D	Impacted	**Dexus impact:** Dexus monitors innovation within the building sector, implements opportunities across its properties, and collaborates with suppliers and customers to contribute to achieving Dexus's energy and emission reduction targets and to future proof its buildings in anticipation of a climate-constrained low carbon economy. This allows Dexus properties to maintain their cost-competitiveness and to enable Dexus to meet increasing customer demands for high performing buildings (Risk5/Opp4). **Magnitude and response:** Improving energy efficiency significantly reduces Dexus's operating costs and outgoings. Key opportunities with application across the entire Dexus managed portfolio include benchmarking to drive energy efficiency (Opp1) and position Dexus as a market leader to protect and enhance its reputation (Risk4/Opp3), as well as leveraging government energy efficiency schemes to enhance project payback (Opp2). Across its industrial and retail properties, Dexus is collaborating with renewable energy generators on innovative delivery models for adding rooftop solar (Opp5). Across its office properties, Dexus has identified the potential to engage with customers on flexible leasing ideas to reduce outgoings and improve building efficiency (Opp6). Dexus sets targets for continuous improvement and across new builds to drive the take up of innovation. Dexus has engaged specialists to conduct feasibility studies on emerging technology, for example replacing gas boilers with electric equivalents, replacing refrigerants with a lower global warming potential, and geothermal heat pumps. Dexus trials emerging and market-tested technology prior to rolling out to the rest of its portfolio. For example, Dexus trailed a virtual engineering smart data program that applies 24/7 real-time analytics on building performance, improving energy efficiency and delivering cost savings. Following success of the virtual engineer trail, Dexus rolled out the program to 44 properties. To align with Dexus's Net Zero 2030 target, the sustainability team is collaborating with asset managers to take advantage of lifecycle upgrades as opportunities to retrofit building services and improve efficiency. Dexus expects that the innovation in energy efficiency and clean energy sector will drive and are critical in achieving 6 star NABERS energy ratings in the medium to long term.

Risk and opportunities continued

Area	Impact	Description
Operations	Impacted	**Dexus impact:** Dexus has integrated the management of environmental performance and addressing climate-related impacts across day-to-day property management activities as climate-related physical (Risk3), transitional (Risk5/Opp4) and regulatory (Risk1/Risk2) issues affect the entire Dexus managed portfolio. **Magnitude and response:** As energy is a significant operating cost, contributing around 10% of Dexus property-related operating expenses, Dexus analyses and implements operational efficiencies to reduce energy use, develops budgets that take into consideration forecast movements in energy prices which are driven, in part, by climate related impacts. Dexus conducts group-wide procurement of electricity to reduce costs and manage this transitional risk, and has allocated resources to track and benchmark performance and identify energy efficiency opportunities (Opp1), maintain regulatory compliance (Risk1/Risk2), and access government funding where available (Opp2). To guide operations, Dexus has established environment policies, set continuous improvement targets, sustainability facility management team, installed metering and analytics, implemented an Environmental Reporting System, established NABERS tracking and continuous certification, and developed property-level energy efficiency Strategic Improvement Plans. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and emissions. In addition, regulatory compliance, capital investment, carbon analysis and education of staff, investors and other stakeholders form part of the way Dexus undertakes its responsibilities regarding carbon management. Dexus manages reporting compliance (Risk1/Risk2) by utilising internal analysts and specialist consultants to manage, collect, maintain and assure environmental and emission data, and monitors all published material. To manage physical property risk (Risk3/Risk6), Dexus implements an Environmental Management System, certified under ISO 14001:2004. To manage Dexus's reputation and attract new capital (Risk4/Opp3), Dexus responds to investor questionnaires, ESG analyst data requests and sustainability benchmarking surveys to report on climate risk management and mitigation activities. Dexus is recognised globally as a leader in sustainability by inclusion on various indices including DJSI, FTSE4Good Index, and MSCI.



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C2.6 Financial planning assessment

Describe where and how the identified risks and opportunities have factored into your financial planning process

Area	Impact	Description
Revenues	Impacted	Customers changing preference for high performing NABERS rated office buildings (Risk 5/Opp4) affects Dexus's rental income and asset valuation. The overall magnitude of climate related physical risks (Risk3) on property revenue is minor, however it applies to all properties across the group to some extent. From an opportunities perspective Dexus has identified additional revenue opportunity across its industrial portfolio through leasing roof space to third party renewable energy generators (Opp5). The Dexus research team monitors all key markets in which Dexus operates to understand and incorporate key megatrends, such as climate impacts on valuations, vacancy rates and rental returns. This research is used to inform annual asset planning in conjunction with upcoming lease expiry and market activity. Dexus conducts financial planning with the view to manage high performing NABERS certified assets to attract new customers (Opp4) and retain existing customers (Risk 5). Dexus forecasts increasing rental income through green premiums and increase occupancy. Asset income/leasing assumption are reviewed annually, the ability to maintain or increase rent is influenced by the buildings performance and meeting tenants existing and future tenants minimum NABERS ratings requirements, this is pertinent to Government tenants. To meet both market and customer expectation for premium office buildings, Dexus maintains 5-star Office properties to enhance valuations in line maintain market competitiveness. Dexus has indicative forecasts for ESC revenue, however this is not built into budgets, as revenue is not guaranteed until energy efficiency performance outcomes are achieved. All ESC revenue generated is reinvested into the property budget to be used towards other building improvements(Opp2). Dexus has developed initial estimates for potential revenue from rooftop solar, following outcomes of feasibility studies. The configuration of the solar rooftop business model may vary based on opportunities and costs, the leasing rooftop model will increase the rental income generated from Dexus industrial properties and/or generate Large-scale Generation Certificates (LGCs) as potential additional revenue or to retire as contribution to the reduction of emissions and achievement of Dexus's Net-Zero emissions target.
Operating costs	Impacted	Climate related risk and opportunities impact Dexus's operating costs in the areas of energy consumption, insurance, compliance and risk management, and applies to all properties across the Dexus managed portfolio. Collectively the magnitude of these costs in the order of 10 – 15% of total property related expenses. During the annual budgeting process, Dexus prepares a comprehensive compliance, energy and sustainability OPEX and CAPEX budget for each property. Dexus financially plans for climate-related preventative measures and insurance claims should they be required, plans investment in building resilience to physical climate impacts, factoring in exposure to transitional climate impacts such as energy market volatility. Dexus maintains a CAPEX system through which facility managers financially plan opportunities requiring capital expenditure. Energy and greenhouse-related opportunities are also captured within a strategic improvement plan for each property, which forecasts the environmental benefit and NABERS rating impact of opportunities. The Dexus property management and CBRE facility management teams collaborate towards OPEX budgeting. The OPEX budget is financially planned over the short term and includes insurance, risk management (e.g. risk engineering), base-building energy and forecasting uncoverable losses (e.g. climate-related extreme weather events). Climate change adaptation risk mitigation projects include preventative works to withstand extreme weather and events and the maintain equipment and operation on extreme heat days, this is particularly pertinent to assets in far North Queensland that are exposed to tropical cyclones. The annual insurance budget includes forecasting increases in insurance premiums due to the tightening insurance market which is associated with increased climate-related claims (Risk3). Dexus mitigates transitional risk of energy market volatility through portfolio wide procurement and market monitoring. Each property's operational budget includes allowances for voluntary GreenPower purchases to improve NABERS ratings (Opp4), NABERS ratings certification fees (Opp1) and compliance data monitoring costs (Risk 1/Risk 2).

Risk and opportunities continued

Area	Impact	Description
Capital expenditures/ capital allocation	Impacted	CAPEX planning applies predominately to retail and office properties, and is comprised of building maintenance activities, end of life equipment upgrades and redevelopment opportunities. The magnitude of Dexus's capital expenditures is significant and is forecasted to be between $165-$170m in FY18 across the entire group managed portfolio. Dexus's CAPEX financial planning occurs annually, budgeting over the short to medium term. CAPEX budgeting includes building resilience upgrades (Risk 3), upgrading the building plant to achieve NABERS ratings (Opp4), energy and emission reduction targets, and generate revenue for ESCs due to energy efficiency improvements (Opp2). Dexus's and CBRE's sustainability teams discuss with asset and property managers energy efficiency projects evaluated through Strategic Improvement Plans to help prioritise which projects to execute over the short to medium term based on forecasted environmental benefit and NABERS rating impact of opportunities (Opp1). Projects are prioritised by the need to maintain the property (e.g. lifecycle replacements and improve building resilience), delivering an outcome to customer and attracting new tenants, and contribution to the achievement of Dexus's sustainability targets and other business strategies and drivers. Asset managers approve CAPEX plans based on clear alignment to the portfolio and group strategy.
Acquisitions and divestments	Impacted for some suppliers, facilities, or product lines	Climate related risks and opportunities are one of several considerations Dexus makes during acquisition and divestment decision making. Overall the magnitude of climate-related impacts to Dexus is low however it varies between transactions and in some cases results in a decision to abandon and otherwise worthwhile investment or consider timelines for divestment. Dexus's decision to buy and sell is dictated by formal due diligence processes to collect and evaluate a wide range of risks and opportunities, and their impact on investment decisions prior to approving or endorsing an investment/divestment decision. The due diligence process is used to identify ESG risks, such as exposure to physical climate risk (Risk 3), the ability to attract and meet tenants demand based on asset energy performance (Opp4) and the CAPEX required to align the asset to meet Dexus's sustainability targets over the short to medium term(Opp3/Risk4). Outcomes of the due diligence process influences Dexus's investment decision and material issues will lead to the abandonment of the potential investment, while less significant issues, risk and opportunities may influence the investment price or the terms of sale. In other cases, climate related risks and opportunities have negligible impact and do not influence the investment decision.
Access to capital	Impacted for some suppliers, facilities, or product lines	Dexus's ability to attract and retain investors and source new capital impacted by its ability to maintain its reputation as a responsible investment manager. Dexus's credentials are maintained, in part, due to its reputation as a sustainability leader. Dexus is aware of investors' shifting preferences towards companies that manage ESG and climate-related risks (Risk4) which is reflected through their increasing requirements for transparency and disclosure of Dexus's sustainability and climate-management practices. This is most prevalent across Dexus third party funds management business, the magnitude of which is approximately 50% of total funds under management. Dexus allocates resources and costs to disclose its environmental performance through sustainability benchmarks including DJSI, GRESB, UNPRI, FTSE4Good Index, MSCI, CDP, and respond to investor questionnaires, publishing achievements in sustainability benchmarks and increasing disclosure and transparency of its climate management approach. Financial planning for these expenses factors in an increased budget allocation towards participation in global surveys to improve transparency and assist Dexus to demonstrate its sustainability credentials when seeking new capital (Opp3). Through these activities Dexus has been recognised as a sustainability leader by UNPRI, GRESB and DJSI which positions Dexus favourable to attract value-aligned corporate and government tenants (Opp4) and secure capital to Dexus's unlisted funds (Opp3).

