

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 26,000 investors from 19 countries (all figures in this description are as at 30 June 2019). With 35 years of expertise in property, investment, development and asset management, we have a proven track record in managing capital and risk to deliver superior risk-adjusted returns for our investors. We invest only in Australia, and directly own \$15.6 billion of office and industrial properties. We manage a further \$16.2 billion of office, retail, industrial and healthcare properties for our third party capital partners. The group's circa \$9.3 billion development and concept pipeline provides the opportunity to grow both portfolios and enhance future returns. We consider sustainability to be an integral part of our business with the objectives of leading cities, future-enabled customers, strong communities, thriving people and an enriched environment supporting our overarching goal of sustained value. We believe the strength and quality of our relationships will always be central to our success and we are deeply committed to working with our customers to provide spaces that engage and inspire.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2018	June 30 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Australia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) 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 chosen approach for consolidating your GHG inventory.

Operational control

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

New construction or major renovation of buildings
Buildings management

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Board has delegated responsibility for assessing and managing climate-related risks to the Board Risk Committee which consists of five of the seven non-executive board members. The Board Risk Committee oversees the implementation of Dexus's Risk Management Framework. The Committee oversees the group's risk management practices, as well as Work Health and Safety, environmental management, Dexus's climate change response, sustainability initiatives and internal audit practices. 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. An example of a climate-related decision made by the Board Risk Committee in FY19 was the review of Dexus's 2030 net zero emissions strategy from proposal to adoption, and the endorsement of the net zero strategy and associated targets. The Dexus sustainability team, led by the Executive General Manager, Investor Relations, Communications and Sustainability reports quarterly to the Board Risk Committee. After the close of the FY19 reporting period (the reporting period used in this CDP response), the newly-created Board ESG Committee took over primary responsibility for climate-related issues as described above. The Board ESG Committee works closely with the Board Risk Committee on climate-related issues because of the inclusion of climate change as a strategic risk for Dexus.

C1.1b

(C1.1b) 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 into which climate-related issues are integrated	Scope of board-level oversight	Please explain
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	<Not Applicable>	The Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy 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, the Board Risk Committee minutes are provided to the Board. Each key strategic risk, including climate change risk, is discussed in detail on an annual basis. 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. After the close of the FY19 reporting period (the reporting period used in this CDP response), the newly-created Board ESG Committee took over the responsibilities of the Board Risk Committee as described above. The Board ESG Committee works closely with the Board Risk Committee on climate-related issues because of the inclusion of climate change as a strategic risk for Dexus.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding business plans Setting performance objectives	<Not Applicable>	The Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy are 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 discussed as an agenda item. The Sustainability team reports on progress on its climate resilience roadmap (mitigation, adaptation, and influencing value chain). Sustainability commitments are approved by the Board annually, or as required by exception. For example, in FY19 the Board Risk Committee has reviewed progress against Dexus's Net Zero by 2030 strategy at each quarterly meeting, including key milestones such as the commencement of Dexus's renewable Energy Supply Agreement and onsite renewable energy installation program. After the close of the FY19 reporting period (the reporting period used in this CDP response), the newly-created Board ESG Committee took over the responsibilities of the Board Risk Committee as described above. The Board ESG Committee works closely with the Board Risk Committee on climate-related issues because of the inclusion of climate change as a strategic risk for Dexus.
Scheduled – all meetings	Reviewing and guiding risk management policies	<Not Applicable>	The Board Risk Committee reviews enterprise wide risk management practices including climate and environmental management. The quarterly meetings address the effectiveness of the Group's Risk Management Framework. The Group's Environmental Management System undergoes a gap analysis annually. This review feeds ongoing enhancements to Dexus's Environmental Management System (EMS) which is managed by the Risk and Sustainability teams.
Scheduled – some meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures, acquisitions and divestitures	<Not Applicable>	The Dexus Board approves all corporate annual budgets for all business units during their two-day strategy session. The Board approves all major capital expenditure, acquisitions and divestments (in accordance with its Terms of Reference). Such activities are discussed in meetings where appropriate.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EGM-IR, Communications & Sustainability)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Environment/ Sustainability manager	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Risk committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (EGM- Office)	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	As important matters arise
Other C-Suite Officer, please specify (EGM-Retail and Industrial)	<Not Applicable>	Managing climate-related risks and opportunities	<Not Applicable>	As important matters arise

C1.2a

(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 (do not include the names of individuals).

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. The Executive General Manager Investor Relations, Communications and Sustainability has responsibility for Dexus's management of climate-related issues, such as progress toward and achievement of Dexus's net zero emissions by 2030 target. This role reports directly to the Chief Executive Officer and is a member of the Group Management Committee, which has oversight of 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 Senior Manager, Group Sustainability and Energy: leads the Dexus Sustainability team and coordinates day-to-day integration of sustainability within operations including:

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

The Group ESG Committee: is accountable to and reports to the Group Management Committee and the Board ESG Committee. The Group ESG Committee is responsible for developing and overseeing the implementation of Dexus's strategy in relation to ESG policies and practices. Members of the Group ESG Committee are:

- EGM, Investor Relations, Communications and Sustainability
- Senior Manager, Group Sustainability and Energy
- Senior Manager, Talent, Culture and Organisational Development
- Head of Governance
- Head of Risk
- Group Reporting Manager

The Sustainability team prepares a Quarterly Sustainability Report prior to the quarterly Group ESG Committee and Board ESG 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 in detail 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 property, people and operations, and leveraging on climate change-related opportunities; and
3. Influencing Dexus's value chain by engaging customers, tenants and suppliers to reduce climate impacts.

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
- EGM, Funds Management
- EGM, Retail and Industrial
- 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 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.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	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 sustainability commitments published in Dexu's Annual Reporting Suite. Those commitments are derived from the list of Dexu's material sustainability issues and strategic goals. Progress on improving environmental performance is assessed within Dexu's FY19 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.
Environment/Sustainability manager	Monetary reward	Emissions reduction project 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 sustainability 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	Behavior change related indicator	Sustainability has been integrated where relevant into employees' roles and responsibilities within their job description as well as included within team performance scorecards. Key staff are assessed on their contribution, relevant to their position, towards achieving Dexu group annual sustainability commitments as set out within its Annual Reporting Suite. Those commitments are derived from the list of Dexu's material sustainability issues and strategic goals. In FY19 Dexu specified a range of sustainability 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.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	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 Dexu's frequency of financial and operational planning and annual budgets.
Medium-term	2	7	Next 2 to 7 years, in line with interim environmental targets for Dexu's 2030 Net Zero Strategy. The time horizon aligns with Dexu's group scorecard goals to ensure company-wide comprehensive awareness of climate-related issues and renewable energy uptake alongside appropriate adaptation planning and management. Dexu's climate change resilience pathway goal involves improving understanding of transitional risks over the medium term and incorporate those learnings into Dexu's strategy stress testing over a 3-5 year horizon.
Long-term	7	15	Horizon to 2030 and beyond in line with Dexu'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 Dexu's in-house research team's long-term (20 to 30 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.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Dexu'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. Dexu's climate-related risks are assessed based on likelihood, consequence, and effectiveness of controls which is used to determine a resulting overall risk evaluation. Dexu defines a substantive impact as 'major' or 'catastrophic' according to its Risk Management Framework when assessing climate-related risks:

- with regard to financial consequences, 'major' equates to "Financial loss of \$10m - \$60m or between 4% and 20% of funds from operations", and 'catastrophic' equates to "Financial loss in excess of \$60m or 20% of funds from operations"
- with regard to strategic consequences, 'major' is considered to represent a significant impact on the achievement of strategic objectives requiring major effort to manage and resolve to avoid detrimental impact on the viability of the business, and 'catastrophic' is considered to represent negative outcomes from persistent poor investment decisions or lost opportunities which, if not resolved, will result in strategic objectives not being achieved

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**Value chain stage(s) covered**

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Dexus's Risk Management Framework aligns with the Australian and New Zealand standard for risk management (ISO 31000). Through integration of climate-related issues into Dexus's Risk Management Framework, climate-related risks and opportunities 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. 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. The risk analysis process occurs at least quarterly (i.e. more than once a year), includes the determination of which risks or opportunities could have a financial or strategic impact, and involves the assignment of an overall residual risk rating for each risk documented in the risk register (which includes climate-related risks and opportunities). Steps in the process include: 1. Identification – Risks are identified via audits, reports, incident, external advice, etc. Risk identification includes climate change risk assessments using desktop analysis of climate exposures, property audit processes, and due diligence conducted during acquisitions. The risks are categorised as direct operations issues, upstream issues (e.g. supply chain), and/or downstream issues (e.g. customer/occupant use of Dexus-managed properties). The risks are also categorised as material in the short-term (0-2 years), medium-term (2-7 years), and/or long-term (7-15 years). 2. Analysis – Risks are assessed to determine their significance and priority, which includes determining which risks and opportunities could have a substantive financial or strategic impact. 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. Assessment of inherent risks of climate-related issues take into account 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. 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. An example of how the Risk Management Framework is applied to physical risks is Dexus's assessment of portfolio exposure and vulnerability to property damage or loss of business continuity from extreme weather. The application of the Risk Management Framework and vulnerability assessment has revealed, for example, that properties in Sydney and Melbourne are exposed to heat stress, with potential impacts including increased costs to cool Dexus properties in these locations on hot days. On the other hand, properties in far north Queensland are exposed to cyclone and flooding risk, with potential impacts including increased insurance costs/premiums and building damage remediation costs. Dexus conducts annual Risk Assessment workshops using a Risk Register that includes property climate change risk. Dexus ranks properties in its portfolio according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning. Managing the risks involves mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities. With regard to investment decision-making, 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 has applied its Risk Management Framework to transition risks by assessing financial impacts from changes in energy markets resulting from the transition to a low carbon economy, and assessing consequences associated with Dexus's operational greenhouse gas emissions. The application of the Risk Management Framework and assessment of financial impacts from transition risks led to Dexus adopting a progressive purchasing strategy for electricity, implementing upgrades to properties to achieve 5 star NABERS Energy targets, and developing a transition plan to clean energy as part of its target to achieve net zero emissions by 2030.

