

# Sustainability at Dexu

Leading the way to zero emissions  
and smart, sustainable workplaces

dexu

Dexu Funds Management Limited  
ABN 24 060 920 783  
AFSL 238163 as responsible entity for Dexu



# Agenda

- Overview
  - Our sustainability approach
  - Why adopt an active approach?
  - From strategy to action
  - Progressing our environmental commitments
  - Tangible benefits from investing in sustainability
  - Our memberships and affiliations
- Measuring our sustainability performance
  - Performance in global surveys
  - Everything is connected
  - New energy, new opportunities
  - Alignment with our customers
- It's more than reducing emissions
- ESG initiatives in action at Dexus



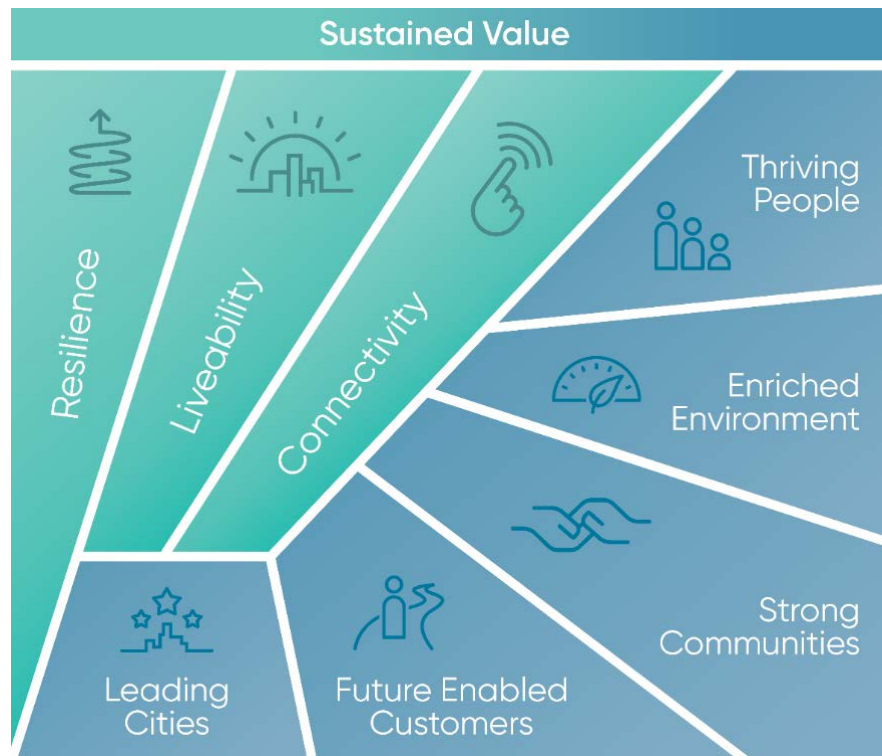
5 Martin Place, Sydney.



# Overview

# Our sustainability approach – creating sustained value

Supporting our strategic objectives of 'Leadership in office' and 'Funds management partner of choice'



## Thriving People

We help people thrive by delivering healthy, productive working lifestyles and environments to our employees, customers and communities

## Future Enabled Customers

We create an ecosystem that activates the whole value chain transgressing the blurred line between work, live and play

## Enriched Environment

We are a leading owner, operator and developer of high performing, sustainable buildings that exemplify environmental performance and resilience

## Leading Cities

We are a key contributor to Australian Cities being the best in the region, boosting appeal and attraction of talent