Area	Impact	Description
Assets	Impacted	Asset financial planning seeks to maximise Dexus's financial objectives in line with Group's strategy. Sustainability is an enabler to this strategy through its goal to deliver sustained value by focusing on connectivity, liveability and resilience. As a result, Dexus seeks to integrate climate-related impacts within long-term investment decision making. The financial magnitude is significant for Dexus properties as comprise around 90% of total assets. Climate change is one variable that is considered as it is one of Dexus's top 10 strategic risks. Assets face inherent risk from climate change either through loss of value, through damage caused by increased severe weather events, or sea level change. The overall impact is low to medium, but forecast to increase, yet specific risks and opportunities influence property and portfolio investment decisions including acquisition, developments, capital works and divestments. The key long-term risk and opportunity relates to changing customer behaviour towards high performing buildings (Risk 5/Opp4) which in turn informs asset financial planning and CAPEX and OPEX budgeting. The Dexus property management team and CBRE facility management team collaborates towards OPEX budgeting. The OPEX budget is financially planned over the short term and includes insurance, risk management (e.g. risk engineering) and forecasting uncoverable losses (e.g. climate-related natural disasters). Asset managers review leasing/income assumption over the short to medium term and includes the ability to maintain and improve environment performance in order to charge green premium to increase asset income, and to increase asset valuation, particularly with premium office buildings. CAPEX is budgeted over the short to medium term and is prioritises alignment to tenant survey results and preference, customer service, sustainability fund and group targets, and managing immediate physical climate exposure to prevent early obsolescence and other business strategies and drivers. Other asset planning decisions take into consideration predicted climate impacts from extreme weather events in exposed regions (Risk 3), as well as revenue opportunities through better space utilisation (Opp5).
Liabilities	Not yet impacted	To date, Dexus's ability to raise equity is not materially affected by climate risks and opportunities. Dexus expects impacts to emerge over the medium term (2 to 7 years) as financial institutions and investors increase their scrutiny of their lending books. Dexus's reputational management as a sustainability leader positively impacts Dexus's ability to secure equity from existing and new investors.

C3: Business Strategy

- CDP data users are interested in organizations forward-looking strategies and financial decisions that are driven by climate-related future market opportunities, public policy objectives, and corporate responsibilities. This module allows organizations to disclose whether they have acted upon integrating climate-related issues in to their business strategy. The module includes questions on scenario analysis and transition planning which are an important evolutions in strategic environmental planning.
- Given the importance of forward-looking assessments of climate-related risks and opportunities, scenario analysis is an important and useful tool for an organization to use, both for understanding strategic implications of climate-related risks and opportunities, and for informing stakeholders of how the organization is positioning itself in recognition of these issues. It also can aid investors, lenders, and insurance underwriters in informing their own financial decision making.
- Transition planning is also an important evolution of strategic environmental planning and includes all the relevant changes that need to be made to the company's business model before the company can adjust to a low-carbon future. This is especially relevant for companies operating in high impact sectors.
- Climate-related scenario analysis and transition planning disclosure was piloted by CDP in the Assessing Low-Carbon Transition (ACT) initiative in 2016. Further information on conducting and disclosing scenario analysis can be found in CDP Technical Note on Scenario Analysis.
- Responses given in this module should be relevant to the reporting period, even if revisions have been made to the strategy between the reporting period and the time of submission of your CDP response. Where this is the case, you can include more up to date information in C-FI field at the end of the questionnaire. This will not be scored but will be available to the investors and customers (in the case of those responding on behalf of Supply Chain members) that view your response.

Risk and opportunities continued

C3.1 Business Strategy

Are climate-related issues integrated into your business strategy?

Yes

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

Yes, qualitative and quantitative

C3.1b Question does not apply to sector

n/a

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

i) Dexus 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 Dexus's business strategy is reflected at all levels of the organisation and is assessed regularly.

Dexus 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, Dexus conducts climate change risk assessments to identify at-risk properties and identify adaptation and mitigation opportunities. This data is reported to the Dexus 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. These include GHG 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.

ii) Dexus's sustainability approach supports Dexus's overall strategy of delivering sustained value for its stakeholders. Delivery of CR&S commitments particularly Dexus's 2020 target of 1,000,000 sqm at 5 Star NABERS Energy ratings and 4 Star NABERS Water ratings, and 10% energy and emissions reduction across the Group using FY15 as a baseline demonstrates Dexus commitment to address ESG risk exposure and long-term company performance. These activities attract long-term investors looking to invest in companies that manage their ESG risks and opportunities and thus contribute to Dexus's strategic objective of being the leading owner and manager of Australian property and the wholesale partner of choice in Australian property.

iii) During FY17, Dexus reviewed design briefs across all asset classes to develop an in-house suite of best practice sustainable development practices with a focus on environmental performance. This business decision affects all future developments and was to ensure asset performance expectations are implemented and to guarantee meeting corporate 2020 NABERS energy, and energy and emission reduction commitments, and position Dexus properties to achieve its 2030 net zero emissions target.

iv) Climate change considerations are integrated into Dexus's business strategy. Aspects include:

a. Environmental legislation that Dexus may be subject to compliance

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)

v) Short−term strategy changes-timeframe: 1 to 2 years. Dexus's short term business strategy is influenced by climate change/ extreme weather impacts and its ability to respond quickly to changing environmental or regulatory circumstances. A flexible business model and ongoing review of strategy and operations enables Dexus to manage changes in legislation and implement energy reduction strategies efficiently. Dexus's strategy includes actively focusing on reducing portfolio emissions to meet its

current target to achieve a 10% reduction in energy use by FY20 against FY15 baseline. Dexus empowers operational teams to respond to climate change related extreme weather events appropriate to their buildings via prevention and adaptation initiatives as well as monitor and manage resource use daily 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 FY17 Dexus commenced construction of developments at 100 Mount Street, North Sydney and progressed on 105 Phillip Street, Parramatta. Each property has been designed and built to minimise energy use and emissions to achieve 5-star NABERS ratings.

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

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

vii) 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 gain 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.

viii) Dexus has set a target to achieve net zero emissions by 2030 as part of its transition to a low carbon future. With a staged transition to 2030 Dexus will continue to lead beyond Australia's Intended Nationally Determined Contributions. Dexus has set a science-based target to limit warming below 2 degrees in line with the climate Paris Agreement.

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

Climate-related scenarios	Description
Other, specify: RCP8.5 (IPCC fifth Assessment Report)	Dexus's climate scenario analysis uses results from the highest emissions scenario (RCP8.5) from the 2014 IPCC report. This scenario was chosen to provide Dexus with an indication of worst-case climate-related outcomes, including the magnitude and specific locations where they are likely to occur. A geospatial analysis was conducted to map Dexus properties against their relevant climate-zones and link to the scenario outcomes. Risk exposure was rated for each property from Low to High using Dexus's standard 2-dimensional risk rating matrix, which assesses likelihood (from almost certain to rare), and consequence (from insignificant to catastrophic) for each type of physical risk. The scenario analysis was supplemented with NARCliM the highest resolution dataset available for Australia. The analysis excluded the climatic variabilities of humidity, solar radiation and mean wind speed due to their immaterial impact on the business. Analysis has informed overall level of physical risk and nominated identified-risk across all existing properties and identified and geographical hotspots. Climate scenario analysis is used to inform Dexus's acquisition strategy. During acquisition Dexus conducts due diligence on the property's physical risk exposure due to climate over a 2030 and 2070-time horizon, as these typically align with the property's expected lifespan. Formal review is included in the acquisitions due diligence checklist, and investment opportunities in high risk properties are either abandoned or undergo appropriate adaptation planning. The climate scenario 2070 time horizon is used to inform the business of the trend of the forecasted magnitude of climate related risks and the spatial hot-spots, which can be used to inform long-term strategic planning. For example, in FY17 Dexus reviewed climate risk exposure of 36 Hickson Road, Millers Point, which determined that the property has low risk exposure to cyclones, and low to moderate exposure to flooding from extreme weather events, and that the property is unlikely to be inundated by long-term effects of sea level rise, although the projected increase in hot days will lead to increased electricity use. In addition, Dexus has applied climate scenario analysis outcomes to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation required consistent with 2 degrees warming against pre-industrial levels. This analysis has been used to align future targets with science-based outcomes to avoid serious climate-change effects and develop future targets on energy efficiency and renewable energy.