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Risks to Dexu s of potential costs associated with maintaining compliance with current regulation have been included in risk assessments of climate-related regulation through Dexu s's legal compliance register. The legal compliance register details control measures that track Dexu s's compliance obligations, corrective actions and status, as well as personnel that are key to ensure implementation. Examples of current regulation that present risks of increased costs include the 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. For example, a compliance risk assessment for changes to the commercial building disclosure (CBD) program identified potential increased costs associated with the reduced mandatory disclosure threshold on commercial office buildings from 2000 to 1000 square metres. The additional compliance cost was associated with effort to monitor compliance for and conduct NABERS assessments across the few newly obligated properties.
Emerging regulation	Relevant, always included	Risks to Dexu s including potential increases in costs associated with emerging regulation, such as changes to energy policy (e.g. amendments to the Renewable Energy Target that may have flow on effects to increase the cost of on-site solar energy projects), have been included in Dexu s's climate-related risk assessments as part of ongoing monitoring by Dexu s's Sustainability and Compliance teams. Examples of emerging regulation issues include amendments to the Australian Government's Renewable Energy Target or other proposed changes such as the former National Energy Guarantee and the current government's "Fair Deal on Energy". Dexu s's climate-related risk assessments for these potential regulatory changes include the price risk on its current and future energy costs and include discussions with its energy retailers and industry bodies.
Technology	Relevant, always included	Risks to Dexu s including changes in electricity use and costs associated with building technology upgrades (e.g. increased cost associated with replacing equipment with more energy efficient options to support Dexu s's NABERS Energy and net zero emissions targets) have been included in company and property-level climate-related risk assessments through business case development for capital projects and innovations. The assessments have also identified opportunities such as reduced costs from technologies that can enhance energy efficiency. For example, when developing Dexu s's Net Zero by 2030 strategy, the Sustainability team modelled a portion of the energy efficiency savings from emerging technology.
Legal	Relevant, always included	Risks to Dexu s including increased resourcing requirements and potential non-compliance costs associated with emissions reporting laws (e.g. National Greenhouse and Energy Reporting Act in Australia) have been included in company-level climate-related risk assessments through legal compliance registers. The assessments have also identified governance issues such as liability risks associated with directors' duties to consider foreseeable risks in their decision-making, which could result in increased costs and reputational impacts associated with legal action if climate-related issues are not integrated into director decision-making.
Market	Relevant, always included	Risks to Dexu s including decreased revenues from reduced market demand (e.g. loss of government tenants that require energy efficient buildings) have been included in property-level climate-risk assessments through ongoing market monitoring by Sustainability, Research, Office, Industrial and Retail teams. For example, Dexu s 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 Dexu s's ability to attract and retain new tenants.
Reputation	Relevant, always included	Risks to Dexu s associated with reputational damage and associated negative financial impacts (e.g. loss of investor sentiment) have been included in company-level climate-related risk assessments through ongoing stakeholder engagement and sentiment monitoring. For example, Dexu s has experienced positive impact towards its brand, share value, public opinion and perception of integrity by actively reducing its emissions impact and by attaining leadership positions in investor ESG surveys such as Dow Jones Sustainability Index, Global Real Estate Sustainability Benchmark, and CDP Climate Change. Loss of this positive reputation puts Dexu s at risk of losing investment from ESG-focused investors, which may negatively impact share price and thus total shareholder return.
Acute physical	Relevant, always included	Acute physical risks to Dexu s, such as increased costs associated with property damage from cyclones or other extreme weather, are included in property-level climate-related risk assessments through implementation of Dexu s's environmental management system. Part of the environmental risk assessment process is the Initial Status Audit (ISA), conducted on all acquisitions. For example, Dexu s 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.
Chronic physical	Relevant, sometimes included	Chronic physical risks to Dexu s, such as potential increased costs associated with increased energy use to cool Dexu s's office buildings in an increasingly warmer climate, are included in property-level climate-related risk assessments through Dexu s's portfolio-wide desktop climate risk modelling. Dexu s's portfolio-wide desktop climate 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 Dexu s's Environmental Management System (EMS). For example, Dexu s 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.

C2.3

(C2.3) 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

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Enhanced emissions-reporting obligations
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Dexu s must maintain compliance with the Australian National Greenhouse Energy Reporting Act (NGER), which requires mandatory reporting of GHG emissions and energy usage across the Dexu s Australian portfolio. Data is required to be accurate to +/-5%. Dexu s faces risk of non-compliance if it fails to accurately track group-wide energy and emissions, and report in the required timeframes. For example, if five percent of Dexu s's portfolio is inaccurately classified as outside of operational control (including Dexu s-managed properties owned by its third-party funds such as Dexu s Wholesale Property Fund), Dexu s would exclude emissions from these buildings from its NGER reporting, which would in turn result in reporting that does not accurately represent emissions across Dexu s's portfolio. If Dexu s fails to register and report on its emissions, it may be liable for penalties in the order of \$360,000. The NGER legislation allows for administrative, civil and/or criminal penalties in response to non-compliance. Dexu s also faces compliance and financial risk should state or federal governments introduce additional climate-related reporting requirements.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

360000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Dexus faces a potential financial impact of \$360,000, which is an increased compliance cost attributable to the penalty for failure to report by the deadline in accordance with the NGER Act.

Cost of response to risk

300000

Description of response and explanation of cost calculation

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 FY19 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.

Comment**Identifier**

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Mandates on and regulation of existing products and services
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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 with over 1,000 square metres of office space. 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. For example, recent changes to the BEED Act that lowered the minimum office floor area required to obtain a rating caused Dexus to increase costs across its industrial assets that were captured by the new threshold because they also contained office space (e.g. Dexus's property at 2 Lord Street, Botany New South Wales). Had Dexus not invested in these additional ratings, it would have been exposed to an additional non-compliance cost of up to \$180,000.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

180000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact is a penalty of up to \$180,000 for non-compliance as specified in the Disclosure Act 2010 (BEED Act), which is an increased compliance cost associated with requirements to disclose building energy and emissions performance. Other potential impacts 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.

Cost of response to risk

500000

Description of response and explanation of cost calculation

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 2019 Dexus had rated 63 office and retail properties plus three industrial properties under NABERS, representing 42% of all properties by number and 82% 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 that result in \$500,000 in cumulative annual costs across Dexus.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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Primary potential financial impact

Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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. For example, Dexus manages the Willows shopping centre (on behalf of Dexus Wholesale Property Fund) in Townsville, Queensland, which has been subject to cyclone and flood events in recent years, which has led to increased costs associated with repairs and resilience-building infrastructure. Insurance deductibles can be approximately \$100,000 more expensive for properties located in elevated climate risk areas, compared with properties at other locations.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact figure is \$100,000, which is the increased insurance premium payable by Dexus for properties located in areas of elevated risk, such as Far North Queensland (compared with typical insurance premiums at other locations). The quoted figure assumes one claim per year. This excludes additional costs for repairs, plus any loss in revenue from lost trading days.

Cost of response to risk

15555

Description of response and explanation of cost calculation

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. In FY19 Dexus commissioned a portfolio-wide risk assessment and updates to its Environmental Management System, with consultancy costs \$15,555.

Comment

Management costs vary by site. Property risk assessments include climate events such as storm, rain, and flood damage.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback
------------	--

Primary potential financial impact

Decreased access to capital

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Reputational risk is of primary concern to Dexu and the financial implications of not managing this risk can have a significant impact investors' appetite to invest in Dexu, resulting in a lower share price and less institutional investors selecting Dexu as their investment manager. Through increasing engagement with investors, Dexu understands their drivers to invest responsibly, and the scrutiny they apply to assess Dexu's ESG performance, including Dexu's approach and track record regarding climate change issues and emissions reduction. Dexu's reputation for proactively managing inherent risks such as that presented by climate change is critical to attracting new capital and impacts Dexu's ability to deliver investor returns and enable future growth through access to additional capital. Dexu 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.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

19150000

Potential financial impact figure – maximum (currency)

95750000

Explanation of financial impact figure

The potential financial impact of \$19,150,000 (minimum) to \$95,750,000 (maximum) relates to a decrease in available capital to Dexu following decreased investor appetite to invest in Dexu because of a negative reputational impact. This is calculated as 1 (minimum) to 5 (maximum) percent of the \$1915 million in debt and capital raising activities conducted in FY19. The inherent financial impacts of Dexu's reputational risk can be measured through its ability to attract new capital, delivering required returns to investors and enabling future growth, having a more competitive cost of capital and superior security price performance.

Cost of response to risk

76000

Description of response and explanation of cost calculation

Dexu 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. Dexu systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations. Dexu is a signatory to the PRI and has integrated these principles. Dexu 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. Dexu conducts an ongoing comprehensive risk audit program to identify and evaluate and mitigate risks including those posed by climate change. Dexu 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. Dexu 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 2019 GRESB Real Estate Assessment with the Dexu Office Trust ranking 1st across Australia amongst listed office entities. Dexu 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.