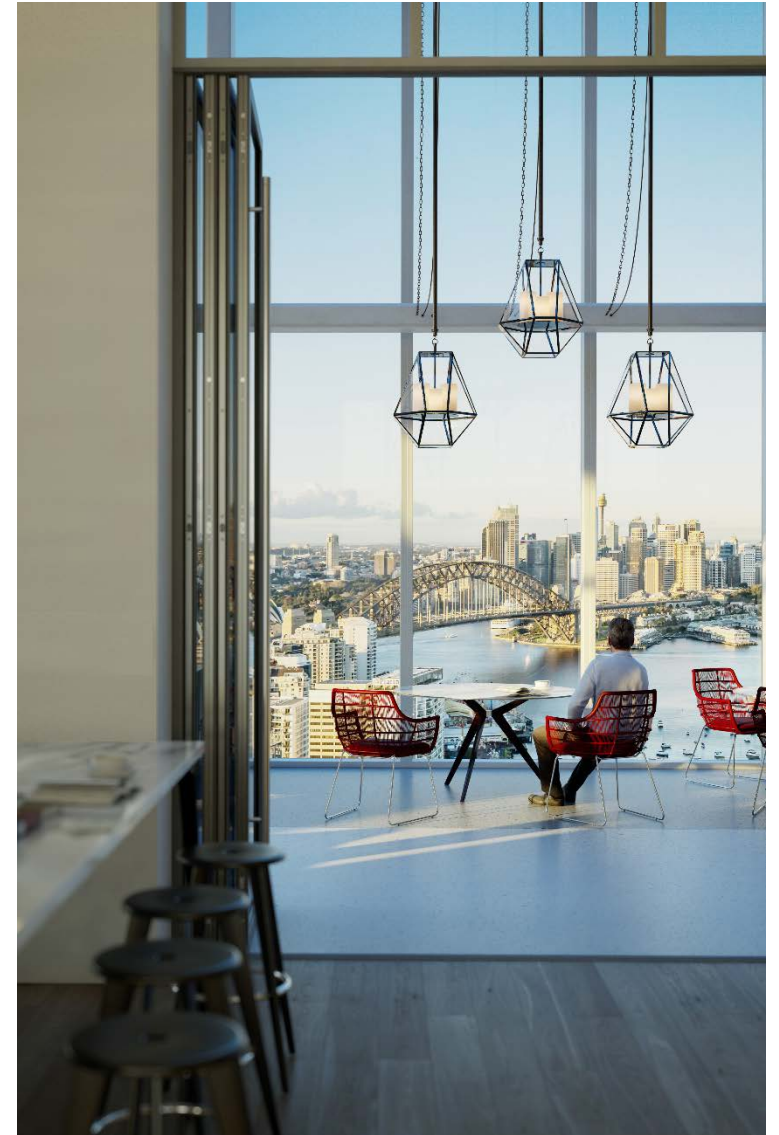
## Strong Communities

We develop strong communities focused on the health, prosperity and resilience of people and places



# Why adopt this active approach?

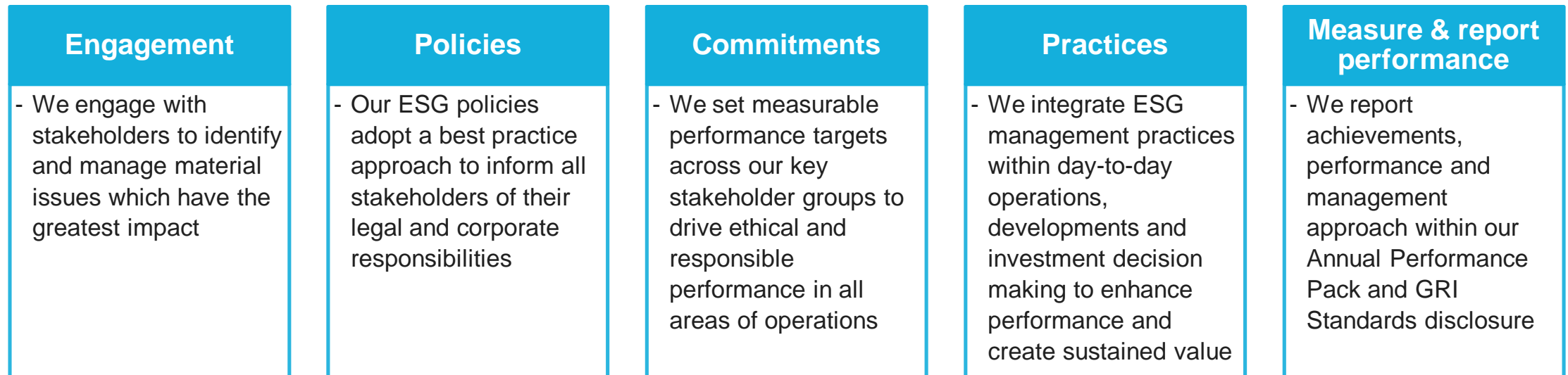
- Create “Sustained Value” aligning with the our strategic objective of being globally recognised as Australia’s leading real estate company
- Demonstrate a leading approach and mitigate non financial risks relating to Environmental, Social and Governance (ESG)
- Increased investor and customer enquiry on performance
  - Increased investor appetite for responsible investments
  - Growing customer consciousness of their corporate footprint and staff wellbeing
  - Insulate customers from volatility in energy markets
- Build symbiotic partnerships with key stakeholders
- Attract and retain the best talent
- Legislative/political environment readiness
  - Potential opportunity for increased floor space ratio for carbon neutral buildings
  - Potential mandatory performance benchmarks
- Meet the needs of government tenants
  - Proposed minimum 5 star NABERS Energy performance by 2018
  - Centralised procurement increasing governance and compliance to environmental standards



100 Mount Street, North Sydney.

# From strategy to action

Dexus creates sustained value by taking a systematic approach linking our strategy and vision to our actions and performance outcomes.