Targets and performance

Module: Targets and performance

C4. Targets and performance

- Questions in this module focus on emission targets, additional climate-related targets, details on emission reduction initiatives and low carbon products.
- Target setting provides direction and structure to environmental strategy. Providing information on quantitative targets and qualitative goals, and progress made against these targets, can demonstrate your organization's commitment to improving climate-related issues management at a corporate level. This information is relevant to investors' understanding of how your company is addressing and monitoring progress regarding the risks and opportunities disclosed.
- Questions on emission reduction initiatives allow CDP data users to understand the organization's commitment to reducing emissions beyond business-as-usual scenario.
- Questions on low-carbon products provide valuable information to investors who are seeking to increase their investment in companies providing low-carbon and climate resilient goods and services.
- Note for agricultural sectors: The 'Land management practices' section includes questions around both adaptation and mitigation mechanisms adopted by companies to address climate change. This information demonstrates that organizations are committed to using practices that help reducing emissions and improve their resilience. Organizations can report up to 20 practices adopted on their land. Those practices that have brought or are expected to bring the largest benefits should be prioritized.

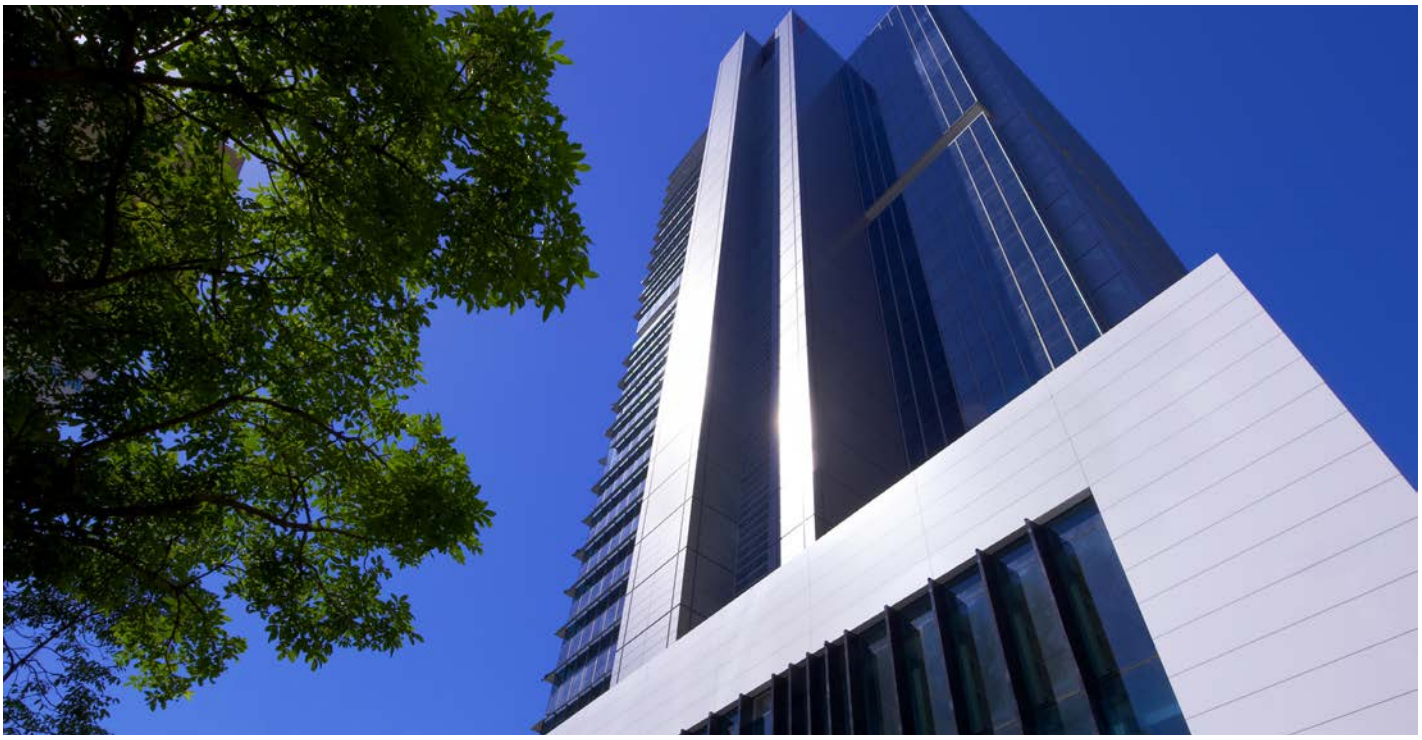
C4.1 Targets

Did you have an emissions target that was active in the reporting year?

Absolute target

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

Target reference number	Scope	% of emissions in scope	% reduction from base year	Base year	Start year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	% achieved (emissions)
Abs1	Scope 1+2 (location-based)	91%	10%	2015	2015	140,150	2020	No, but we are reporting another target that is science based	71
Abs2	Scope 1+2 (location-based)	72%	12.2%	2015	2015	111,210	2020	No, but we are reporting another target that is science based	66%
Abs3	Scope 1+2 (market-based)	100%	80%	2010	2018	129,964	2030	Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative:	0%



123 Albert Street, Brisbane

	Target Status	Comment
	Underway	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.
	Underway	Within its 2015 Annual Review, Dexus set a target to "Deliver 1,000,000 square metres of office space rated at least 5 Star NABERS Energy rating." Together the baseline NABERS rating for these assets was 4.7 stars average and the targeted improvement is equivalent to a 12.2% reduction in GHG emissions. GHG emissions savings will result from implementing energy efficiency projects under Dexus's NABERS Improvement Program.
	New	Dexus has committed to reduce scope 1 and scope 2 emissions by 80% by 2030 relative to a 2010 base year (SBT), in line with the Science-Based Target initiative (SBTi) sectoral decarbonisation approach for real estate. This supports a broader target which by Dexus has committed to achieve a net zero position for all carbon emissions across the group's managed property portfolio by 2030, which requires a 100% reduction, or net-zero scope 1, 2 emissions by 2030 across Dexus's operational control boundary. The SBT will be achieved through operational efficiency and renewable energy. The net zero emissions target will extend this and be supported by minimal offsets to achieve a net zero position. Dexus has committed to set these targets with the SBTi.

Targets and performance continued

C4.2 Other climate-related targets

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

Target	KPI Metric numerator	KPI denominator	Base year	Start Year	Target year	KPI in baseline year	KPI in target year	% achieved in reporting year
Energy Usage	Total net energy consumption (measured in gigajoules GJ) across Dexus's FY15 like for like managed portfolio		2015	2015	2020	665,037	598,533	49%

C4.3 Emissions reduction initiatives

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

Yes

C4.3a 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	143	-
To be implemented*	39	2700
Implementation commenced*	30	3863
Implemented*	80	6977
Not to be implemented	121	-

	Target status	Please explain	Part of an emissions target	Is this target part of an overarching initiative?
	Underway	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.	Dexus's 10% energy reduction target is directly related to emissions target Abs1	No, it's not part of an overarching initiative

58 Mounts Bay Road, Perth

Targets and performance continued

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

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/ Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period
Energy efficiency: Building services	Motors and drives	18.24	Scope 2 (location-based)	Voluntary	4300	26000	4-10 years
Process emissions reductions	Changes in operations	195.2	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	31613	68000	1-3 years
Energy efficiency: Building services	Building controls	1245	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	227445	3192000	11-15 years
Energy efficiency: Building fabric	Insultation	108	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	23134	197680	4-10 years
Energy efficiency: building services	HVAC	2779	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	476079	12307875	>25 years
Energy efficiency: building services	Lift upgrades	31	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	5037	1041642	>25 years
Energy efficiency: building services	Lighting	642	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	128773	3108673	21-25 years
Energy efficiency: building services	Other: metering and analytics	1958	Scope 1 Scope 2 (location-based) Scope 3	Voluntary	374436	480439	1-3 years

	Estimated lifetime of the initiative	Comment
	21-30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 6 years. The figure provides an estimate of the energy efficiency investment component. The car park ventilation upgrade project has resulted in reductions in electricity consumption, which in turn have resulted in reductions in Scope 2 greenhouse gas emissions.
	6-10 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 2.2 years. The figure provides an estimate of the energy efficiency investment component. Dexus's building commissioning program consists of retro-commissioning of systems to rebalance and optimise following changes in floor layouts or fitouts. Opportunities are identified by site teams, during proposed refurbishment works or via energy audits. Building control recommendations were presented to optimise NABERS outcome, occupant comfort and contribute to long term performance targets.
	16-20 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 14.1 years. The figure provides an estimate of the energy efficiency investment component, which in turn have resulted in reductions in the scope1, 2 and 3 greenhouse gas emissions. Dexus's building controls upgrade program consists of replacing or enhancing building management control systems (BMCS) including: 1) hardware upgrades to direct digital control (DDC); 2) adding additional monitoring and control points (e.g. energy valves with inbuilt sensors) to provide more granular visibility and control; 3) whole building BMCS replacement with current best practice systems. Opportunities are identified by site teams, during proposed refurbishment works or via energy audits. Building control recommendations were presented to optimise NABERS outcome, occupant comfort and contribute to long term performance targets.
	>30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 8.5 years. The figure provides an estimate of the energy efficiency investment component, which in turn have resulted in reductions in the scope1, 2 and 3 greenhouse gas emissions. The façade upgrade will improve the thermal properties of the building's exterior.
	>30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 25.8 years. Dexus's HVAC efficiency program seeks to reduce energy consumption, maintain tenant comfort conditions and maximise HVAC system performance, via: 1) plant and equipment upgrades; 2) reducing 'mid-season' consumption by use of fresh air economy cycles and optimum start controls; 3) reticulation systems to variable volume utilising variable speed drives; 4) balancing and commissioning to optimise operational performance.
	21-30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. The life upgrade program involves the total modernisation of lifts and replacement with more efficient motors.
	21-30 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 24.1 years. Dexus's lighting upgrade program involves the installing high efficiency luminaires and lamps as follows: 1) upgrades using T5 and LEDs for common areas including foyers, lift lobbies, external security lighting and within 'spec' fitouts; 2) adding movement, occupancy and daylight controls; 3) HID high-bay lamps with lower wattage LED replacements. Maintenance service providers collaborate with asset managers to identify and implement opportunities to achieve building energy performance and NABERS targets including Dexus's 10% energy reduction target.
	6-10 years	The estimated annual CO2 savings relates to projects listed as "Implemented" from Question 4.3a. Average pay back period is 1.3 years. Dexus's smart building program consists of adding cloud-based building analytics to provide additional diagnostics as part of continuous targeted maintenance and energy & water efficiency monitoring. Once the analytics has been installed, opportunities are identified by a dedicated building services support team and are implemented immediately or as part of scheduled maintenance. Analytics recommendations were presented to optimise NABERS outcome, introduce targeted maintenance practices, to improve occupant comfort and contribute to long term performance targets. These initiatives also contribute towards Dexus's 10% energy reduction target.