Comment

Surveys include PRI, GRESB, SAM Corporate Sustainability Assessment (DJSI) and CDP Climate Change. Memberships include GBCA and IGCC.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Shifts in consumer preferences
------------	--------------------------------

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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 Dexu fails to future-proof the portfolio to enhance energy efficiency and maintain performance in a low carbon economy. The government sector as well as several private sector industries have minimum NABERS ratings requirements of 4.5 stars or higher and cannot occupy buildings that do not meet these 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.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4800000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact of \$4.8 million relates to lost revenue from decreased consumer demand for Dexus office space, in the event that Dexus fails to maintain satisfactory energy efficiency standards in its buildings. For example, a 1% reduction in occupancy due to changing consumer demand would reduce rental income by approximately \$4.8 million 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.

Cost of response to risk

1100000

Description of response and explanation of cost calculation

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. Analysing consumer trends through market research and developing adaption plans. 4. Focusing on tenant needs and issues to provide service excellence. For example, Dexus invested approximately \$1.1 million on implemented energy efficiency projects across its managed portfolio in FY19, including 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. In previous years, Dexus successfully improved the performance Waterfront Place in Brisbane through a chiller upgrade at a cost of \$3,900,000 and upgrades to lighting. The works resulted in an improvement in the building's NABERS Energy rating to 5.5 stars and has avoided annual electricity costs of approximately \$165,000 per annum.

Comment

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Chronic physical	Rising mean temperatures
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

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 upward pressure on energy prices, which are borne by tenants through their outgoings.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4900000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The potential financial impact of \$4.9 million relates to increased operating costs required to maintain the comfort of its buildings resulting from rising mean temperatures, and equates to a 10% increase in energy prices or use due to operational inefficiencies. Dexus and its tenants face inherent financial cost increases due to higher energy prices, and financial losses due to blackouts.

Cost of response to risk

2000000

Description of response and explanation of cost calculation

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, 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 \$2 million to maintain systems and resources for managing building energy efficiency and operating costs.

Comment**C2.4****(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

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

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Reduced direct costs

Company-specific description

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. For example, Dexus's office building at 14 Lee Street, Sydney was the focus of several energy efficiency initiatives that led to an increase in NABERS Energy ratings from 5 stars to 5.5 stars, and reduced energy costs of \$55,000 per annum.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

25000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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 an average 4.8 star NABERS Energy rating. Since 2008, Dexus has prioritised energy efficiency across acquisitions, developments and operations by implementing sustainability retrofit projects and sustainable design. Through this approach Dexus estimates that it has achieved a reduction in energy costs of over \$25 million in FY19.

Cost to realize opportunity

300000

Strategy to realize opportunity and explanation of cost calculation

Dexus rates and benchmarks its office and retail properties via a Building Energy Efficiency Certificate (BEEC), which comprises a) NABERS energy rating, and b) a Tenancy Lighting Assessment. As at 30 June 2019 Dexus has rated 63 office and retail properties plus 3 industrial properties under NABERS, representing 42% of all properties by number and 82% of total AUM. These benchmarks are used to report progress against Dexus's 2020 target to deliver 1,000,000sqm of office properties with a 5 star NABERS Energy rating or higher. In FY19 Dexus achieved 950,351sqm. 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 equipment. Dexus has incurred costs of \$300,000 per annum for data and benchmarking activities - this is made up of internal and external resources, upgrades to software that stores and reports data and annual licence fees.

Comment

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.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Participation in carbon market

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

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 the capital works undertaken within its NABERS improvement program to generate ESCs on an annual basis. For example, Dexus's portfolio in New South Wales generated 6,932 ESCs in FY19 through demonstration of electricity reductions due to energy efficiency projects. Revenue from sale of ESCs is estimated at approximately \$200,000 per annum and is used to offset operational costs. The scheme is forecast to continue until 2025.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

200000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Dexus forecasts diminishing annual revenue between FY19 and FY20 of approximately \$200,000 per annum . These funds have and will continue to offset operational costs which benefit both Dexus and its tenants.

Cost to realize opportunity

166000

Strategy to realize opportunity and explanation of cost calculation

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 FY19 Dexus created 6,932 ESCs based on demonstration of electricity reductions due to energy efficiency 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. Dexus's annual cost to assess the energy efficiency of its portfolio using NABERS Energy, which in turn supports participation in the Energy Saving Scheme, is approximately \$166,000.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased access to capital

Company-specific description

Dexus is a leader in sustainability 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 of its operations on the environment in which it operates. Dexus has the opportunity to leverage its leadership outcomes to outperform the broader market and attract like-minded investors. For example, Dexus attracted the Australian Clean Energy Finance Corporation as an investor in its Healthcare Wholesale Property Fund, in part because of Dexus's reputation for sustainable development. Indicatively, a 5% increase in capital due to market-leading sustainability performance would typically enable Dexus to access \$95 million per annum.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

95000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

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's demonstrated reputation for prudent capital management as a responsible investor is attractive to third party capital partners and assists when raising capital. For example, in FY19 Dexus raised A\$1915 million across select capital raising activities. All prospective Private Placement investors are issued with a Private Placement Memorandum (PPM) in which it describes in detail its responsible investment approach regarding Governance, Management and Sustainability. Indicatively, a 5% increase in capital due to market-leading sustainability performance would typically enable Dexus to access \$95 million per annum.

Cost to realize opportunity

76000

Strategy to realize opportunity and explanation of cost calculation

Regulatory compliance, capital investment, carbon analysis and education of the Dexus's staff, its 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 sustainability report including DJSI, FTSE4Good Index, MSCI and commitment to the CDP. For example, Dexus is a signatory to the Principles for Responsible Investment and has integrated these principles throughout the organisation. Dexus has retained its leadership status, achieving an A+ score for Strategy and Governance, and Direct Property modules in the 2019 PRI 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.

Comment**Identifier**

Opp4

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Dexus has the opportunity to benefit from changing consumer behaviour, including by government and some private sector tenants that require a minimum level of energy efficiency in their office tenancies, and typically require buildings they occupy to hold an accredited NABERS Energy rating of 4.5 stars or higher. Dexus undertakes a continued capital expenditure works program on its properties to deliver upgrades and innovation required to maintain efficiency levels. By ensuring Dexus properties meet the minimum performance requirements, Dexus bids for performance-related leasing deals which should lead to higher levels of occupancy rental income. For example, Dexus's office building at 14 Lee Street, Sydney is rated at 5.5 stars NABERS Energy, which has attracted and retained a New South Wales Government tenant for the whole building.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4710000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The direct financial implications to Dexu of the opportunity can be measured by increases in building occupancy. For example, a 1% increase in occupancy due to Dexu meeting its customers' building performance-related requirements, and subsequent increase in demand, would increase rental income by approximately \$4.71 million per annum across Dexu's listed portfolio. Dexu also benefits from the green premiums that offices with high NABERS ratings deliver as well as attracting customers seeking longer tenures, which contributes to reduced transaction costs. Dexu understands the opportunity that reducing greenhouse emissions can have on maximising returns.

Cost to realize opportunity

1100000

Strategy to realize opportunity and explanation of cost calculation

Dexu takes an ongoing approach to assessing and implementing energy efficiency projects as part of its capital works program. Dexu 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 FY19, approximately \$1.1 million of expenditure was used to improve portfolio energy efficiency 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. In previous years, Dexu successfully improved the performance of Waterfront Place in Brisbane through a chiller upgrade at a cost of \$3,900,000 and upgrades to lighting. The works resulted in an improvement in the building's NABERS energy rating to 5.5 stars, exceeding the 4.5 star NABERS Energy requirement that some Dexu tenants have set for their office space.

Comment**Identifier**

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced direct costs

Company-specific description

The opportunity exists for Dexu to capitalise on the use of onsite solar PV arrays to generate its own electricity and reduce direct costs that it incurs in its operations. Dexu has installed onsite solar at select properties under its operational control, including office properties such as 100 Harris Street Pyrmont and retail properties such as Willows Shopping Centre in Townsville. For properties within Dexu operational control, the self-generated electricity is used to directly offset the base building energy consumption from services such as air conditioning, lift services and other common area services. At 100 Harris Street in Pyrmont, the solar array commenced operation in May 2019, generating 29,000kWh in FY19. In FY20 it is projected to generate over 260,000 kWh for the property, which is equivalent to over \$50,000 saved per annum. At Willows Shopping Centre, the 1,500kW solar array is expected to generate over 2,400,000kWh of electricity for the property, which equates to over \$550,000 saved per annum.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

600000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The indicative reduced direct costs is \$600,000 per annum, using the savings from solar energy generation at 100 Harris Street in Pyrmont, and the estimated savings from solar energy generation at Willows Shopping Centre. Over a 12 month period, the solar array at 100 Harris Street is expected to generate 264,329 kWh of energy which results in approximate cost reduction of \$50,000 per annum. based on quoted energy prices. The solar array at Willows Shopping Centre is expected to generate over 2,400,000 kWh of electricity, which equates to a cost saving of \$550,000 per annum as per charges in the contract with the installer.

Cost to realize opportunity

5050000

Strategy to realize opportunity and explanation of cost calculation

Dexu has been progressively rolling out onsite solar PV arrays across suitable office and retail properties, such as 100 Harris Street Pyrmont and Willows Shopping Centre in Townsville. The quoted cost is \$5,050,000, which was the cost to install the onsite solar PV arrays at 100 Harris Street (\$250,000) and Willows Shopping Centre

(\$4,800,000).