# Progressing our environmental commitments

Each year we measure our performance

Commitment	Status	2017 achievements
Deliver 1,000,000sqm of office property to a minimum 5 Star NABERS Energy rating and 4 star NABERS Water rating by 2020	⇒	On track with over 765,000sqm at 5 star NABERS Energy rating and 680,000sqm at 4 star NABERS Water rating at 31 December 2017
Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables	⇒	Dexus made progress towards its 2020 target achieving a 5.7% reduction in energy consumption and a 7.4% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline at 31 December 2017
Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion from landfill	⇒	Adopted the Better Building Partnerships strip-out waste guidelines to minimise fit-out waste to landfill with eight de-fit projects in New South Wales and Queensland diverting all the furniture and computer appliances bound for landfill and donated them to charity and aid organisation. Local donations have also occurred
Expand the “Virtual Engineer” program by applying 24/7 computer analytics to predict and react to Heating Ventilation and Air Conditioning (HVAC) events in real time	☑	46 sites have been included in the central platform with implementation of analytics and/or smart metering up to December 17
Review design briefs across all asset classes to develop an in-house suite of best practice sustainable development practices	☑	Design briefs reviewed and updated across the Office and Industrial portfolios to include best practice sustainable design focusing on environmental performance and wellbeing

# Tangible benefits from investing in sustainability

Our sustainability approach focuses on creating sustained value for our people, customers, communities, cities and the environment.

**Reduce total  
occupancy costs**



**Customer  
preference**



**Brand  
differentiation**



**Social license  
to operate**





# Our memberships and affiliations

- Dexus is a signatory to:



- Dexus is a member of:



- Dexus reports in accordance with:







# Measuring our sustainability performance



# Dexus's performance in surveys and benchmarks



# Everything is connected

Setting targets creates action and improves business outcomes

## TARGETS

2009

Dexus Board sets  
2012 4.5 star NABERS  
Energy portfolio target

2013

Group sets 10% energy  
reduction target by FY15  
against FY12

2015

Group targeting further 10%  
energy reduction by FY20  
against FY15.  
Targeting 1 million square  
metres at 5 star NABERS  
Energy rating

70.1kg CO<sub>2</sub>/sqm  
EMISSIONS INTENSITY

↓ 36.3%  
emissions  
intensity reduction

44.6kg CO<sub>2</sub>/sqm

\$31m NABERS Improvement  
Program across 25 properties  
with 4.5 star NABERS  
Energy portfolio target

CAPEX program  
achieves average  
4.7 star NABERS  
Energy portfolio rating

Dexus adopts new  
sustainability approach

Reduced energy by 5.9%  
and emissions by 7.6%.  
75% progress against  
NABERS Energy  
2020 target

2009-12

Dexus head office goes  
Carbon Neutral

6 star Green Star  
developments completed  
at 1 Bligh Street and  
123 Albert Street

2012

Achieved 10.4% reduction  
in energy.  
Deployed Environmental  
Management System

FY15

2015

Building analytics  
program commences

480 Queen Street  
achieves  
6 star Green Star

2017

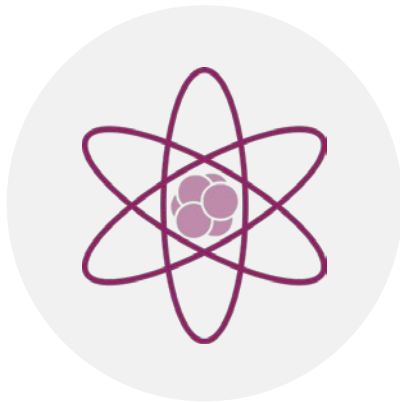
2016

## ACTIONS & OUTCOMES



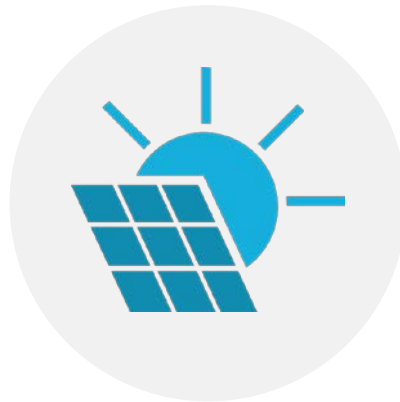
# New energy, new opportunities

Leading the way to zero emissions by 2030 through smart, sustainable workplaces



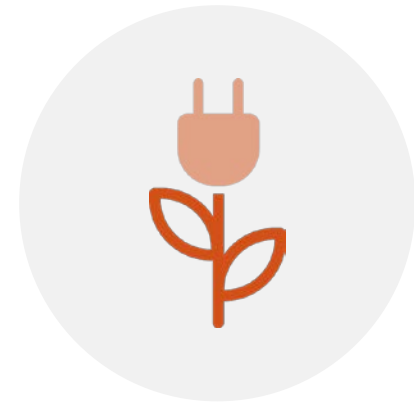
**1**

**Improve energy  
efficiency**



**2**

**Increase  
renewables**



**3**

**Offset  
where needed**

# Alignment with our customers



*“To tackle climate change we have set a bold new ambition to be carbon positive in our operations by 2030”*

Source: Unilever Sustainable Living Plan



*“The transition to net zero emissions by 2050 is a major priority for the Bank...(our immediate target is to) Source renewable energy for 25% of our power needs by 2020”*

Source: Commonwealth Bank Climate Policy Position Statement



*“Our goal is to reduce our organisational carbon footprint by 2020 to 20% below 2012 levels”*