Targets and performance continued

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

Method	Comment
Employee engagement	Dexus runs an Annual Risk & Sustainability roadshow for operations employees to improve training in emissions reduction and assist with implementation of specific programs. The training of Dexus employees is an integral component of ensuring investment in emissions reduction activities is supported and further innovation is encouraged. To measure and assist the process Dexus also runs an Annual Employee Survey with questions relating to sustainability, environment and risk forming part of the survey to drive engagement to 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.

C4.4 Question C4.4 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

C4.5 Low-carbon products

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

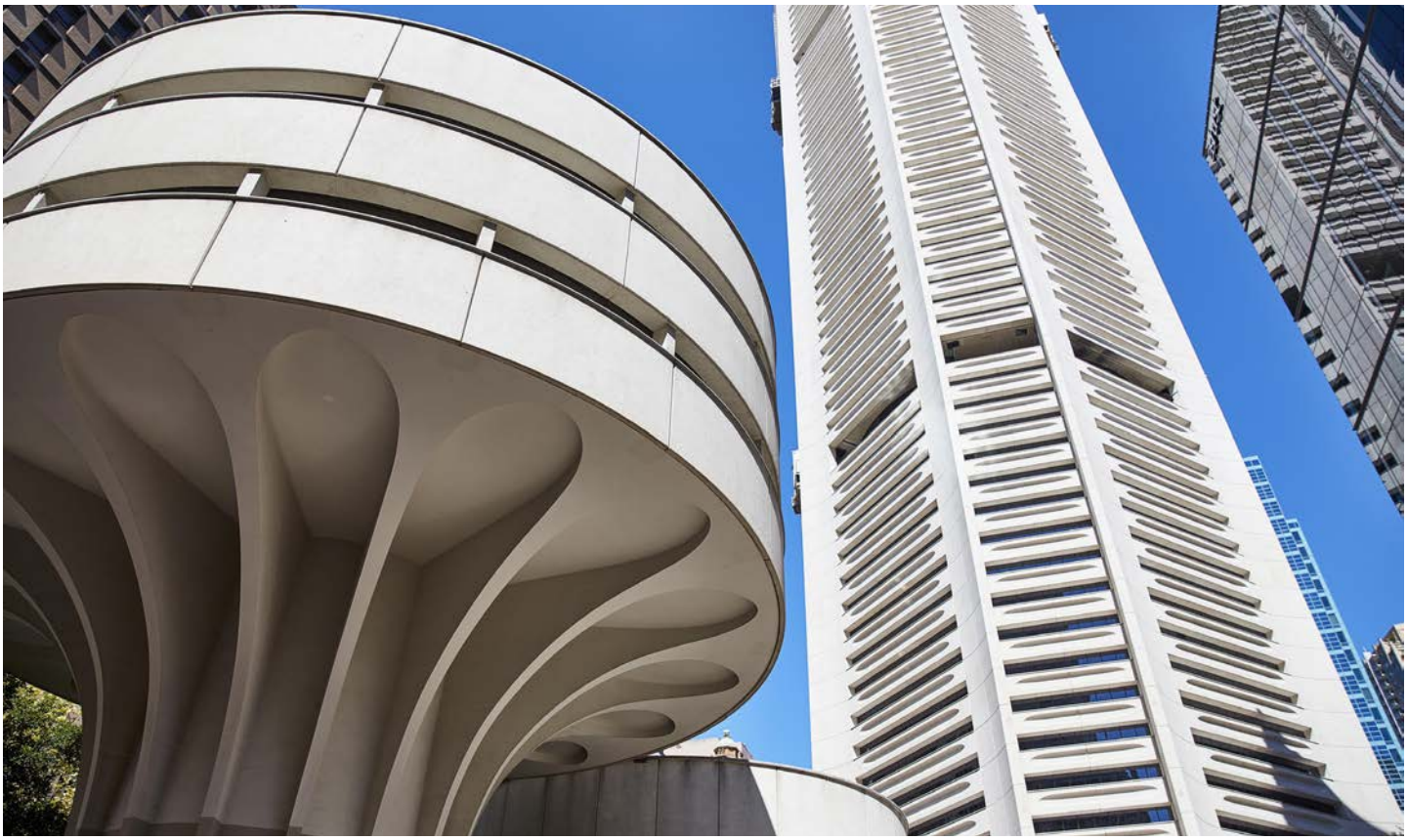
Yes

5 Martin Place, Sydney

Targets and performance continued

C4.5a Provide details of your products and/or services that you classify as low carbon products or that enable a third party to avo

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
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 459285 tCO2-e across the Group's office portfolio due to ongoing emissions reductions activities that deliver energy efficient air conditioning, lighting, and transportation services. Dexus designs and operates office buildings to achieve 5 stars NABERS energy rating or better. In FY17 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



MLC Centre, Sydney

oid GHG emissions

	% revenue from low carbon product/s in the reporting year	Comment
	34%	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 FY17. 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 100 Mount St, North Sydney has been awarded a 5 star Green Star Design & As Built v1.1. Tenants directly benefit from occupying highly efficient new buildings that lower greenhouse gas emissions by 50% or more, when measured against most current building stock, where a 3 star NABERS energy rating represents average performance. Since FY08, the Scope 1 and 2 emissions intensity of the Group's office portfolio has improved from 131kgCO2-e/sqm to 73kgCO2-e/sqm in FY17 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).

MLC Centre, Sydney

GHG emissions accounting

Module: GHG emissions accounting

C5. Emissions methodology

- A meaningful and consistent comparison of emissions over time is an essential step in environmental reporting. This module allows companies to provide the base year and base year emissions and provide details of the standard, protocol, or methodology used to collect activity data and calculate Scope 1 and Scope 2 emissions.

C5.1 Base year emissions

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

Scope	Base year	Base year emissions (metric tonnes CO2e)	Comment
Scope 1	Sun 01 Jul 2007 – Mon 30 Jun 2008	6226	
Scope 2 (location-based)	Sun 01 Jul 2007 – Mon 30 Jun 2008	151951	
Scope 2 (market-based)	Sun 01 Jul 2007 – Mon 30 Jun 2008	151951	

C5.2 Emissions Methodology

Select 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)

C6. Emissions data

- Reporting emissions is best practice and a pre-requisite to understanding and reducing negative environmental impacts.

- This module examines emissions data details and is aligned with TCFD Metrics & Targets recommended disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

C6.1 Scope 1 emissions data

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

19856

C6.2 Scope 2 emissions data

Describe your organization's approach to reporting Scope 2 emissions

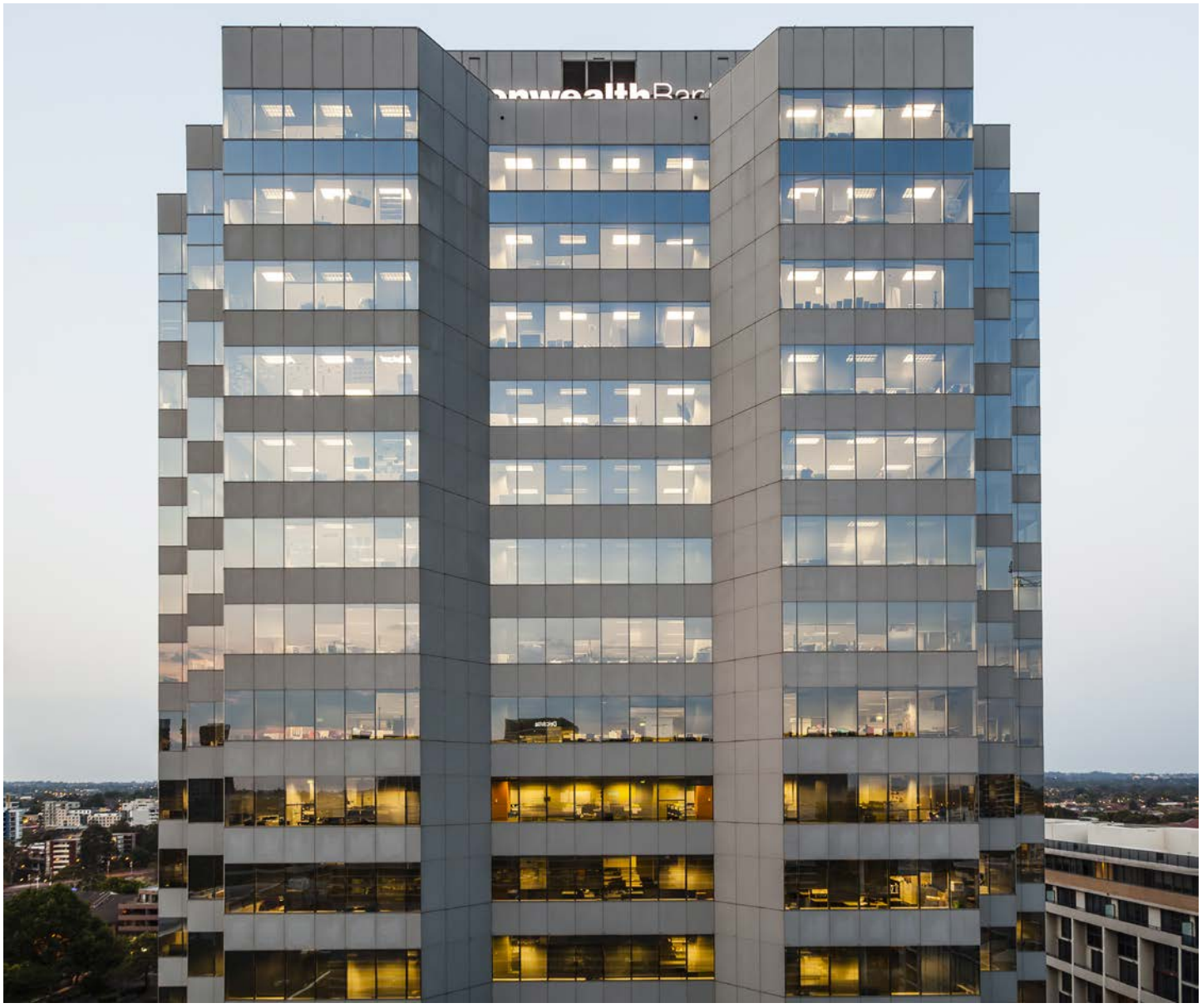
Scope 2, location-based	Scope 2, market-based	Comment
We are reporting a Scope 2, location-based figure	We are reporting a Scope 2, market-based figure	Dexus's market-based Scope 2 emissions accounts for voluntary purchase of accredited GreenPower for properties in Australia, with the residual mix calculated 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.