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

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

Yes, qualitative and quantitative

C3.1b

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

Climate-related scenarios and models applied	Details
RCP 8.5	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 adapting the scenario to local geographical markets 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 NARCIIM 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 the acquisition process, 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 acquisition 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, the results of the climate-related scenario analysis showed that the Dexus office building at 36 Hickson Road, Millers Point has low risk exposure to cyclones, low to moderate exposure to flooding from extreme weather events, and is unlikely to be inundated by long-term effects of sea level rise, although the projected increase in hot days is likely to lead to increased electricity use in the building, which would increase operating costs for Dexus and its tenants. 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.
RCP 2.6 RCP 4.5 Nationally determined contributions (NDCs) Other, please specify (RCP 1.9, IPCC Shared Socioeconomic Pathways, PRI Inevitable Policy Response)	In addition to the use of RCP8.5, Dexus has used combinations of RCPs (RCP2.6, RCP4.5, RCP1.9) and Shared Socioeconomic Pathways (SSPs) published by the IPCC to explore three pathways that consider a range of transition pathways and risks to Dexus beyond its individual properties: - Pathway 1 (1.5°C warming by 2100) - an orderly transition to a low carbon economy based on the prioritisation of sustainable development and global cooperation - Pathway 2 (2°C warming by 2100) - A disorderly transition to a low carbon economy based on abrupt policy shifts that occur after years of delay (includes the Principles for Responsible Investment Inevitable Policy Response scenario) - Pathway 3 (may exceed 3°C by 2100) - A failure to transition to a low carbon economy because of protectionism and breakdowns in international collaboration The outcomes of the scenario analysis have been published in Dexus's report "Towards Climate Resilience", and have been used to inform future focus areas for how Dexus can enhance its climate resilience (in accordance with the existing priority areas of (a) reducing our impact, (b) adapting to climate changes, and (c) influencing our value changes. Examples of specific directions suggested by the scenario analysis for each priority area are: (a) Reducing Dexus's impact - continuing toward net zero emissions by 2030 through energy efficiency and 100% renewable energy - Exploring potential technology platforms for enabling peer-to-peer energy trading, and advocating for broader industry and regulatory change where required - Enhancing policies, procedures, and design briefs to ensure that climate-related issues are considered throughout the development process, including the use of minimum standards and stretch goals where appropriate (b) Adapting to climate changes - Expanding the use of property-level adaptation plans that specify enhancements to operational protocols and opportunities for resilience-enhancing investment, especially where properties are located in areas of elevated risk - inclusion of scenario analysis risks and opportunities in the due diligence process - tracking the development of factors identified in each scenario, to be incorporated into strategic decision-making (c) Influencing Dexus's value chain - Completing a supplier risk management assessment that focuses on supplier capacity to manage climate-related issues, and engage with suppliers where required to enhance their awareness and understanding - Integrating recycled or low embodied carbon materials in customer fit outs - Advocating for industry and government approaches that support broader adaptation to climate-related issues, such as the promotion of circular economy principles in waste management, changes to building code specifications, and incentives that support investment in low carbon initiatives

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Risks such as decreases to revenue, as well as opportunities associated with increased revenue, have impacted Dexu's products and services where there has been changing consumer preferences for energy efficient buildings that offer lower operational costs, particularly customers with minimum energy efficiency standards such as government tenants. The magnitude of this impact has been high and occurring in the short term because the impacts of changing consumer preferences affect the entire Dexu-managed office portfolio and are being experienced at present. For example, a 1% reduction in occupancy due to changing consumer demand would reduce rental income by approximately \$4.8 million per annum across Dexu's listed office portfolio. The most substantial strategic decision made to date that was influenced by these risks is the establishment of Dexu's net zero emissions by 2030 target. To support progress toward this target, Dexu 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. Dexu provides flexibility to accommodate customer needs through its 'simple and easy' lease and has embedded 'green leasing' within Dexu's new precedent lease to encourage customers to collaborate with Dexu on integrating sustainability within their buildings. Dexu is also progressing options for onsite and offsite renewable energy to supply base building and tenant requirements as part of Dexu's 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 being investigated that reinforces Dexu's sustainability leader credentials and can add additional rental income to industrial properties.
Supply chain and/or value chain	Yes	Risks associated with increased cost of energy resulting from carbon pricing have impacted Dexu's supply chain in the short-term, as procurement of energy, water and cleaning have been identified as services with a high impact on Dexu's emissions. The magnitude of this impact is medium as energy, water and cleaning services represent approximately 20% of overall spend and extend across the entire Dexu managed portfolio. The most substantial strategic decision made in response to this risk has been the development of a mandatory Supplier Code of Conduct which sets out environmental performance objectives and expectations that suppliers contribute to Dexu's net zero emissions by 2030 target. In addition, Dexu 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, Dexu has engaged building contractors across its developments to disclose the environmental impacts of their products, as specified in performance targets for new builds. Dexu has established a preferred supplier panel and critical suppliers which undergo pre-screening on their sustainability credentials. Dexu conducts a supplier self-assessment which asks suppliers of their physical and transition climate risk exposure. Dexu looks to engage suppliers with high climate risk exposure to gain an understanding as to how those businesses are managing their climate risk. Dexu is also progressing opportunities to leverage Australia's transition to a low carbon economy, in line with Dexu's 2030 net zero emissions target and climate resilience strategy. For example, Dexu has completed feasibility studies at Quarry Industrial Estate Greystanes and Deepwater Plaza, and is progressing to tender on viable opportunities. Dexu will capitalise on further opportunities with third party renewable energy generators in the future.
Investment in R&D	Yes	Opportunities associated with enhanced energy efficiency, and thus reduced energy costs, have impacted Dexu's investment in R&D in the short term, where Dexu has invested in initiatives in its buildings to support the transition to a low carbon economy. This enables Dexu properties to maintain their cost-competitiveness and enable Dexu to meet increasing customer demands for high performing buildings. The magnitude of this impact is medium because climate-related issues are directing Dexu to focus on research and development that improves energy efficiency and reduces operating costs across its managed portfolio. Specific opportunities with application across the entire Dexu managed portfolio include benchmarking to drive energy efficiency and position Dexu as a market leader to protect and enhance its reputation, as well as leveraging government energy efficiency schemes to enhance project payback. The most substantial strategic decision made in response to this risk has been the rollout of Dexu's onsite solar renewables program. Across its industrial and retail properties, Dexu is collaborating with renewable energy generators on innovative delivery models for adding rooftop solar. Other R&D initiatives include engaging 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. Dexu trials emerging and market-tested technology prior to rolling out to the rest of its portfolio. For example, Dexu 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 trial, Dexu rolled out the program to 45 properties. To align with Dexu'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. Dexu expects that the innovation in energy efficiency and clean energy sector will drive and are critical in achieving 6 star NABERS energy ratings over the medium- to long-term.
Operations	Yes	Risks such as increased costs from property damage associated with extreme weather impacts, as well as opportunities such as decreased costs from energy efficiency initiatives, have impacted Dexu operations in the short term. The magnitude of impact related to property damage from extreme weather is generally low, but is higher in areas of known exposure, such as Far North Queensland. The magnitude of impact from energy efficiency initiatives is high as it relates to the entire Dexu managed portfolio. Dexu 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. Energy is a significant operating cost, contributing around 10% of Dexu property-related operating expenses. The most substantial strategic decisions made to manage these risk is Dexu's group-wide wide procurement of electricity to reduce costs and manage climate-related risks, as well as Dexu's tracking of performance and identification of energy efficiency opportunities across the portfolio. To guide operations, Dexu 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. Dexu 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 Dexu undertakes its responsibilities regarding carbon management. Dexu manages reporting compliance 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, Dexu implements an Environmental Management System, certified under ISO 14001:2015. To manage Dexu's reputation and attract new capital, Dexu responds to investor questionnaires, ESG analyst data requests and sustainability benchmarking surveys to report on climate risk management and mitigation activities.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Acquisitions and divestments Access to capital	<p>INFLUENCING REVENUE PLANNING Opportunities from leasing roof space to third-party renewable energy generators have impacted the financial planning process for revenues in the short- and medium-term as the rooftop leasing model would increase the rental income generated from Dexus industrial properties and/or generate Large-scale Generation Certificates (LGCs) as potential additional revenue. Opportunities associated with customers increasing preference for energy efficient office buildings have impacted the financial planning process with regard to revenues through potential green premiums and increases in occupancy (and thus revenue) of energy efficient buildings. The overall magnitude of the impact of climate related risks and opportunities on the financial planning process with regard to revenue is low, however it applies to all properties across the group to some extent. 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.</p> <p>INFLUENCING DIRECT COSTS PLANNING Climate-related physical risks associated with extreme weather damage to assets have impacted the financial planning process with regard to direct operating costs in the short-term as Dexus has forecasted increases in insurance premiums due to the tightening insurance market which is associated with increased climate-related claims. The magnitude of this impact is high for Dexus buildings in Far North Queensland that are exposed to tropical cyclones. In addition, risks associated with increased energy expenditure due to cost increases, as part of broader analysis of future energy market supply and demand, have impacted the financial planning process with regard to direct operating costs as Dexus has included considerations in budget items for base-building energy usage.</p> <p>INFLUENCING CAPITAL EXPENDITURE PLANNING Opportunities from enhancing building energy efficiency to reduce carbon emissions and save on energy costs have impacted the financial planning process with regard to allocation of capital expenditure in the short- and medium-term through the inclusion of items such as building plant upgrades that enhance energy efficiency. Climate-related physical risks associated with extreme weather damage have impacted the financial planning process with regard to capital expenditure through the inclusion of building resilience upgrades into capital expenditure budgets.</p> <p>INFLUENCING ACQUISITIONS AND DIVESTMENTS Climate-related physical risks such as sea level rise and transition risks such as building energy efficiency performance have impacted the financial planning process with regard to acquisitions and divestments across the short-, medium- and long-term though integration of climate-related risks into investment due diligence and decision-making. The due diligence process is used to identify ESG risks, such as exposure to physical climate risk, the ability to attract and meet tenants demand based on asset energy performance and the capital expenditure required to align the asset to meet Dexus's sustainability targets over the short- to medium-term.</p> <p>INFLUENCING ACCESS TO CAPITAL Opportunities associated with increased investment from ESG-focused investors have impacted the financial planning process with regard to access to capital in the short-term, as Dexus has attracted funding from clean energy interests for its Healthcare Wholesale Property Fund. Dexus's fund management clients have shown increasing interest in strong management of climate-related issues. Reputational considerations have impacted the financial planning process with regard to access to capital, as Dexus has increased its budget allocation towards participation in global surveys to improve transparency and assist Dexus to demonstrate its sustainability credentials when seeking new capital. Dexus allocates resources and costs to disclose its environmental performance through sustainability benchmarks including DJSI, GRESB, PRI, FTSE4Good Index, MSCI, and CDP Climate Change.</p>