Source: Kathmandu Corporate Responsibility







It's more than  
reducing emissions



# Sustainability initiatives at Dexus



# Our climate change resilience pathway



## Reduce our impact

- 2030 rapid de-carbonisation targets
- Energy efficiency
- Electrification
- Onsite and offsite renewables
- Offset remaining emissions



## Adapt to climate changes

- Addressing the physical and transitional risks facing our people, properties and places
- Leveraging climate change-related opportunities



## Influence our value chain

- Engaging with customers to adopt a whole building approach
- Adopting a 'life-cycle approach' and 'net zero' targets in new developments
- Procuring for a low carbon supply chain



# Supply chain management

Long term approach to maintaining supplier relationships

Influence  
our value  
chain



CR&S specification	Supplier selection	Contracting & management
<ul style="list-style-type: none"> <li>- Supply chain management system setting out CR&amp;S priorities</li> </ul>	<ul style="list-style-type: none"> <li>- Existing pre-qualification panel</li> <li>- Dedicated contractors servicing regions</li> </ul>	<ul style="list-style-type: none"> <li>- Structured periodic performance meetings and KPI's</li> <li>- Direct engagement through surveys</li> </ul>
<ul style="list-style-type: none"> <li>- Dedicated operational procurement team</li> <li>- Senior participation in workshopping and mapping of CR&amp;S risks across business</li> </ul>	<ul style="list-style-type: none"> <li>- Symbiotic relationships fostered through continued dialogue and learnings</li> </ul>	<ul style="list-style-type: none"> <li>- Consistently seeking CR&amp;S data from suppliers for awareness and education</li> </ul>
<ul style="list-style-type: none"> <li>- Tendering policy outlines CR&amp;S requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Tender evaluation framework articulating CR&amp;S requirements and weighting</li> </ul>	<ul style="list-style-type: none"> <li>- Existing standard contracts</li> <li>- Maturity &amp; accuracy in collecting supplier WHS data</li> </ul>

# Diversity

Assisting in driving business performance

**32%**

**Female representation  
in Dexus workforce**

**2018**

- Workplace Gender Equality Agency (WGEA) Employer of Choice for Women 2018
- WGEA Pay Equity Ambassador 2017/18

**43%**

**Female representation  
on Dexus Board**

**2017**

- National Winner for Best Workplace Flexibility Program – Australian HR Awards
- Finalist for Employer of Choice – Australian HR Awards
- Achieved pay parity in like-for-like role
- Achieved gender equity target of 33% female in senior roles

**32%**

**Female representation on  
Senior Management**

# Governance

## Active risk management approach

- Dedicated risk management team
- Board Risk Committee supported by a Group Risk Committee comprised of senior executives
- Internally developed and managed property risk management system “Periskope”, supported by a Periskope mobile app
- Property Risk Management Audit Program to manage risk across the portfolio and to measure compliance with relevant legislation, regulations, codes, standards and internal policies and procedures, including:
  - Annual WHS audits
  - Annual security assessments
  - Environmental & HAZMAT inspections
  - Engineering audits



# ESG initiatives in action at Dexus



# Virtual engineering smartens up Dexs properties



## Dexus approach

- Implemented a 'virtual engineering' program to build on energy efficiency improvements across the Dexus office portfolio
- The virtual engineer program uses smart data to perform around the clock monitoring of each building's performance
- Real-time information about building management operations enables targeted maintenance, allowing buildings to run more efficiently
- Commencing in 2015, Dexus rolled out the virtual engineering program across 46 office properties, centralising into a single platform

## Value created

Since its introduction, the virtual engineering program has:

- Reduced energy use resulting in cost savings to occupiers and customers
- Increased property NABERS Energy ratings
- Improved customer amenity and comfort
- Reduced time and cost of maintenance
- Optimised performance of heating, ventilation and air conditioning (HVAC) equipment and systems
- Improved equipment life cycle reports and capital expenditure planning





# Dexus 'simple and easy' lease achieves Gold BBP rating



## Dexus approach

- Dexus played a prominent role in developing the Better Building Partnership's BBP Leasing Standard
- The BBP Leasing Standard defines a best practice approach for building owners and occupants to collaborate on sustainability initiatives, encouraging information sharing and cooperation and removing barriers to implementing mutually agreed building improvements
- The BBP Leasing Standard is a world-first, aimed at helping building owners and occupants benchmark lease agreements with regard to addressing sustainability and collaboration

## Value created

- Dexus's 'simple and easy' lease has achieved the highest possible Gold score under the BBP Leasing Standard
- Our lease facilitates an active partnership between us and our customers and seeks to deliver better environmental outcomes and reduce outgoings



**BETTER  
BUILDINGS  
PARTNERSHIP**

# Efficiency upgrades enhance performance

## 12 Creek Street, Brisbane



### Dexus approach

- 12 Creek Street Brisbane continues to enhance its energy efficiency as the staged rollout of its Strategic Improvement Plan continues
- In October 2017, 12 Creek Street achieved a 4 star NABERS Energy rating, up from 2.5 stars at acquisition in 2012.
- Key initiatives implemented include:
  - Replacement of Variable Air Volume (VAV) units – a 4 year \$2.5 million VAV replacement program including the replacement of pneumatic controls with accurate digital controls
  - Building Management Control System (BMCS) Improvements - to significantly improve the way the building is operated, reduce response time and enable better tenant comfort to be delivered
  - Sub-metering and monitoring system – to enable monitoring and exception reporting and benchmarking across the broader portfolio