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

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
129154	122727	Dexus's market-based Scope 2 emissions accounts for voluntary purchase of accredited GreenPower for properties in Australia, with the residual mix calculated using state-based electricity grid emission factors. GreenPower purchases are unbundled and consist of purchases from government-accredited, emission-free renewable sources including wind and solar.

C6.4 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



150 George Street, Parramatta

GHG emissions accounting continued

C6.5 Scope 3 emissions data

Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology
Purchased goods and services	Relevant, calculated	464	Other indirect emissions: Paper procured at Dexus tenancies (tCO2-e) = total weight of paper purchased (kg) x emissions factor (kgCO2/t)/1000. Factor: Emission Factor= kg x 1.52. Source: EPA Paper note, dated May 2011; Potable water usage within Dexus tenancies and associated wastewater= water (kL) x emissions factor (tCO2/ML) x 1000; Factor: Water & wastewater = 0.63 tCO2-e/ML. : Derived from emission intensity figures published by Sydney Water, QLD Urban Utilities and Melbourne Water; Hotel accommodation = number of guest nights x emissions factor (kgCO2/guest night)/1000; Factor = 58.2kgCO2-e/guest night; Source: Derived from the Commercial Buildings Baseline Study; http://www.industry.gov.au/ENERGY/ENERGYEFFICIENCY/NON-RESIDENTIALBUILDINGS/Pages/CommercialBuildingsBaselineStudy.aspx; Other sources as follows have been calculated = emissions (source) = financial spend ($) x ISA emissions intensity factor (kgCO2-e/$)/1000, using a Licensed version of the Input-Output Analysis calculator developed by the Integrated Sustainability Analysis (ISA) Research Team at the University of Sydney (www.isa.org.usyd.edu.au) - using the following: Industry Allocation: Domestic telecommunication services, Factor = 0.16 kgCO2-e/$;Industry Allocation: Printing & Stationary, Factor = 0.64 kgCO2-e/$; Industry Allocation: Data processing services, Factor = 0.17 kgCO2-e/$; Industry Allocation: Postal Services, Factor = 0.11 kgCO2-e/$; Industry Allocation: Courier Services, Factor = 0.72 kgCO2-e/$; Industry Allocation: Fresh Meat, Factor = 3.25 kgCO2-e/$; Industry Allocation: Confectionery, Factor = 0.64 kgCO2-e/$; Industry Allocation: Vegetable Products, Factor = 0.16 kgCO2-e/$; Industry Allocation: Oats, sorghum and other cereal grains, Factor = 1.24 kgCO2-e/$; Industry Allocation: Dairy Products, Factor = 0.70 kgCO2-e/$; Industry Allocation: Oil & Fats, Factor = 0.97 kgCO2-e/$; Industry Allocation: Spirits, Factor = 0.45 kgCO2-e/$
Capital goods	Not relevant, explanation provided		
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	19559	Energy indirect emissions from transmission and distribution losses associated with purchased electricity across Dexus investment properties and tenancies (tCO2-e) = (annual total electricity consumption (kWh) x scope 3 emissions factor (kgCO2-e/kWh)/1000. Factor: Scope 3 Emission factors Electricity: NSW & ACT= 0.12 (kg CO2-e/kWh), VIC = 0.10 (kg CO2-e/kWh), QLD = 0.16 (kg CO2-e/kWh), SA = 0.11 (kg CO2-e/kWh), TAS = 0.02 (kg CO2-e/kWh), WA = 0.07 (kg CO2-e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (August 2016), Table 41, page 68. Energy indirect emissions from transmission and distribution losses associated with purchased natural gas across Dexus investment properties (tCO2-e) = (annual total natural gas consumption (GJ) x scope 3 emissions factor (kgCO2-e/GJ)/1000. Factor: Scope 3 Emission factors - Natural Gas: NSW & ACT= 12.8 (kg CO2-e/GJ), VIC = 3.9 (kg CO2-e/GJ), QLD = 8.7 (kg CO2-e/GJ), SA = 10.4 (kg CO2-e/GJ), TAS = 0.00 (kg CO2-e/GJ), WA = 4.0 (kg CO2-e/GJ). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (August 2016), Table 38, page 66.
Upstream transportation and distribution	Not relevant, explanation provided		
Waste generated in operations	Relevant, calculated	32915	Other indirect emissions from waste to land fill from Dexus's investment properties and tenancies (tCO2-e) = total weight of waste to landfill (tonnes) x emissions factor (tCO2/tonne). Factor: Emission Factor = 1.2 (t.CO2-e/tonne). Source: Other indirect: National Greenhouse Accounts (NGA) Factors (August 2016), Table 44, 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.

	Percentage of emissions calculated using data 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 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%	
		Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus has assessed the materiality of transportation and distribution associated with purchased goods and services and determined that it is not relevant. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.
	100.00%	

GHG emissions accounting continued

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology
Business travel	Relevant, calculated	898	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 0.26; Short haul 0.29673; Medium Haul [Economy: 0.0.17582, Business: 0.26370], Long Haul [Business: 0.48627, First: 0.67099] which includes 9% uplift factor and 1.9x Radiation Forcing Index (RFI). Source: 2017 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors. Other indirect emissions from taxi travel for Dexus employees (tCO2-e) = total kL fuel consumed x energy content factor (GJ/kL) x (scope 1 + scope 3) emissions factor (tCO2/GJ). Factor: Fuel combustion emission factor- Liquefied petroleum gas-Post 2004 vehicles. Energy content factor (GJ/kL) 26.2, Emission factor (CO2: 60.2, CH4: 0.4, N2O:0.3); Scope 3 emissions factor = 3.6. Source: National Greenhouse Accounts (NGA) factors (August 2016) - 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: NGA factors (August 2016) Table 4, page 17 Fuel combustion emission factors (Transport Fuels); Table 40, 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: NGA factors (August 2016) - Table 4, page 17 Fuel combustion emission factors (Transport Fuels); Table 40, page 67: Scope 3 emission factors - liquid fuels and certain petroleum-based products.
Employee commuting	Relevant, calculated	507	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 2016) - 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		

	Percentage of emissions calculated using data from suppliers or value chain partners	Explanation
	100.00%	
	100.00%	
		Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not have a fleet of cars or any other leased assets that are material and therefore have not been included in the inventory. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.
		Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus has assessed the materiality of transportation and distribution associated with sold goods and services and determined that it is not material to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.
		Dexus invests directly in Australian office and industrial properties and manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not manufacture or produce products therefore has deemed emissions from processing of sold products not relevant to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

GHG emissions accounting continued

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	
Use of sold products	Not relevant, explanation provided			
End of life treatment of sold products	Not relevant, explanation provided			
Downstream leased assets	Not relevant, explanation provided			
Franchises	Not relevant, explanation provided			
Investments Not relevant, explanation provided				
Other (upstream)				
Other (downstream)				

C6.6 Question C6.6 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

C6.7 Emissions from biologically sequestered carbon

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

No

C6.8 Question C6.8 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

C6.9 Question C6.9 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

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

GHG emissions accounting continued

C6.10 Emissions intensities

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

Intensity figure	Metric numerator (Gross Scope 1 and 2 emissions)	Metric denom-inator	Metric denom-inator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.000133	149010	Unit total revenue	1119200000	Location-based	3.4	Decrease	In the previous year, Dexus's emissions were 0.000142 tonnes of CO2e/$revenue. In FY17, total Scope 1 and Scope 2 GHG emissions decreased by 1.9% from the previous year and increased $revenue from the previous year by 4.4%. The 6% decrease in intensity per $revenue is due to a net increase of 2.5% due to acquisitions outweighing divestments, minor changes in data methodology and operating conditions. This was offset by a decrease in emissions of 4.45% 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.
0.05003	149010	Square metre	2978439	Location-based	2.4	Decrease	In the previous year, Dexus's emissions were 0.05003 tonnes of CO2e/square metre. Dexus decreased total Scope 1 and Scope 2 GHG emissions by 1.9% from the previous year with emissions per square metre decreased by at a higher rate of 2.4 % from the previous year. During FY17 the lettable area (square metres) of office properties within the portfolio decreased by 0.9%, while corresponding emissions decreased by 4.7%. Across the portfolio emissions increased by 2.5% due to acquisitions and minor changes in data methodologies, and emission reduction activities contributed to a decrease in emissions by 4.45%. The overall portfolio emissions reduction activities including major plant replacements and upgrades, Dexus's resource consumption reduction program, the installation of sub and smart meters, retail centre building upgrades and plant replacements, increased training for Building Services Managers who ensure the buildings are performing to their optimum, and good management and engineering practice.