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Not applicable.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

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

Target reference number

Abs 1

Year target was set

2015

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2015

Covered emissions in base year (metric tons CO2e)

112553

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

73

Target year

2020

Targeted reduction from base year (%)

10

Covered emissions in target year (metric tons CO2e) [auto-calculated]

101297.7

Covered emissions in reporting year (metric tons CO2e)

98604

% of target achieved [auto-calculated]

123.93272502732

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

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.

Target reference number

Abs 2

Year target was set

2015

Target coverage

Business activity

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2015

Covered emissions in base year (metric tons CO2e)

104366

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

68

Target year

2020

Targeted reduction from base year (%)

11.7

Covered emissions in target year (metric tons CO2e) [auto-calculated]

92155.178

Covered emissions in reporting year (metric tons CO2e)

90786

% of target achieved [auto-calculated]

111.212824165318

Target status in reporting year

Underway

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

This target is nominated as applying to a Business Activity as it applies across all Office properties, a subset of the group property portfolio. 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 Energy rating for these assets was 4.7 stars average and the targeted improvement is equivalent to a 11.7% reduction in GHG emissions. GHG emissions savings will result from implementing energy efficiency projects under Dexus's NABERS Improvement Program.

Target reference number

Abs 3

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

147988

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

70

Covered emissions in target year (metric tons CO2e) [auto-calculated]

44396.4

Covered emissions in reporting year (metric tons CO2e)

140112

% of target achieved [auto-calculated]

7.6029330563482

Target status in reporting year

Underway

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

Dexus has committed to reduce scope 1 and scope 2 emissions by 70% by 2030 relative to a 2018 base year, 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 science-based target 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. Please refer to the C-FI Further Information section of the Dexus response, where confirmation of approval from the SBTi is attached.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2015

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	GJ
----------------------------------	----

Target denominator (intensity targets only)

<Not Applicable>

Base year

2015

Figure or percentage in base year

522781

Target year

2020

Figure or percentage in target year

470503

Figure or percentage in reporting year

465638

% of target achieved [auto-calculated]

109.306017827767

Target status in reporting year

Underway

Is this target part of an emissions target?

Dexus's 10% energy reduction target is directly related to emissions target Abs1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

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.

C4.3

(C4.3) 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

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	220	
To be implemented*	93	4918
Implementation commenced*	55	6229
Implemented*	14	409
Not to be implemented	156	

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)
--------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

307

Scope(s)

Scope 1

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

68064

Investment required (unit currency – as specified in C0.4)

742000

Payback period

11-15 years

Estimated lifetime of the initiative

16-20 years

Comment

The estimated annual CO2 savings relates to projects listed as "Implemented" from C4.3a. 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.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)
--------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

77

Scope(s)

Scope 1

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

15383

Investment required (unit currency – as specified in C0.4)

70000

Payback period

4-10 years

Estimated lifetime of the initiative

21-30 years

Comment

The estimated annual CO2 savings relates to projects listed as "Implemented" from C4.3a. 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.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
--------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

25

Scope(s)

Scope 1

Scope 2 (location-based)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5148

Investment required (unit currency – as specified in C0.4)

14930

Payback period

1-3 years

Estimated lifetime of the initiative

11-15 years

Comment

The estimated annual CO2 savings relates to projects listed as "Implemented" from C4.3a. 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 in order to achieve building energy performance and NABERS targets including Dexus's 10% energy reduction target.

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

Method	Comment
Employee engagement	Dexus runs an Annual Risk and 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 emissions reduction and other sustainability 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.

C4.5**(C4.5) 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

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

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 635,217 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 FY19 the Dexus Group Office portfolio was rated at 5 stars NABERS Energy, with over 75% of properties rated at 5 stars 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.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year

49

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

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 Energy ratings across its portfolio since 2008 and its Office portfolio average rating has improved from 3.2 stars to 5.0 stars in FY19. Over that time Dexus has implemented over 450 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, in FY19 Dexus's completed a development at 100 Mount Street, North Sydney, which was awarded a 5 star Green Star Design and As Built rating. 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 71kgCO₂-e/sqm in FY19 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).

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
6226

Comment

Scope 2 (location-based)

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
151951

Comment

Scope 2 (market-based)

Base year start
July 1 2007

Base year end
June 30 2008

Base year emissions (metric tons CO2e)
138150

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Australia - National Greenhouse and Energy Reporting Act
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
17596

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

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

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

Reporting year

Scope 2, location-based

126941

Scope 2, market-based (if applicable)

122516

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(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

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

712

Emissions calculation methodology

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 1.30. Source: EPA Victoria, 2013; Potable water usage within Dexus tenancies and associated wastewater= water (kL) x emissions factor (tCO2/ML) x 1000; Factor: Water & wastewater: NSW = 0.64, VIC=1.02, QLD=1.05 tCO2-e/ML. : Derived from emission intensity figures published by Bureau of Meteorology Urban National Performance Report 2017-18; 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/NONRESIDENTIALBUILDINGS/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 = 0.15 kgCO2-e/\$; Industry Allocation: Printing & Stationary, Factor = 0.30kgCO2-e/\$; Industry Allocation: Data processing services, Factor = 0.14 kgCO2-e/\$; Industry Allocation: Postal Services, Factor = 1.4 kgCO2-e/\$; Industry Allocation: Courier Services, Factor = 1.4 kgCO2-e/\$; Industry Allocation: Meat (beef), Factor = 1.82 kgCO2-e/\$; Industry Allocation: Meat (poultry), Factor = 1.33 kgCO2-e/\$; Industry Allocation: Seafood, Factor = 0.26 kgCO2-e/\$; Industry Allocation: Confectionery, Factor = 0.41 kgCO2-e/\$; Industry Allocation: Vegetable Products, Factor = 0.32 kgCO2-e/\$; Industry Allocation: Oats, sorghum and other cereal grains, Factor = 0.44 kgCO2-e/\$; Industry Allocation: Dairy Products, Factor = 0.59 kgCO2-e/\$; Industry Allocation: Oil & Fats, Factor = 0.64 kgCO2-e/\$; Industry Allocation: Beer, Factor = 0.25 kgCO2-e/\$; Industry Allocation: Spirits, Factor = 0.13 kgCO2-e/\$; Industry Allocation: Soft Drinks, Factor = 0.21 kgCO2-e/\$

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

As defined by GHG Protocol, Capital goods are defined as manufacturing/construction of capital equipment owned or controlled by the reporting company. Dexu invests directly in Australian office and industrial properties and also manages office, industrial and retail properties on behalf of third party capital partners. The organisation does not have capital goods that are material in nature and therefore not relevant. Dexu has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

16775

Emissions calculation methodology

Energy indirect emissions from transmission and distribution losses associated with purchased electricity across Dexu 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= 0.10 (kg CO₂-e/kWh), VIC = 0.10 (kg CO₂-e/kWh), QLD = 0.13 (kg CO₂-e/kWh), SA = 0.10 (kg CO₂-e/kWh), WA = 0.05 (kg CO₂-e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2018), Table 41, page 68. Energy indirect emissions from transmission and distribution losses associated with purchased natural gas across Dexu 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), WA = 4.0 (kg CO₂-e/GJ). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2018), Table 38, page 66.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

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

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

15828

Emissions calculation methodology

Other indirect emissions from waste to land fill from Dexu'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 (July 2018), Table 44, page 73. Weight-based measurement for waste collection occurs at selected Dexu 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 Dexu sites.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1077

Emissions calculation methodology

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 0.163; Short haul 0.283; Medium Haul: 0.176, Long Haul 0.217 which includes 9% uplift factor and 1.9x Radiation Forcing Index (RFI). Source: 2018 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 (July 2018) - Table 4, Fuel combustion emission factors (Transport Fuels), Table 39: 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 (July 2018) Table 4, Fuel combustion emission factors (Transport Fuels); Table 40: 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 (July 2018) - Table 4, Fuel combustion emission factors (Transport Fuels); Table 40, Scope 3 emission factors - liquid fuels and certain petroleum-based products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

546

Emissions calculation methodology

Other indirect emissions from employee commuting for all national employees (tCO₂-e) were calculated using the following process: 1. Dexus surveyed staff in June 2018 to collect data on employee commuting habits, with a response rate of 57%. 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 = 0.171, train = 0.150, tram = 0.179, ferry = 0.301, car = 0.247. Sources: Bus, ferry, tram, train = EPA VIC GHG management plan FY2012/13 p23, Vehicles = NGER Technical Guidelines 2015. NGA Factors August 2015, Table 4, p. 16 and Table 39, p. 66.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Dexus invests directly in Australian office and industrial properties and also manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not have a fleet of cars or any other leased assets that are material and therefore have not been included in the inventory. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