### Value created

- Since 2013 energy intensity reduced by 16% and over \$400,000 in cumulative electricity costs have been avoided. 12 Creek Street is targeting a 4.5 star NABERS Energy rating





# Energy efficient design reaps rewards

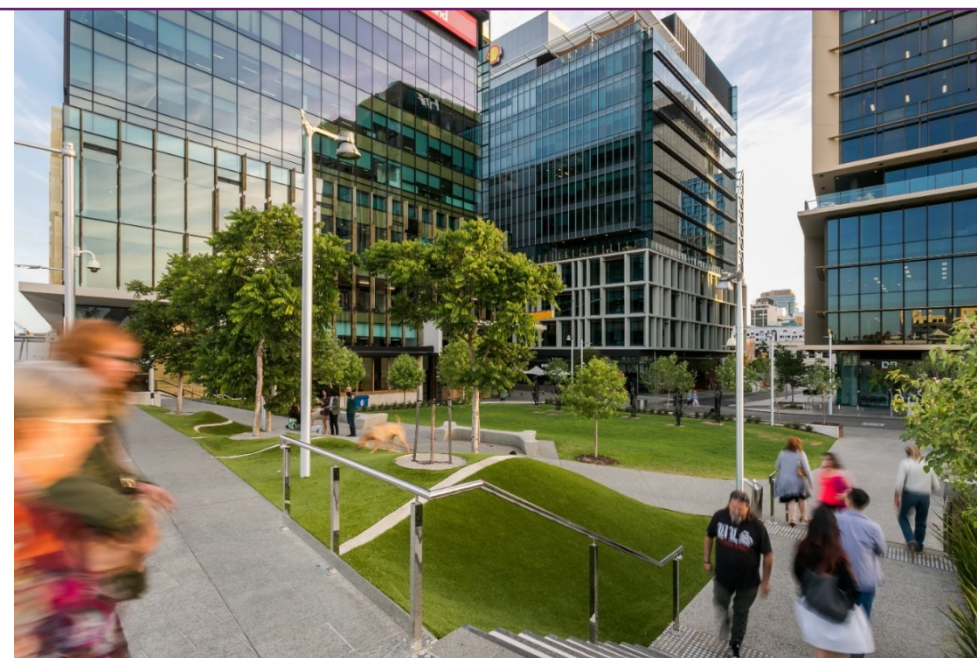
Kings Square, Wellington Street, Perth



Environmental

## Value created

- Kings Square – stage 2 (KS2) has exceeded performance expectations set out in its 5 star commitment agreement, by achieving a 5.5 star inaugural NABERS Energy rating
- This outcome complements KS2's 5 star Green Star As Built rating and demonstrates the project team's effective approach to commissioning and the first year of operation
- KS2 has also benefited from the installation of 'virtual engineer' analytics which will optimise performance moving forward



# Capitalising on energy efficiency incentives

## NSW Energy Savings Scheme



### Dexus approach

- The NSW Government's Energy Savings Scheme (ESS) aims to reduce electricity consumption by creating financial incentives for businesses to invest in energy saving projects. Participants create and transact Energy Savings Certificates (ESCs) based on each megawatt/hours of electricity saved
- Dexus properties participate in the ESS and generate financial returns in the form of ESCs from building energy efficiency upgrades at several properties across NSW
- ESCs are created through the implementation of energy efficiency measures including upgrades to building services plant and equipment and proactive management of building operations

### Value created

- Dexus has yielded revenue of over \$2.1 million through the ESCs program in addition to energy savings already achieved at the property via the NABERS improvement program





# Reducing waste to landfill

12 Creek Street, Brisbane



## Dexus approach

- Waste from office de-fits predominantly ends up in landfill, creating emissions harmful to the environment and high disposal costs.
- To reduce the harmful effects of waste to landfill on the environment and drive down costs, Dexus rolled out waste management strategies across our portfolio, setting an 80% diversion from landfill target for de-fit projects by 2020
- Dexus collaborated with charities and other users to repurpose de-fit and increased the diversion rate from landfill across eight projects in 2017

## Value created

- Dexus donated items from office de-fits at 12 Creek Street, Brisbane to local and international not-for-profit organisations including:
  - Furniture donated to AID Vanuatu for re-use across their medical facilities in Vanuatu
  - Computer equipment donated to Be A Hero, for re-use in schools in Cambodia, Indonesia and the Philippines
  - Carpet tiles donated to Point Lookout Surf Lifesaving Club, Stradbroke Island