C7. Emissions breakdown

- This module enables respondents to break down Scope 1 and Scope 2 emissions by country, business division, facility and sector.
- By breaking down emissions by country or regional level, information and data can be made available to regions, states and sub-national bodies to help guide the development of emissions-related legislation.
- Breaking down emissions by business division, facility, and activity grants data users and investors transparency into the sources of a company's Scope 1 and 2 emissions and allows tracking the performance of divisions and individual facilities over time.
- The module also requests data on emissions other than carbon dioxide. Because these gases are often only reported in CO2-equivalents (CO2e), their contribution to overall emissions is sometimes masked.

C7.1 Scope 1 breakdown: GHGs

Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

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

Gas	Scope 1 emissions (metric tons of CO2e)	Reference
CO2	10016	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	19	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	7	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	9814	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2 Scope 1 breakdown: country

Break down your total gross global Scope 1 emissions by country/region

Country	Scope 1 emissions (metric tons of CO2e)
Australia	19856

C7.3 Scope 1 breakdown: business breakdown

Indicate which gross global Scope 1 emissions breakdowns you are able to provide

- By business division
- By activity

GHG emissions accounting continued

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

Business Division	Scope 1 emissions (metric tons of CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	6967
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	1915
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	2829
Other Dexus Third Party funds and mandates	3465
Co-owners' share of emissions under Dexus operational control	4680
Corporate operations	0

C7.3b Break down your total gross global Scope 1 emissions by facility

n/a

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

Activity	Scope 1 emissions (metric tons of CO2e)
Commercial properties	15309
Industrial properties	23
Retail properties	4524
Corporate tenancies	0

C7.4 Question C7.4 does not apply to sector

n/a

C7.5 Scope 2 breakdown: country

Break down your total gross global Scope 2 emissions by country/region

Country	Scope 2 location-based (metric tons of CO2e)	Scope 2 market-based (metric tons of CO2e)	Purchased and consumed electricity, heat, stream or cooling (MWh)	Purchased and consumed low carbon electricity, heat, stream or cooling market-based approach (MWh)
Australia	129,154	127,201	149579	2983

C7.6 Scope 2 breakdown: business breakdown

Indicate which gross global Scope 2 emissions breakdowns you are able to provide

- By business division
- By activity

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

Business Division	Scope 2, location-based emissions (metric tons of CO2e)	Scope 2, market-based emissions (metric tons of CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	42439	41183
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	13,411	13411
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	27535	26741
Other Dexus Third Party funds and mandates	22,441	22055
Co-owners' share of emissions under Dexus operational control	22780	22263
Corporate operations	548	548

C7.6b Break down your total gross global Scope 2 emissions by facility

n/a

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

Activity	Scope 2 location-based emissions (metric tons of CO2e)	Scope 2 market-based emissions (metric tons of CO2e)
Commercial properties	100758	97805
Industrial properties	2653	2653
Retail properties	25195	25195
Corporate tenancies	548	548

C7.7 Question C7.7 only applies to organizations with activities in the following sectors:

Cement, chemicals, coal, metals & mining, oil & gas, steel, transport OEMS, transport services

C7.8 Question C7.8 only applies to organizations with activities in the following sectors:

Chemicals, transport manufacturers

C7.9 Emissions performance

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

Decreased

GHG emissions accounting continued

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

Reason	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain and include calculation
Change in renewable energy consumption	0	No change	0	Not applicable for the reporting year.
Emissions reduction activities	6765	Decrease	4.45	During the FY17 reporting period, Dexus achieved a 4.45% reduction in absolute emissions (scope 1 and 2 combined) from FY16 and 5.8% overall when compared to the baseline year of FY08 despite a 38% 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 4.45% decrease is equal to 6,765 tCO2-e / 151,939 t.CO2-e where 6,765 is the change in emissions from emission reduction activities and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16.
Divestment	4894	Decrease	3.2	During the FY17 reporting period, Dexus divested several properties which has contributed to a 4,894 t.CO2-e or 3.2% reduction in emissions reported. The 3.2% decrease is equal to 4,894 tCO2-e / 151,939 t.CO2-e where 4,894 is the change in emissions from properties that were disposed during the reporting period and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16.
Acquisitions	5974	Increase	3.9	During the FY17 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 5,974 t.CO2-e or 3.9% in emissions reported. The 3.9% increase is equal to 5,974 tCO2-e / 151,939 t.CO2-e where 5,974 is the change in emissions from properties that were acquired during the reporting period and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16."
Mergers	0	No change	0	Not applicable for the reporting year
Change in output		No change	0	Not applicable for the reporting year
Change in methodology	1254	Increase	0.8	Dexus has observed minor changes to its FY16 inventory post-reporting due to the continued capture of billing data which was received after its reporting deadlines. In addition, energy retailers have revised invoiced quantities for a selected number of invoices. Together these ongoing data management changes have improved the accuracy of Dexus's inventory with estimated data replaced by actual data. These changes resulted in an increase of 1,254 t.CO2-e or 0.8% of emissions reported. The 0.8% increase is equal to 1,254 tCO2-e / 151,939 t.CO2-e where 1,254 is the change in emissions resulting from methodology changes and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16."

Reason	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain and include calculation
Change in boundary	1234	Increase	0.8	In its FY17 disclosure Dexus included a restatement of energy and emissions figures for 480 Queen St Brisbane and 5 Martin Place Sydney following receipt of additional billing information which has added 15,342GJ to the energy footprint. This these changes resulted in an increase of 1,234 t.CO2-e or 0.8% of emissions reported. The 0.8% increase is equal to 1,234 tCO2-e / 151,939 t.CO2-e where 1,234 is the change in emissions resulting from boundary changes and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16."
Change in physical operating conditions	268	Increase	0.18	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 FY17 reporting period Australia experienced greater fluctuations in temperatures when measured against FY16. 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, Brisbane and Parramatta saw increases in cooling requirements of 1%, 2% and 6% respectively, while Canberra saw a 13% increase in cooling requirements. These changes result in increases or decreases in energy use associated with building air conditioning. All properties outside with East Coast of Australia saw an increase in heating needs with HDDs increasing by 20%, 51% and 180% in Adelaide, Perth and Townsville. 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 269 t. CO2-e or 0.18% in greenhouse gas emissions. The 0.18% increase is equal to 269 tCO2-e / 151,939 t.CO2-e where 269 is the net change in emissions resulting from changes in ambient temperatures and 151,939 t.CO2-e is the total Scope 1 and 2 emissions reported by Dexus in FY16.
Unidentified				
Other				

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

Location-based

C8 Energy

- Energy related activities represent, for many sectors, the most significant GHG emission sources. This module provides transparency on the consumption and generation of energy by organizations to enable greater insight into this emissions source.
- Accurate emissions accounting depends on a comprehensive account of energy. It is expected that organizations have already collected the necessary energy data for the disclosure of emissions in previous modules. Energy data requested in this module are in alignment with Scope 1 and Scope 2 emissions, as defined by the Greenhouse Gas Protocol. For further information, you should refer to the GHG Protocol Corporate Standard and the GHG Protocol Scope 2 Guidance

C8.1 Energy spend

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

11.4%

C8.2 Energy-related activities

Select which energy-related activities your organization has undertaken

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

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

	Heating Value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	53570	53570
Consumption of purchased or acquired electricity	N/A	2983	146596	149579
Consumption of purchased or acquired heat	N/A	0	0	0
Consumption of purchased or acquired steam	N/A	0	0	0
Consumption of purchased or acquired cooling	N/A	0	0	0
Consumption of self-generated non-fuel renewable energy	N/A	274	0	274
Total energy consumption	N/A	3257	200166	203423

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

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

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

Fuels	Heating Value	Total MWh consumed by the organization	MWh consumed for self-generation of electricity	MWh consumed for self-generation of heat	MWh consumed for self-generation of steam	MWh consumed for self-generation of cooling	MWh consumed self-cogeneration or self-trigeneration
Diesel	LHV (lower heating value)	1548	1548	0	0	0	0
Natural Gas	LHV (lower heating value)	52022	0	43919	0	0	8103

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

Fuels	Emission factor	Unit	Emission factor source	Comment
Diesel	70.2	kg CO2e per GJ	Australia - NGER Measurement Determination 2008, Schedule 1, Part 3, page 314, July 2016	
Natural Gas	51.53	kg CO2e per GJ	Australia - NGER Measurement Determination 2008, Schedule 1, Part 2 page 313, July 2016	

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

Energy Carrier	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2478	2478	274	274
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

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

Basis for applying a low-carbon emission factor	Low-carbon technology type	MWh consumed associated with low-carbon electricity, heat, steam or cooling	Emission factor (in units of metric tons CO2e per MWh)	Comment
Energy attribute certificates, Guarantees of Origin	Wind	2,983	0	Dexus purchases a portion of its total electricity in the form of emission free, accredited GreenPower (for the FY17 reporting period, this was 2,983 MWh) that offsets a percentage of electricity used in buildings that has been sourced from carbon intensive sources (such as electricity sourced from coal-fired power stations). The quantity of GreenPower is sourced from production from wind farms in Australia and is government accredited (being a joint initiative of the ACT, NSW, SA, QLD and VIC Governments in Australia).