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

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Dexus invests directly in Australian office and industrial properties and also manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not manufacture or produce products therefore has deemed emissions from processing of sold products not relevant to its business. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

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

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

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

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

65895

Emissions calculation methodology

Energy indirect emissions from tenant electricity use across Dexus investment properties and tenancies (tCO₂-e) = (annual total electricity consumption (kWh) x scope 2 & 3 emissions factor (kgCO₂-e/kWh)/1000. Factor: Full Fuel Cycle Emission factors Electricity: NSW & ACT= 0.92 (kg CO₂-e/kWh), VIC = 1.07 (kg CO₂-e/kWh), QLD = 0.92 (kg CO₂-e/kWh), SA = 0.61 (kg CO₂-e/kWh), WA = 0.75 (kg CO₂-e/kWh). Source: Energy indirect: National Greenhouse Accounts (NGA) Factors (July 2018), Table 41, page 68. The emissions covers 37% of lettable area (i.e. it excludes 63% of lettable area). Dexus estimates the emissions from tenant electricity use to be 210,322 tonnes of CO₂-e across its entire managed portfolio.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

37

Please explain

Energy indirect emissions from tenant electricity use across Dexus investment properties and tenancies where data is available. The emissions covers 37% of lettable area (i.e. it excludes 63% of lettable area). Dexus estimates the emissions from tenant electricity use to be 210,322 tonnes of CO₂-e across its entire managed portfolio.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

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.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Dexus invests directly in Australian office and industrial properties and also manages office, industrial and retail properties on behalf of third party capital partners. Dexus does not hold indirect investments. Dexus has calculated and included Scope 3 emissions impacted by its operations. These were determined based on the criteria listed for Scope 3 emissions in the GHG Protocol and based on the NCOS Standard.

Other (upstream)

Evaluation status

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?

	Assessment of life cycle emissions	Comment
Row 1	Yes, both qualitative and quantitative assessment	

C-CN6.6a/C-RE6.6a

(C-CN6.6a/C-RE6.6a) Provide details of how your organization assesses the life cycle emissions of new construction or major renovation projects.

	Projects assessed	Earliest project phase that most commonly includes an assessment	Life cycle stage(s) most commonly covered	Methodologies/standards/tools applied	Comment
Row 1	On a case by case basis	Pre-design phase	Whole life	EN 15978 ISO 14040/44	Dexus is aware of the importance of embodied carbon as part of a whole-of-life approach to reducing the carbon emissions of its properties. Dexus has completed a pilot life cycle assessment at a property to test the method and how it can be used to inform development design, construction and operation. The assessment complied with ISO 14040, ISO 14044, and building LCA standard EN15978. The assessment uses scoping building quantity and resource use data to highlight environmental hotspots, informing early design decisions, optimising material selection and operations of the building life cycle. The assessment identified that concrete and steel contribute approximately 91% of the total carbon emissions, as well as to a significant proportion of other environmental impacts. It identified that the largest users of operational energy are lighting, ventilation and exhaust. Recommendations from the assessment include: Target up to 30% Supplementary Cementitious Material (SCM) in project's concrete. Replacing cement in concrete can significantly reduce a building's environmental impact. - Promote use of recycled steel throughout the project - Consider necessary thickness of slabs and pre-cast concrete to reduce material use - Investigate installation of Photovoltaic systems to reduce reliance on grid energy - Install LED lighting throughout the building

C-CN6.6b/C-RE6.6b

(C-CN6.6b/C-RE6.6b) Can you provide embodied carbon emissions data for any of your organization's new construction or major renovation projects completed in the last three years?

	Ability to disclose embodied carbon emissions	Comment
Row 1	No	Dexus has not assessed the embodied carbon emissions on new construction or major renovation projects completed in the last three years. Dexus has begun conducting life cycle assessments at select development projects and anticipates being able to disclose embodied carbon emissions for these projects when they are completed in the future.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) 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

0.000125

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

140112

Metric denominator

unit total revenue

Metric denominator: Unit total

1124500000

Scope 2 figure used

Market-based

% change from previous year

4.8

Direction of change

Decreased

Reason for change

Dexus's CO2e/\$revenue intensity decreased because total revenue (the denominator) decreased by 0.1% while combined Scope 1 and 2 emissions decreased by (4.85%). Despite net acquisitions putting upward pressure on portfolio energy use, this intensity metric decreased in part due to 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.

Intensity figure

0.045177

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

140112

Metric denominator

square meter

Metric denominator: Unit total

3101390

Scope 2 figure used

Market-based

% change from previous year

6.4

Direction of change

Decreased

Reason for change

During FY19 the lettable area (square metres) of properties within the portfolio increased by 1.6%, while corresponding emissions decreased by 4.85%, resulting in an overall decrease to the intensity metric. This overall decrease in due in part to 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, good management and engineering practice, and an increase in renewable energy purchasing.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(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).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	7376	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	14	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	5	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	10200	IPCC Fourth Assessment Report (AR4 - 100 year)
PFCs	0	IPCC Fourth Assessment Report (AR4 - 100 year)
SF6	0	IPCC Fourth Assessment Report (AR4 - 100 year)
NF3	0	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	17596

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.
By business division
By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	5907
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	1403
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	3245
Other Dexus Third Party funds and mandates	3359
Co-owners' share of emissions under Dexus operational control	3682
Corporate operations	0

C7.3c

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

Activity	Scope 1 emissions (metric tons CO2e)
Office properties	14829
Industrial properties	81
Retail properties	2686
Corporate tenancies	0

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Australia	126941	122516	150996	31443

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By business division
- By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Dexus Office Trust: equity apportionment of operational control emissions	40425	38389
Dexus Industrial Trust, Dexus Operations Trust, Dexus Diversified Trust equity apportionment of operational control emissions	13465	13269
Dexus Wholesale Property Fund; equity apportionment of operational control emissions	29010	28551
Other Dexus Third Party funds and mandates	21383	20328
Co-owners' share of emissions under Dexus operational control	21937	21258
Corporate operations	721	721

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Office properties	102876	98450
Industrial properties	2896	2896
Retail properties	20448	20448
Corporate tenancies	721	721

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(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.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1606	Decreased	1.1	Emissions have decreased across Dexus operations by 1.1% due to increased consumption of self-generated or purchased renewable energy. Dexus generates electricity from on-site solar PV systems and purchases accredited renewable energy as additional purchases which are accounted for in Dexus's market-based Scope 2 emissions reported in C6.3. The 1.10% decrease is equal to 1,606 tCO2-e / 146,302 t.CO2-e where 1,606 is the change in emissions from changes in renewable energy consumption and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Other emissions reduction activities	4523	Decreased	3.1	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 3.1% decrease is equal to 4,523 tCO2-e / 146,302 t.CO2-e where 4,523 is the change in emissions from emission reduction activities and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Divestment	11312	Decreased	7.7	During the FY19 reporting period, Dexus divested several properties which has contributed to a 11,312 t.CO2-e or 7.7% reduction in emissions reported. The 7.7% decrease is equal to 11,312 tCO2-e / 146,302 t.CO2-e where 11,312 is the change in emissions from properties that were disposed during the reporting period and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Acquisitions	7075	Increased	4.8	During the FY19 reporting period, Dexus acquired or obtained operational control over several properties. As a result of additional properties being included as new sources of GHG emissions there was an increase of 7,075 t.CO2-e or 4.8% in emissions reported. The 4.8% increase is equal to 7,075 tCO2-e / 146,302 t.CO2-e where 7,075 is the change in emissions from properties that were acquired during the reporting period and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Mergers	0	No change	0	Not applicable for the reporting year.
Change in output	1384	Increased	0.9	Dexus has removed a small number of sites from the FY18 to FY19 like for like figures due to major changes in occupancy outside the normal variability of occupancy fluctuations. Sites removed from the like for like are sites that have progressed from fully vacant to fully occupied buildings during the two year period. The 0.9% increase is equal to 1,384 tCO2-e / 146,302 t.CO2-e where 1,384 is the change in emissions from major changes in occupancy and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Change in methodology	956	Increased	0.7	Dexus has observed minor changes to its FY18 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 956 t.CO2-e or 0.7% of emissions reported. The 0.7% increase is equal to 956 tCO2-e / 146,302 t.CO2-e where 956 is the change in emissions resulting from methodology changes and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Change in boundary	1837	Increased	1.3	Dexus has removed a small number of sites from the FY18 to FY19 like for like figures due to major changes in operational control or as a result of redevelopment activities, in which resulted in abnormal step changes in emissions. The 1.3% increase is equal to 1,837 tCO2-e / 146,302 t.CO2-e where 1,837 is the change in emissions resulting from operational control changes and 146,302 t.CO2-e is the total Scope 1 and 2 market-based emissions reported by Dexus for FY18.
Change in physical operating conditions	0	No change	0	Not applicable for the reporting year.
Unidentified	0	No change	0	There are no unidentified reasons for changes to emissions between reporting years.
Other		<Not Applicable >		

C7.9b

(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?
 Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
 More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
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

(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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	39227	39227
Consumption of purchased or acquired electricity	<Not Applicable>	31443	119553	150996
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	292	<Not Applicable>	292
Total energy consumption	<Not Applicable>	31735	158780	190516

C8.2b

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

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

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

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1770

MWh fuel consumed for self-generation of electricity

1770

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor

70.2

Unit

kg CO2e per GJ

Emissions factor source

Australia - NGER Measurement Determination 2008, Schedule 1, Part 3, July 2019

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

37457

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

33998

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

3459

Emission factor

51.53

Unit

kg CO2e per GJ

Emissions factor source

Australia - NGER Measurement Determination 2008, Schedule 1, Part 2, July 2019

Comment

C8.2d

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

	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	1201	1201	292	292
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

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

Sourcing method

Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Australia

MWh consumed accounted for at a zero emission factor

5275

Comment

Dexus purchases a portion of its total electricity in the form of emission free, accredited GreenPower (for the FY19 reporting period, this was 5,275 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).