# Reducing waste to landfill

## Governor Macquarie Tower, 1 Farrer Place, Sydney

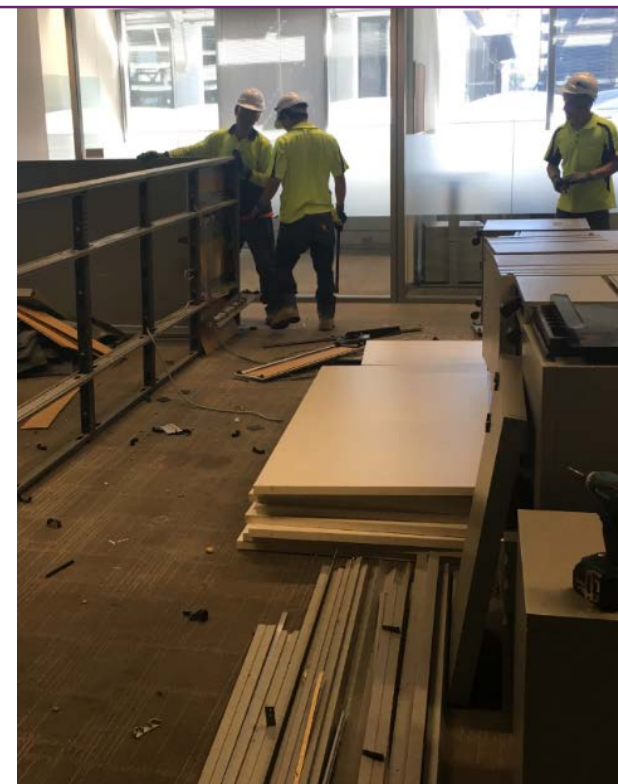


### Dexus approach

- We identified an opportunity to maximise resource recovery from an office refurbishment at 1 Farrer Place, Sydney
- We collaborated with Edge Environment and Better Buildings Partnership (BBP) to facilitate the diversion of de-fit waste from Governor Macquarie Tower<sup>1</sup> at 1 Farrer Place, Sydney
- Removed materials through cost-effective, structured demolition streams and sorted recycling on site

### Value created

- Recovered and re-purposed 8.5 tonnes of furniture to charitable organisations, enabling productive and creative workspaces
- Recycled materials including glass into higher value glass fibre insulation and gypsum plasterboard to calcium and sulphur for farming applications
- Captured and diverted materials from landfill, achieving an overall waste diversion rate of 61% with no additional costs



1. Governor Macquarie Tower is co-owned by Dexus, GPT Group and Lend Lease, founding members of BBP and managed by Dexus.

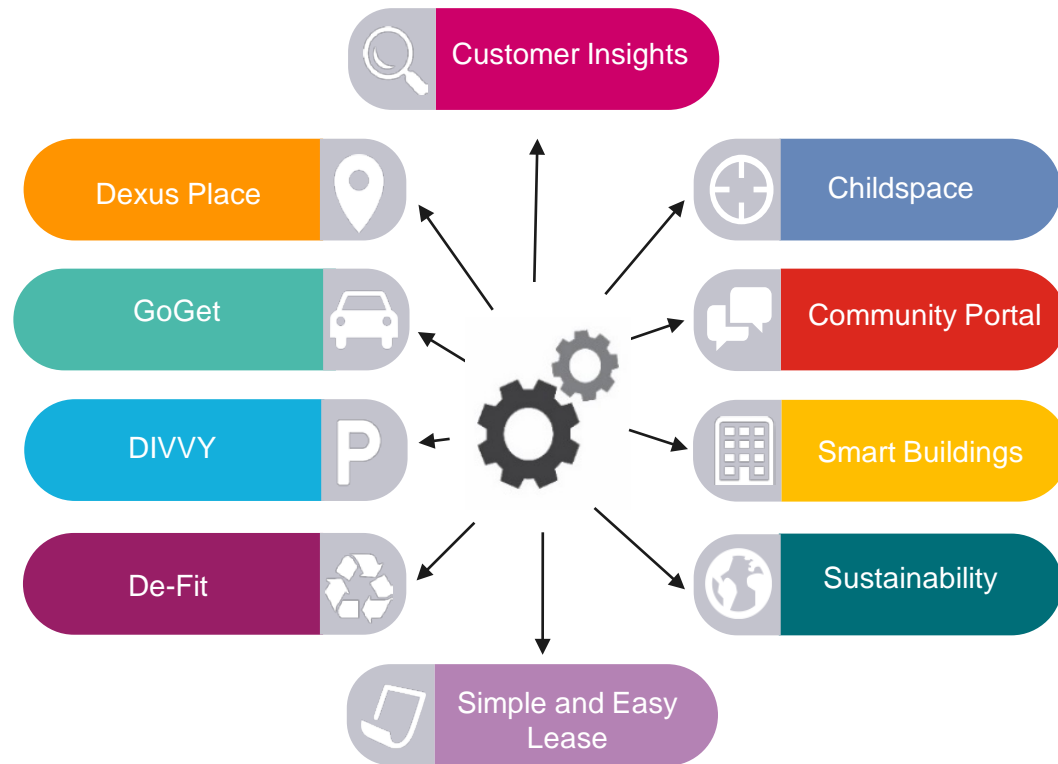


# Workspace Dexus

## Portfolio wide customer initiative



- “Workspace Dexus” connects 30,000 of our customers and occupants within our building communities, with exclusive access to services, retail offers, building specific information and opportunities for networking events and activities, creating strong vibrant communities