C9. Additional metrics

C9.1 Other climate-related metrics

Provide any additional climate-related metrics relevant to your business

n/a

C10. Verification

C10.1 Verification

Indicate the verification/assurance status that applies to your reported emissions

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

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

Scope	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 emissions verified (%)
Scope 1	Annual process	Complete	Limited assurance	2017 PwC Assurance Opinion and Criteria.pdf	The FY17 Independent limited assurance report is on pages 1 - 7. Page 1 details the selected subject matter, which includes total scope 1, 2 and 3 greenhouse gas emissions, assurance criteria. independence quality control and work involved. Pages 2 - 3 provides further detail on the scope of assurance and parameters used to determine scope 1, 2 and 3 emissions.	ASAE3000	100
Scope 2 location based	Annual process	Complete	Limited assurance	2017 PwC Assurance Opinion and Criteria.pdf	The FY17 Independent limited assurance report is on pages 1 - 7. Page 1 details the selected subject matter, which includes total scope 1, 2 and 3 greenhouse gas emissions, assurance criteria. independence quality control and work involved. Pages 2 - 3 provides further detail on the scope of assurance and parameters used to determine scope 1, 2 and 3 emissions.	ASAE3000	100

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

Scope	Verification or assurance cycle in place	Status in the current reporting year	Attach the statement	Page/section reference	Relevant standard
Scope 3 – all relevant categories	Annual process	Complete	2017 PwC Assurance Opinion and Criteria.pdf 2017 PwC NCOS Independent Audit Report.pdf 2017 PwC NCOS Independent Audit Report combined with PDS.pdf	The FY17 Performance Pack Independent limited assurance report is on pages 1 - 7. Page 1 details the selected subject matter, which includes total scope 1, 2 and 3 greenhouse gas emissions, assurance criteria. independence quality control and work involved. Pages 2 - 3 provides further detail on the scope of assurance and parameters used to determine scope 1, 2 and 3 emissions. The FY17 NCOS assurance report, pages 1-7, provides assurance over Dexus's corporate scope 1, 2, and 3 emissions.	ASAE3000

C10.2 Other verified data

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

Yes

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify: FY17 total energy consumption (GJ)	ASAE3000	Limited assurance also included assessment of total energy consumption, measured in gigajoules (GJ) reported by Dexus across its operational control boundary during FY17

C11. Carbon Pricing

- Carbon pricing has emerged as a key policy mechanism to drive greenhouse gas emissions reductions and mitigate the dangerous impacts of climate change. As the number of jurisdictions with carbon pricing policies has doubled over the last decade, CDP data users are interested in understanding how companies are affected by these schemes.
- This module examines details on the operations or activities regulated by carbon pricing systems, carbon credits and internal prices on carbon.

C11.1 Carbon pricing systems

Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2 Project-based carbon credits

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

Yes

GHG emissions accounting continued

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

Credit origination or credit purchase	Project type	Project identification
Credit purchase	Forests	Lynwood Human-Induced Regeneration Project, Australia. The projects aim to protect and regenerate forest on properties in the upper catchments of the Darling River which supports a unique and fragile ecosystem. Green management groups work with local landholders and graziers to implement changes to land management practices which promote regeneration of the natural environment while improving productivity within the region. Forests are encouraged to regenerate from in-situ seed sources and are assisted by changes in management activities including; managing stocking rates, removal or reduction of forest suppression activities and controlling feral animal populations. Darling River Eco-Corridor projects help to offset emissions and combat climate change where growing forests capture carbon dioxide from the atmosphere and carbon is stored in vegetation and soil. These carbon projects also provide environmental and economic benefits for local landholders where a non-traditional income stream helps to ensure sustainability of grazing operations. Co-benefits include a) regeneration of natural forests and woodlands promote biodiversity and ecosystem connectivity. The region is home to many vulnerable and threatened species of flora and fauna whose populations benefit from forest regeneration; b) provides far reaching economic and social value to landholders and rural communities. Income from carbon projects helps to support the local economy, providing jobs and security to towns and businesses often adversely affected by drought conditions.
Credit purchase	Hydro	'Run of river' hydro-electricity, Turkey: The Cevizlik Hydroelectric Project is a greenfield 93 MW run-of-river hydroelectric power plant located in the Iyidere river basin, in Turkey's Eastern Blacksea Region. The plant has been designed to generate electricity via a 350m underground tunnel, pitched at 64 degrees. The project activity is the biggest size run-off-river project ever realised in Turkey considering its installed capacity and first of its kind as it is constructed underground without any upstream reservoir lake. The project generates approximately 335 GWh/year of electricity to supply up to 183,000 households with renewable energy from significant hydropower potential in the region. Co-Benefits: a) estimated to save approximately 187,000 tonnes of greenhouse gas emissions that would have otherwise occurred from generating electricity from fossil fuels; b) creates local employment opportunities for both the construction and ongoing operation.
Credit purchase	Wind	Jiangsu Dongtai Phase II Wind Power, China: 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. The Project is sited within the Jianggang Town, Dongtai County, Yancheng City, Jiangsu Province, in the East China. The Project involves the installation of 100 turbines, each of which have a capacity of 2000kW, providing a total installed capacity of 200MW. The wind farm generates 406,000 MWh per year and generates emission reductions of 338,000 tCO2e per annum. Emission-free wind power is generated using wind turbines and distributed for use in across the East China Power Grid, displacing fossil fuel-based electricity generation plants. Co-Benefits: a) helping to bridge the demand supply gap by using wind as a source of generating electrical energy; b) improved standard of living and local employment opportunities for local communities; c) facilitate availability of infrastructure like electricity, roads, medical facilities etc.

	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
	Other: Kyoto Australian Carbon Credit Units (ACCUs).	500	500	Yes	Voluntary Offsetting
	VCS (Verified Carbon Standard)	500	500	Yes	Voluntary Offsetting
	VCS (Verified Carbon Standard)	800	800	Yes	Voluntary Offsetting

Credit origination or credit purchase	Project type	Project identification
Credit purchase	Hydro	Teesta- V Hydro Power project in Sikkim, India: The Teesta HP project Stage V is a run-of-the-river hydro-electric generation scheme, producing approximately 2573 MWh of clean energy that will be absorbed in the Eastern region, connected to the National Grid. The project activity involves the 96m high concrete gravity dam across river Teesta with a 17.2 km long head race tunnel and underground power housing three generating units of 170 MW capacity each. The energy generated by the project activity will displace equivalent power would have been generated based on the fossil fuel plants dominating at the NEWNE grid, resulting in greenhouse gas emissions into the atmosphere. Co-Benefits: a) generated direct and indirect employment for skilled and unskilled manpower during the construction phase as well as during the operational stage and thus helped in controlling migration from the region and alleviation of poverty. Over 600 jobs have been created; b) the project activity's contribution of power supply towards the national grid has helped in the uplifting of people's social life by ensuring a sustainable and reliable source of power for the region; c) water availability has increased; each family has been given the provision of clean fresh water every day; d) new roads have been constructed connecting the local towns; e) funded medical facilities influence the quality of medical services in the region.
Credit purchase	Energy efficiency: house-holds	Fuel-efficient cook stoves, Rwanda: The project was initiated to address Rwanda's overdependence on wood fuel for domestic cooking, in order to protect its forest resources. Biomass, principally firewood and charcoal, holds huge importance in Developing Countries, and is the main source of household energy for some 2-3 billion people in the Developing World, with this demand expected to continue growing.1 More than 1 billion people worldwide do not have access to safe drinking water and a high percentage of these boil their water to purify it for consumption, taking significant amounts of fuel and time. High population densities coupled with high population growth rates, is putting increasing pressure on natural resources across the Developing World, which are being overexploited. The resulting situation is high and increasing levels of deforestation and environmental degradation. The ultimate goal of the project is to facilitate a nationwide shift from inefficient exploitation of fuel wood to sustainable and efficient biomass use. The distribution of improved cook stoves to households currently cooking on inefficient devices reduces carbon emissions by allowing families to cook the same amount of food using less non-renewable biomass. Co-Benefits: a) avoidance of overexploitation of the forests; b) reduction of airborne particles emission and indoor pollutants and associated respiratory diseases; c) time saving in fire wood collection; d) reduction of purchased fuel costs; e) transfer of technology to indigenous people and creation of employment opportunities.

C11.3 Does your organization use an internal price on carbon?

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

C12. Engagement

C12.1 Value chain engagement

Do you engage with your value chain on climate-related issues?

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

	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits cancelled	Purpose, e.g. compliance
	VCS (Verified Carbon Standard)	800	800	Yes	Voluntary Offsetting
	Gold Standard	400	400	Yes	Voluntary Offsetting

GHG emissions accounting continued

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

Type of engagement	Details of engagement	% of suppliers by number	% total procurement spend (direct and indirect)	% Scope 3 emissions as reported in C6.5	Rationale for the coverage of your engagement
Compliance & onboarding	Included climate change in supplier selection / management mechanism Code of conduct featuring climate change KPIs	54%	68%	35%	All Dexus suppliers are required to abide to the Dexus Supplier Code of Conduct. Principle 2 of the Code dictates that suppliers and contractors must minimise carbon emissions, reduce transport footprints and minimise the use of materials and resources. Dexus also engages with contractors on their contribution towards Dexus's environmental targets to reduce energy use and emissions. Coverage relates to the percentage of Dexus FY17 supplier spend arising from large suppliers engaged under a Dexus contract, and excludes smaller suppliers, and 'commodity' spends including statutory expenses and energy/water utilities.
Information collection (understanding supplier behaviour)	Collect climate change and carbon information at least annually from suppliers	3%	39%	35%	Dexus's preferred supplier panel, representing 5% of suppliers and 42% of total spend are engaged regularly with a supplier engagement survey. Coverage is determined from recent surveys of Dexus's preferred supplier panel, to which 72 suppliers responded, representing 3% of total suppliers and 39% of total procurement spend. The survey includes climate related questions, for example; what level of risk exposure of unsustainable or high carbon products within your supply chain, and does your business track, measure and report environmental data.
Engagement & incentivization (changing supplier behaviour)	Offer financial incentives for suppliers who reduce your operational emissions (Scopes 1 &2)	18%	32%	59%	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. Coverage is based on facility management teams, mechanical services contractors and capital works teams across Dexus's managed office portfolio that are incentivised via KPIs to improve NABERS energy performance.
Engagement & incentivization (changing supplier behaviour)	Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)	5%	10%	35%	Coverage of engagement is based on the number of suppliers delivering cleaning and waste management services to Dexus. Dexus incentives its waste and cleaning contractors through its contract whereby the contractor can reduce its operating costs by maximising waste diverted from landfill. As a result, contractors are driven to develop waste management plans, install infrastructure to segregate waste streams, and engage with tenants on waste management practices to improve recycling rates and diversion from landfill. Suppliers receive financial benefit by increasing waste diversion due to avoided costs and rebates that are available for recyclable waste streams.