Sourcing method

Unbundled energy attribute certificates, other - please specify (Australian Large-scale generation certificates (LGCs))

Low-carbon technology type

Low-carbon energy mix

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Australia

MWh consumed accounted for at a zero emission factor

26168

Comment

Australia's Large-scale Renewable Energy Target (LRET) incentivises the development of renewable energy power stations in Australia through a market for the creation and sale of certificates called large-scale generation certificates (LGCs). Dexus purchases LGCs for a portion of its total electricity (for the FY19 reporting period, this was 17.3% or 26,168 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). LGCs are created by accredited renewable energy generators with electricity sourced from eligible natural resources such as the sun, wind, ocean waves and the tide, geothermal-aquifers, wood waste, agricultural waste, bagasse (sugar cane waste), black liquor (a by-product of the paper-making process), or landfill gas. One LGC is equivalent to one megawatt-hour of electricity.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area

Construction methods

Stage of development in the reporting year

Full/commercial-scale demonstration

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

Comment

Historically, little attention has been paid to minimising waste office de-fit projects, with around 80% of materials being sent to landfill. Dexus has collaborated with the City of Sydney's Better Buildings Partnership to develop its Waste Strip out Management Guidelines. Recognising the scale of the opportunity, in 2015 Dexus set a target to consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, adopting a circular economy approach by actively identifying charities and markets for re-use and increasing waste diversion from landfill. Over the last five years, Dexus has conducted research and development across over 80 projects to improve recycling rates to lower the use of raw materials and associated carbon emissions. Life-cycle analysis techniques were used to assess the carbon and cost impacts for selected projects with each actual outcome assessed against two reference cases. The analysis shows that carbon savings of between 10% and 20% are being achieved for a comparable project cost.

Technology area

Integration of renewable energy sources in buildings

Stage of development in the reporting year

Basic academic/theoretical research

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

Comment

Within its new developments Dexus actively seeks to integrate renewable energy sources. One such technology is Building Integrated Photovoltaics (BIPV) which involves integrating solar generating PV cells within vision glazing and spandrel materials, to generate renewable electricity to offset grid purchases. Dexus has conducted desktop reviews of products from manufacturers and for one pilot project progressed to the stage of cost/benefit analysis for quotation by the builder, however it did not proceed. Dexus continues to evaluate the technology and identify feasible installation opportunities.

Technology area

HVAC systems

Stage of development in the reporting year

Applied research and development

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

Comment

Electrification is an important consideration for Dexus in its transition to net-zero emissions by 2030. At present, Dexus's buildings consume natural gas for space heating and domestic hot water. For two recent projects involving the end of life replacement of boilers, Dexus has conducted research and development to understand the technical and economic issues for replacing boilers with an all-electric solution powered by renewable energy.

Technology area

Resilient buildings

Stage of development in the reporting year

Large scale commercial deployment

Average % of total R&D investment over the last 3 years

≤20%

R&D investment figure in the reporting year (optional)

Comment

Resilience to the long term effects of climate change is a key priority for Dexus development projects. For key projects in climate-affected areas Dexus collaborated with its ESD consultants to conduct additional building modelling to understand the building performance impacts from changes in median temperatures and frequency of extreme heat days. These results have informed decisions regarding the building facade and HVAC systems, as well as biophilia plans.

C-RE9.9

(C-RE9.9) Does your organization manage net zero carbon buildings?

No, but we plan to in the future

C-CN9.10/C-RE9.10

(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?

No, but we plan to in the future

C-CN9.11/C-RE9.11

(C-CN9.11/C-RE9.11) Explain your organization's plan to manage, develop or construct net zero carbon buildings, or explain why you do not plan to do so.

Dexus develops new office properties in line with the Green Building Council of Australia's (GBCA) Green Star rating system, targeting at least 5 stars, with some projects achieving 6 stars. Dexus has been assisting the GBCA on the update to its latest Green Star for New Buildings standard, in which 5 star ratings will require buildings to be 'net zero carbon ready' and 6 star buildings to be 'net zero carbon from commencement'. With upcoming developments targeting up to 6 stars, Dexus has been involved in a trial of the tool to better understand the additional requirements. Dexus goal to achieve net zero emissions has been factored into the development briefs, which is leading to the specification of highly efficient, all-electric buildings, which Dexus intends to power via a combination of on-site solar PV and off-site renewable energy. These projects are in Dexus's forward development pipeline over the next 7 years.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

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

C10.1a

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

2019 PwC Assurance Opinion and Criteria.pdf

Page/ section reference

1

Relevant standard

ASAE3000

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2019 PwC Assurance Opinion and Criteria.pdf

Page/ section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1c

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

Scope 3 category
Scope 3 (upstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
2019 PwC Assurance Opinion and Criteria.pdf

Page/section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) 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

(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	Energy consumption	ASAE3000	Limited assurance also included assessment of total energy consumption, measured in gigajoules (GJ) reported by Dexus across its operational control boundary during FY19

C11. Carbon pricing

C11.1

(C11.1) 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

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(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

Credit purchase

Project type

Forests

Project identification

Rimba Raya Biodiversity Reserve Project, Central Kalimantan, Indonesia The purpose of this project activity is to reduce emissions by preserving 91,215 hectares of tropical peat swamp forest. This area, rich in biodiversity including the endangered Bornean orangutan, was slated by the Provincial government to be converted into four palm oil estates. Located on the southern coast of Borneo in the province of Central Kalimantan, the project is also designed to protect the integrity of the adjacent world-renowned Tanjung Puting National Park, by creating a physical buffer zone on the full extent of the ~90km eastern border of the park.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

125

Number of credits (metric tonnes CO2e): Risk adjusted volume

125

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

Bundled Wind Power Project, Madhya Pradesh & Gujarat, India The purpose of the project activity is to generate power using renewable energy source (wind energy) and sell the power generated to the state grid. The project activity generates electricity using wind. The generated electricity is exported to the regional grid system which is under the purview of the INDIAN electricity grid of India. The wind power generated from the Project will be displacing the electricity generated from thermal power stations feeding into Indian grid (Indian Electricity Grid) and will be replacing the usage of diesel generators for meeting the power demand during shortage periods. Since, the wind power is greenhouse gas emissions free, the power generated will prevent the anthropogenic emissions generated by the fossil fuel based thermal power stations comprising coal, diesel, furnace oil and gas. The estimation of GHG reductions by this project is limited to carbon dioxide (CO2) only. The proposed project activity involves the installation of Wind Power Projects. The total installed capacity of the project is 112.5 MW; which involves operation of Wind Turbine Generators (WTGs) in multiple states of India.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

1600

Number of credits (metric tonnes CO2e): Risk adjusted volume

1600

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Solar

Project identification

Bundled Solar Power Project, Tamil Nadu and Telangana, India This project aims to generate renewable electricity through the installation and operation of solar power systems. The project forms part of an installation of 120 MW solar project in different states of India through SPVs. Over the 10 years of first crediting period, avoid 213,089 t. CO2e per year, by generating 220,752 MWh per annum, reducing reliance on traditional thermal/fossil fuel-based power plants.

Verified to which standard

VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)

1600

Number of credits (metric tonnes CO2e): Risk adjusted volume

1600

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Energy efficiency: households

Project identification

Improved Kitchen Regimes: Bugesera, Rwanda This project involves the distribution of approximately 1,500 domestic fuel -efficient cook stoves to households within the Mareba Sector in the Bugesera District, Rwanda. In addition to reducing deforestation through less wood use (for cooking and water boiling), the project is also expected to have additional benefits for local communities such as reduced incidences of illnesses related to indoor air pollution, smoke inhalation and consumption of unsafe drinking water, improved employment opportunities, and less time and money spent on fire wood collection.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

100

Number of credits (metric tonnes CO2e): Risk adjusted volume

100

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type

Forests

Project identification

Yarra Yarra Biodiversity Corridor (Western Australia) The purpose of this project is to protect and expand small patches of remaining woodland and shrubland with newly planted vegetation. The corridor sits on WA's wheatbelt north of Perth, where agriculture has devastated more than 90% of native habitat. The project involves 20 to 40 species to maximise biodiversity, with plans to extend the corridor to 10,000 square kilometres.

Verified to which standard

Gold Standard

Number of credits (metric tonnes CO2e)

300

Number of credits (metric tonnes CO2e): Risk adjusted volume

300

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(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

(C12.1) Do you engage with your value chain on climate-related issues?

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

C12.1a

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

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism
Code of conduct featuring climate change KPIs
Climate change is integrated into supplier evaluation processes

% of suppliers by number

51

% total procurement spend (direct and indirect)

67

% of supplier-related Scope 3 emissions as reported in C6.5

43

Rationale for the coverage of your engagement

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 FY19 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.