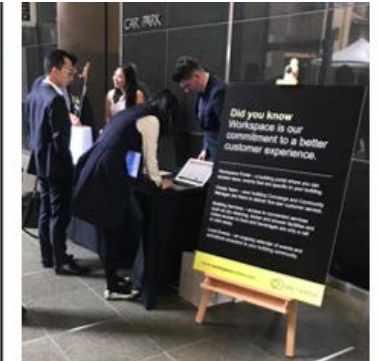
## Customer engagement



In Melbourne, our customers enjoyed learning more about our Workspace Dexus offering, attending a lunch and learn session, hosted by our Facilities Manager and Community Manager. We are trialing ‘Shoe Polish’ machines in our lobbies- if you’re in Melbourne check them out, you’ll have shinny shoes for only \$1!



Our team in Brisbane developed the concept of ‘Winning wallets’. A business card was inserted with a number from 1-500, working with Eagle Street Pier retailer, Bavarian Bier Cafe, they allocated a prize to 51 of the 500 wallets, giving our customers a 1 in 10 chance to win an additional prize.



Customers at One Farrer who signed up to the Workspace portal in October were gifted a drink bottle, free coffee, a cookie and a Workspace phone wallet. Following this, we had over 300 new customers sign up to the portal. Customers across the country were also in the running to win a bicycle (per building) in support of Ride2Work week.

# Integrating with community

## 480 Queen Street, Brisbane



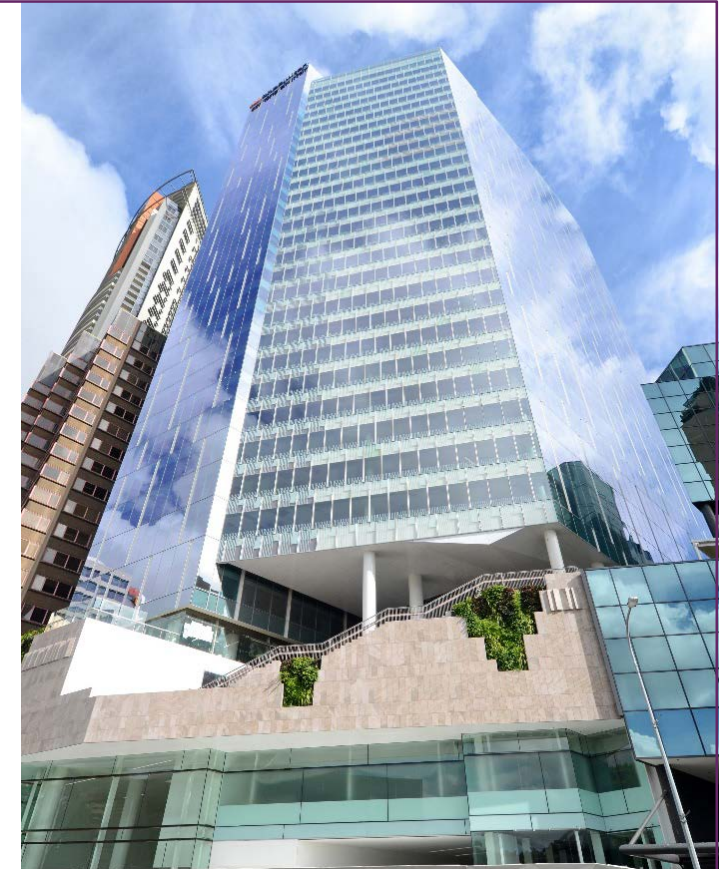
Social

### Dexus approach

- Setting a new standard for premium buildings within the Brisbane CBD
- Flexible, inspiring workplace that activates the precinct and pays homage to the iconic history of its surrounds
- Tenants enjoy a range of facilities including a childcare centre, a boutique gym featuring an altitude training room, a pharmacy, a barber shop, a food gallery and end-of-trip facilities - 600 bike spaces, 500 lockers and 45 showers
- A giant, 350 square metre glass tile rainforest mural, by acclaimed Queensland-born artist Danie Mellor provides a striking backdrop to the journey up to Hobbs Park
- Hobbs Park, 1,400 square metres of integrated parkland aligns with the grounds of St John's Cathedral on the opposite side of Adelaide Street, preserving views from the cathedral to the river and creating stunning new views of both for visitors

### Value created

- The public open spaces, cycling facilities, and innovative construction methods all contribute to the building achieving a 6 Star Green Star environmental rating, which represents world leading practice





# BIG change for small change

## Supporting our local communities



Social

### Dexus approach

- In what is believed to be a first for an Australian property group, 10 of our shopping centres including Deepwater Plaza, Beenleigh Marketplace and Willows Shopping Centre raised funds to support the lives of young families and children by supporting local hospitals and children's wards in their local communities
- Each centre was transformed with 'BIG Change for small change!' theming, special offers from retailers and a program of free entertainment and events