	Impact of engagement, including measures of success	Comment
	Dexus conducts regular meetings with supplier partners where ESG items are discussed and tabled. Dexus receives monthly reports on environmental impacts from waste and recycling, as well as utility data on energy and water consumption, which form part of Dexus's scope 3 emissions. Dexus tracks supplier non-conformance regarding performance and recorded a 0.1% overall non-conformance rate for FY17, with no incidences linked directly to environmental issues. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY17 Dexus recorded a 4.8 star NABERS energy rating across the group's managed office portfolio, with 10 properties recording an improvement in their rating (i.e. lower emissions) in FY17 against the prior rating.	
	Dexus measures its success through the survey response rate (recording a 29% response rate) as well as suppliers' responses that enable Dexus to map climate and other ESG risks within its supply chain. Dexus reviews suppliers' views on environmental risks against its own independent supply chain risk assessment to inform future tendering selection criteria, environmental audit spot checks and KPIs.	
	Dexus's measure of success for this management approach is the continual improvement in Dexus's office and retail properties' NABERS ratings and associated energy and emission reductions in line with the Group commitment to reduce greenhouse gas emissions by 10% by 2020 against a FY15 like-for-like baseline. In FY17 Dexus achieved a 7.1% reduction. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY17 Dexus recorded a 4.8 star NABERS energy rating across the group's managed office portfolio, with 10 properties recording an improvement in their rating (i.e. lower emissions) in FY17 against the prior rating.	
	Dexus's measure of success for this management approach is Dexus's progressive improvement to reduce waste to landfill and associated emission reduction. Dexus measures its diversion rate and in FY17 achieved a 48% diversion rate across its managed office portfolio.	

GHG emissions accounting continued

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

Type of engagement	Details of engagement	Size of engagement	% Scope 3 emissions as reported in C6.5
Education/ information sharing	Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/ or services	31%	20%
Education/ information sharing	Share information about your products and relevant certification schemes (i.e. Energy STAR)	43%	58%
Collaboration & innovation	Run a campaign to encourage innovation to reduce climate change impacts	84%	78%

	Please explain the rationale for selecting this group of customers and scope of engagement	Impact of engagement, including measures of success
	Tenants occupying Dexus office properties are key stakeholders in minimising the amount of waste produced from Dexus properties and maximising the diversion rate to avoid downstream waste-related greenhouse gas emissions. Dexus engages with tenants on waste management in three ways. a) Dexus hosts waste Lunch and & Learn sessions to customers across its office. The presentation informs customers on waste's global environmental impact, the various waste initiatives Dexus engages in and Dexus's waste targets. b) Dexus runs periodic e-waste collection for its customers across office and industrial. c) Dexus ran a communication campaigns to encourage customers to reduce waste. During the reporting year Dexus gave away keep cups to encourage tenants to encourage people to use reusable cups and to inform customers on its four bin system. Dexus engages tenants on best practice waste management to reduce its overall waste and waste to landfill. Dexus looks to eliminate all waste related emissions to achieve Dexus's Net Zero 2030 target.	Dexus's measure of success for this management approach is Dexus's progressive improvement to reduce waste to landfill and associated emission reduction. Dexus measures its diversion rate and in FY17 achieved a 48% diversion rate across its managed office portfolio.
	Tenants occupying Dexus office and retail properties are impacted by the amount of energy used by Dexus to deliver base building services. Reducing usage leads to lower outgoings and lower greenhouse gas emissions. Dexus engages with tenants regarding their outgoings and responds to their feedback on building comfort. Dexus publishes results of its NABERS ratings on its website, and within the property using foyer displays and 'in-lift' advertising screens. Dexus also advertises NABERS ratings for all properties to prospective tenants. The NABERS rating system provides a clear and simple way for Dexus to communicate the environmental performance of its properties. Dexus sets targets to improve NABERS ratings and engages with tenants on projects being undertaken in their building.	Dexus's measure of success for this management approach is Dexus's continual improvements in building's NABERS ratings and associated energy and emission reductions in line with the Group commitment to reduce greenhouse gas emissions by 10% by 2020 against a FY15 like-for-like baseline. In FY17 Dexus achieved a 7.1% reduction. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY17 Dexus recorded a 4.8 star NABERS energy rating across the group's managed office portfolio, with 10 properties recording an improvement in their rating (i.e. lower emissions) in FY17 against the prior rating.
	Tenants occupying Dexus office, retail and industrial properties are impacted by the amount of energy used by Dexus to deliver base building services. Reducing usage leads to lower outgoings and lower greenhouse gas emissions. Through 'green leasing', Dexus seeks joint commitment from its tenants to participate in building efficiency initiatives and collaborate where necessary to strive to achieve building performance targets. Dexus, one of the Better Building Partnership's founding members, introduced a Simple and Easy Lease, which incorporates green lease provisions as specified in the BBP's commercial green leasing standard. Dexus's new lease has achieved a Gold rating under the BBP leasing standard, which is the highest level available. This enables an active partnership been Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings. Within these clauses Dexus and its tenant each commit to managing and operating the building and premises to promote energy efficiency and minimise the environmental impact of its use and occupation.	Tenancy agreements now include a Green Lease clause as standard. These were included in Dexus new leases and lease renewals. Dexus measures its success in the number and percentage of tenants signing new leases that include a Green Lease clause. Take up of the green lease clauses for new leases across the portfolio was 84% in FY17.

GHG emissions accounting continued

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

Dexus has joint venture partners, where co-ownership of properties exists. Dexus engages with joint property owners at an operational level to bring consistency and awareness to climate change issues and awareness initiatives, and to drive investment decisions that result in operational efficiency improvements that support Dexus's energy and greenhouse gas emission reduction goals. For example, in FY17 Dexus engaged with joint property managers on events such as Earth Hour with provision of marketing communications and liaising with property tenants on measuring building energy performance via dashboard reporting. Dexus also engaged with joint venture partners to ensure that all Dexus properties are rated under NABERS to support Dexus's target to achieve 1,000,000 square metres of office properties rated at 5 stars or higher. Dexus prioritises its engagements based on the size of its investment in the jointly owned asset, and whether it forms part of Dexus's core holdings. The measure of success is maximising the energy efficiency and improving and maintaining the NABERS rating of co-owned properties.

C12.2 Question C12.2 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

C12.3 Public policy engagement

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

- Direct engagement with policy makers
- Trade associations
- Other

Australia Square Complex, Sydney

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

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

GHG emissions accounting continued

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

Yes

C12.3c 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 31 Dexus staff members participate in committees, roundtables and working groups. Dexus proactively participates in PCA initiatives where the industry body consults membership on policy submissions and Dexus regularly responds to consultation requests from policy makers. Dexus supports all policies for actions on climate change mitigation and adaptation. Dexus aligns with the PCA in influencing policy of local, State and National regulators to encourage implementation of new technology and initiatives in developments through changes to building codes. These include renewable energy, water harvesting and community energy provision. Dexus also advocates for more efficient implementation of legislation relating to climate change industry improvements and changes in local government regulations improving recycling and energy usage. There are no activities that Dexus is involved in which oppose policy or action on climate change mitigation and adaptation.
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 FY17 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 FY17 Dexus successfully rated 74 properties under the Green Star Performance rating tool.

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

C12.3d Do you publicly disclose a list of all research organizations that you fund?

n/a

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

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

ii. Dexus is a member of the Green Star Performance Technical Working Group hosted by the Green Building Council of Australia which, along with industry, is advocating a holistic green building management tool for the built environment. As part of this working group, Dexus assists in drafting and shaping the tool's performance metrics which ensure building operations are managed to reduce greenhouse gas emissions, reduce waste to landfill, increase biodiversity and reduce energy and water consumption. In FY17 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 to ensure continuity of operations during construction and beyond as part of the successful delivery of such a significant infrastructure project.

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

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

The objectives of these Committees are to assist the Board in fulfilling its responsibilities by reviewing the Group's operational risk management, internal audit and CR&S practices and procedures including climate change strategies.

The Investor Relations 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 and Communications determines key spokespeople who can engage in public debate or comment on specific topics, with these people undergoing media training.

C12.4 Communications

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	Content elements	Attach the document
In mainstream reports	Complete	Governance Strategy Risks and opportunities Emission figures Emission targets Other metrics	2017 Dexus Annual Report.pdf 2017 Dexus Performance Pack.pdf
In voluntary sustainability report	Complete	Governance Strategy Risks and opportunities Emission figures Emission targets Other metrics	2017 Dexus Performance Pack.pdf 2017 Dexus Disclosures on Management Approaches.pdf
In voluntary communications	Complete	Strategy Risks and opportunities Emission figures Emission targets Other metrics	Dexus 2017 NCOS Public Disclosure Summary.pdf
In other regulatory filings	Complete	Emission figures Other metrics	2017 Dexus S19 NGER Report v2 FINAL 13_10_2017.pdf

C13. Other land management impacts

Module C13 only applies to organizations with activities in the following sectors:

Agricultural commodities, food, beverage & tobacco, paper & forestry

C14. Signoff

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

Job title	Verification/assurance status
Chief Executive Officer	Chief Executive Officer (CEO)

Waterfront Place, Brisbane

Property expertise.
Institutional rigour.
Entrepreneurial spirit.

dexus.com