Impact of engagement, including measures of success

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 FY19, with no incidents 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 FY19 Dexus recorded an average 5.0 star NABERS energy rating across the group's managed office portfolio, with 8 properties recording an improvement in the rating (i.e. lower emissions) against the prior rating.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

4

% total procurement spend (direct and indirect)

46

% of supplier-related Scope 3 emissions as reported in C6.5

43

Rationale for the coverage of your engagement

Dexus engages with its supply chain on climate-related issues through supplier engagement surveys aimed at evaluating supplier understanding of sustainability. Coverage is determined from recent surveys of Dexus's preferred supplier panel and other key suppliers, to which 96 suppliers responded, representing 4% of total suppliers and 46% of total procurement spend. The rationale for Dexus's engagement with this group of suppliers is because they provide critical services and represent a disproportionately high amount of procurement spend, thus enabling efficient targeting of Dexus's climate-related engagement. The survey includes climate related questions, for example; "What is the level of risk exposure of unsustainable or high carbon products within your supply chain, and does your business track, measure and report environmental data?"

Impact of engagement, including measures of success

Success is defined as an increasing survey response rate (recording a 68% response rate in FY19, an improvement from the 35% in FY18) and suppliers' identification of climate and other ESG risks, which Dexus can then map within its supply chain. Supplier participation in the survey enables Dexus to effectively communicate its expectations to suppliers regarding climate risk and has the positive impact of identifying gaps in process and risk management that can be improved. 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.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Offer financial incentives for suppliers who reduce your operational emissions (Scopes 1 & 2)

% of suppliers by number

13

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

51

Rationale for the coverage of your engagement

The coverage of 13% of suppliers by number and 28% of procurement spend 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. The reason why Dexus engages with these suppliers is because they are incentivised to improve energy and emissions performance, and are teams based at Dexus property sites with capacity to action improvement opportunities.

Impact of engagement, including measures of success

Dexus's measure of success for this management approach is defined as the continual improvement in Dexus's office and retail properties' NABERS Energy 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 FY19 Dexus achieved this target one year early, achieved a 12.4% reduction. Dexus measures operational performance via its property NABERS Energy ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY19 Dexus recorded an average 5.0 star NABERS Energy rating across the group's managed office portfolio, with 8 properties recording an improvement in their rating (i.e. lower emissions) in FY19 against the prior rating. In instances where energy ratings decline, Dexus works with property management teams to understand root causes and implement both management improvements and capital improvements to enhance performance.

Comment**Type of engagement**

Engagement & incentivization (changing supplier behavior)

Details of engagement

Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)

% of suppliers by number

4

% total procurement spend (direct and indirect)

10

% of supplier-related Scope 3 emissions as reported in C6.5

21

Rationale for the coverage of your engagement

The coverage of engagement of 4% of suppliers by number and 10% of procurement spent is based on the suppliers delivering cleaning and waste management services to Dexus. The rationale for Dexus's engagement with these suppliers is because they provide essential services for Dexus's facilities and because Dexus incentivises 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

Dexus's measure of success for this is defined as reduced waste to landfill and associated Scope 3 emission reductions. Dexus measures its diversion rate and in FY19 achieved a 42% diversion rate across its managed office portfolio, which has decreased slightly since FY18. Over the past year Dexus has increased its engagement with cleaning and waste management suppliers to enhance waste management practices across its portfolio.

Comment**C12.1b****(C12.1b) Give details of your climate-related engagement strategy with your customers.****Type of engagement**

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

30

% of customer - related Scope 3 emissions as reported in C6.5

21

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Dexus engages with its office customers (30% of customers by number) because office buildings represent largest part of Dexus's portfolio. Engaging office customers can facilitate large-scale improvements regarding the amount of waste produced from Dexus properties and maximise the diversion rate to avoid downstream waste related greenhouse gas emissions. Dexus engages with tenants on waste management in three ways. a) Dexus holds Lunch and Learn sessions on waste management for customers across its office portfolio. The presentations inform customers on the global environmental impact of waste, the various waste initiatives Dexus engages in and Dexus's waste targets. b) Dexus runs periodic e-waste collection for its office and industrial customers. c) Dexus engages with customers on best practice waste management to reduce their overall waste and waste to landfill, and in FY19 conducted communication campaigns to encourage customers to reduce waste and inform them on the four-bin system. During the campaign, Dexus gave away Keep Cups to encourage employees and tenants to use reusable cups. Dexus seeks to eliminate all waste-related emissions to achieve Dexus's Net Zero 2030 target.

Impact of engagement, including measures of success

Dexus's measure of success is defined as a progressive improvement to reduce waste to landfill and associated emission reduction. Dexus measures its diversion rate and in FY19 achieved a 42% diversion rate across its managed office portfolio. This has decreased slightly from the previous year, and as a result Dexus has increased its

customer engagement through waste education activities and implementing initiatives such as the removal of under-desk waste bins.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

41

% of customer - related Scope 3 emissions as reported in C6.5

50

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Dexus engages with tenants occupying Dexus office and retail properties (41% of customers by number) because they are impacted by the amount of energy used by Dexus to deliver base building services that support tenant activity and comfort. Engaging with tenants regarding their outgoings and occupant comfort helps Dexus to optimise usage efficiently, which can reduce outgoings and emissions. 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.

Impact of engagement, including measures of success

Dexus's measure of success for this engagement is defined as increases to building's NABERS Energy 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 FY19 Dexus achieved a 12.4% reduction, a year in advance of the target date of 2020. Dexus measures operational performance via its property NABERS ratings, which measures the greenhouse gas emissions across Office and Retail properties. In FY19 Dexus recorded an average 5.0 star NABERS energy rating across the group's managed office portfolio, with 8 properties recording an improvement in their rating (i.e. lower emissions) in FY19 against the prior rating.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

90

% of customer - related Scope 3 emissions as reported in C6.5

7

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Dexus engages with tenants occupying Dexus office, retail and industrial properties (91% of customers by number) on green lease clauses. Dexus engages with these tenants because they are the vast majority of Dexus's customers and are impacted by the amount of energy used by Dexus to deliver base building services that support tenant activity and occupant comfort. Engaging with tenants regarding their outgoings and occupant comfort helps Dexus to optimise usage efficiently, which can reduce outgoings and 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 is one of the founding members of the Better Building Partnership (BBP), a collaboration of leading property owners and industry influencers providing green leadership and sustainable innovation for Sydney's commercial and public buildings. Dexus 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 between Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings. Within these clauses Dexus and its tenants commit to managing and operating the building and premises to promote energy efficiency and minimise the environmental impact of its use and occupation.

Impact of engagement, including measures of success

Success is defined as year-on-year increases in the number of green lease clauses increased in new leases across its customer base. Tenancy agreements now include a Green Lease clause as standard. Take up of the green lease clauses for new leases across the group portfolio was 90% in FY19. Dexus engages with internal leasing teams to understand customer sentiment regarding green leases and opportunities to enhance leases to improve uptake.

C12.1d**(C12.1d) 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 FY19 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 the investment 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.

C12.3

(C12.3) 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

C12.3a

(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, please specify (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 provides 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 provides 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 is offered feedback on their practical implementation.

C12.3b

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

- Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Property Council of Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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.

How have you influenced, or are you attempting to influence their position?

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 a PCA Board director and Dexus's Chief Financial Officer a member of the CFO roundtable. An additional 35 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.

Trade association

Green Building Council of Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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.

How have you influenced, or are you attempting to influence their position?

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 FY19 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 FY19 Dexus maintained Green Star Performance ratings across 76 office and retail properties.

Trade association

Investor Group on Climate Change (IGCC)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

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.

How have you influenced, or are you attempting to influence their position?

Dexus is a member of the IGCC and participates in its Transition to Low Carbon, Physical Risk and Resilience, and Transparency and Thought Leadership working groups. Through these working groups, Dexus actively contributes to property related discussions and assists IGCC with understanding and progressing key investor issues relating to property risk management and disclosure. Dexus provides general support for the initiative in various non-public forums.

Trade association

Sydney Better Buildings Partnership

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

City of Sydney Better Buildings Partnership (BBP) represents over 50% 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.

How have you influenced, or are you attempting to influence their position?

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 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.

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

- a) 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.
- b) 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. During FY19 Dexus maintained Green Star Performance ratings across 76 office and retail properties.
- c) 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, which is under construction. Dexus is an active supporter of this project and views the Light Rail as a low-emission alternative to cars and buses with direct benefits to Dexus via reduced scope 3 emissions from commuting by employees and Dexus tenants. Dexus has been working with route planners as well as other stakeholders directly affected by planned street closures to develop solutions to logistics issues in order to ensure continuity of operations during construction and beyond as part of the successful delivery of such a significant infrastructure project.

C12.3f

(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 the Dexus 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 ESG Committee (from FY20 onward), 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 sustainability practices and procedures including climate change strategies. The Investor Relations, Communications and Sustainability 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, Communications and Sustainability determines key spokespeople who are able to engage in public debate or comment on specific topics, with these people undergoing media training.

C12.4

(C12.4) 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

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

2019 Dexus Sustainability Performance Pack (1).pdf
2019 Dexus Annual Report.pdf

Page/Section reference

2019 Annual Report (page 60) 2019 Sustainability Performance Pack (page 46-52)

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

2019 Dexus Sustainability Performance Pack (1).pdf
2019 Dexus Disclosures on Management Approach (2).pdf

Page/Section reference

2019 Dexus Performance Pack (page 46-52) 2019 Disclosures on Management Approach (page 49-60)

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Documents attached:

RE100 Supplementary Reporting

Dexus science-based target confirmation from the Science Based Targets initiative
Decision Letter - Dexus 27_06_2019.pdf
RE100 Reporting Spreadsheet 2020_Dexus.xlsx

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer and Executive Director	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below
I have read and accept the applicable Terms