### Value created

- Teams collected gold coin donation upon entry, with over \$50,000 raised nationally, going directly to their local hospitals



*The response we've had from our retailers, local community organisations and media partners has been overwhelming. Our focus at Dexus is to deliver localised retail experiences through our centres every day, and with the support of our local community partners, we aim to create BIG Change for small change." Ben Hughes, National Retail Marketing Manager, Dexus.*

# Supporting local employment

## Willows and Gateway



Social

### Dexus approach

- Evolve and transform retail destinations, so they remain relevant and engaging to the local communities for future generations
- Actively assists local communities by providing locals with job opportunities
- Retail development presents a local employment boost throughout the construction period and retail employment opportunities on completion

### Value created

- Supporting the communities' local economy and future prosperity through:
  - Delivering stronger locally engaged communities
  - Improving unemployment and a focus on youth unemployment in each local region
  - Local retail centre job boards across websites showcasing retail job opportunities and providing information on how to apply
  - Local media coverage management, creating awareness in each community of the increased job opportunities available
  - Partnering with key customers to support and link community members directly to new retailers

Willows \$77 million expansion to deliver a modern relaxed lifestyle destination for the people of Townsville

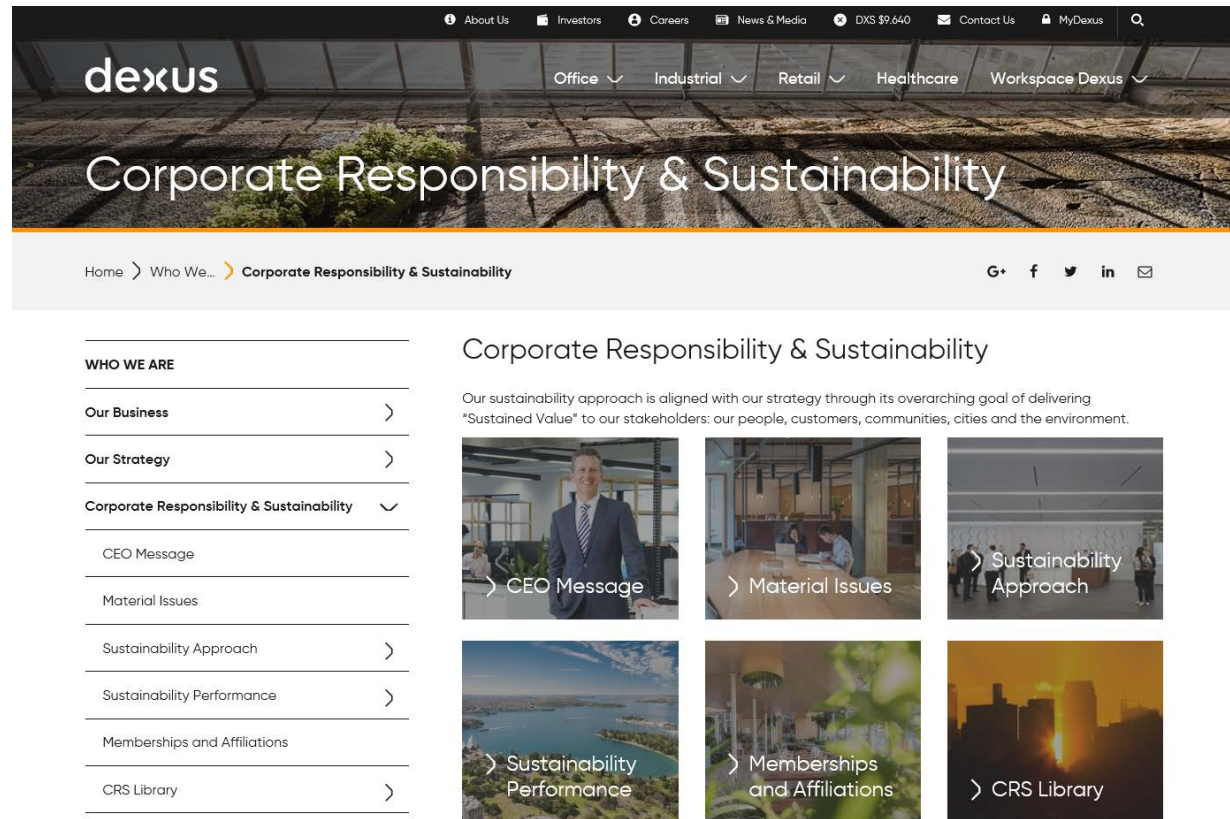


Gateway Sydney, an \$80 million project showcasing a new dining experience for Sydney





# Further information



**For further information or to arrange to meet with a member of our sustainability team contact:**

David Yates

Executive General Manager

Investor Relations, Communications & Sustainability

Email: [david.yates@dexus.com](mailto:david.yates@dexus.com)

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability>

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