

Australian Government
Carbon Neutral Program
Public Disclosure Summary

dexus



An Australian Government Initiative

Dexus

1 July 2018 – 30 June 2019

Declaration

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

Signature: 	Date: 31 October 2019
Name of Signatory: Rob Sims	
Position of Signatory: Senior Manager, Group Sustainability and Energy	

Carbon neutral certification category	Organisation
Date of most recent external verification/audit	September 2017
Auditor	Pricewaterhouse Coopers
Auditor assurance statement link	https://www.dexus.com/-/media/project/dexus/dexuscom/files/articles/crs-reports/2017/2017-carbon-neutral-program-assurance-report.pdf



Australian Government
Department of the Environment and Energy

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1. Carbon neutral information

1A. Introduction – About Dexu

Dexu is one of Australia's leading Real Estate Investment Trust, investing directly in high quality Australian office, and industrial properties, with \$31.8 billion of assets under management. Listed on the Australian Securities Exchange, Dexu also actively manages office, industrial, retail and healthcare properties located in key Australian markets on behalf of third party capital partners.

Dexu manages a portfolio of 4.7 million square metres spanning across Sydney, Melbourne, Brisbane, Perth and Canberra. Dexu is Australia's preferred office partner with 1.7 million square metres of office space spanning across 53 office properties around Australia and is the largest owner of office buildings in the Sydney CBD, Australia's largest office market.

With over 35 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for our investors.

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

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

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

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

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

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

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

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

1B. Carbon neutral certification

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

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

1C. Dexus's NCOS carbon footprint

Dexus has prepared a greenhouse gas emissions inventory for the 2019 reporting period from 1 July 2018 to 30 June 2019.

Boundary and consolidation approach

Dexus's NCOS boundary includes Dexus corporate operations, which comprises facilities listed below that fall under Dexus's operational control for all or part of the 2019 reporting period. The boundary also includes Scope 3 emissions relating to corporate travel for all Dexus employees.

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

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

Dexus's 2019 NCOS boundary includes:

- Dexus office tenancies and proportion of base building services attributable to those tenancies, for the following locations:
 - Sydney Office: Levels 24-26, 264 George Street, Sydney NSW 2000
 - Melbourne Office: Level 16, 385 Bourke Street, Melbourne VIC 3000
 - Brisbane Office: Level 26, 1 Eagle Street, Brisbane QLD 4000
 - Perth Office: 240 St Georges Terrace, Perth WA 6000
- Corporate travel and commuting for all staff employed directly by Dexus nationally

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

Inventory standards and methods

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

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

- National Greenhouse and Energy Reporting (NGER) Act 2007: Clean Energy Regulator, Australia
www.cleanenergyregulator.gov.au

Emission factors and calculation methodology

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

Where possible, the emission factors and calculation methodologies have been taken from National Greenhouse Accounts (NGA) Factors, dated July 2018, which is aligned with Method 1 within NGER.

Where additional detail is required, Dexus has used a number of other credible sources including the 2019 DEFRA Carbon Factors, EPA Victoria's Greenhouse Gas Emission Factors for Copy Paper, and the Bureau of Meteorology's Urban National Performance Report 2017-18 for water and wastewater.

Greenhouse gases included within inventory

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

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

1D. Emission sources within certification boundary

Quantified sources

Table 1 lists the quantified emission sources that Dexus has included within our 2019 NCOS greenhouse gas inventory.

Table 1. 2019 quantified emissions sources		
Scope	Qualified Emission source	Data collection source
1, 2 & 3	Tenancy electricity and gas consumption and associated transmission and distribution losses	Metered and invoiced by utility providers Purchase of renewable electricity is sourced from sub metering systems and GreenPower tracking spreadsheets
3	Share of base building electricity and gas consumption and associated transmission and distribution losses	
1	Tenancy refrigerant leakage	Estimated using default leakage rates of total equipment charge provided from facility/ centre managers and maintenance service providers
3	Share of base building refrigerant leakage	
3	Waste to landfill and recycling	Data provided by waste contractors
3	Office paper consumed	Data provided from facility managers
3	Office printing	Data provided from facility managers
3	Corporate air travel	Data provided by Dexus's outsourced travel booking provider
3	Corporate land-based transport	Determined from invoices and transactions processed and paid via the Dexus accounts payable system
3	Employee commuting	Collected directly from Dexus employees via survey
3	Hotel accommodation	Determined from invoices and transactions processed and paid via the Dexus accounts payable system
3	Water (including wastewater): Share of base building potable water consumption	Metered and invoiced by utility providers. Factor used to include both water and wastewater.
3	Office supplies and stationery	Determined from data relating to annual spend obtained from facilities management employees
3	Postage and couriers	
3	Food and catering	Determined from data relating to annual spend obtained from IT employees
3	Telecommunications	
3	IT equipment purchases	
3	IT data warehousing	

Excluded sources

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

Table 2. 2018 non-quantified emissions sources		
Scope	Non-quantified emission source	Reason for exclusion
3	Cleaning services	Cleaning services are not included because the information is difficult to gather relative to estimated size of emissions.
3	Events and meals out	Events and meals out have been excluded as these activities relate to social functions rather than operational activities.

1E. Diagram of the certification boundary

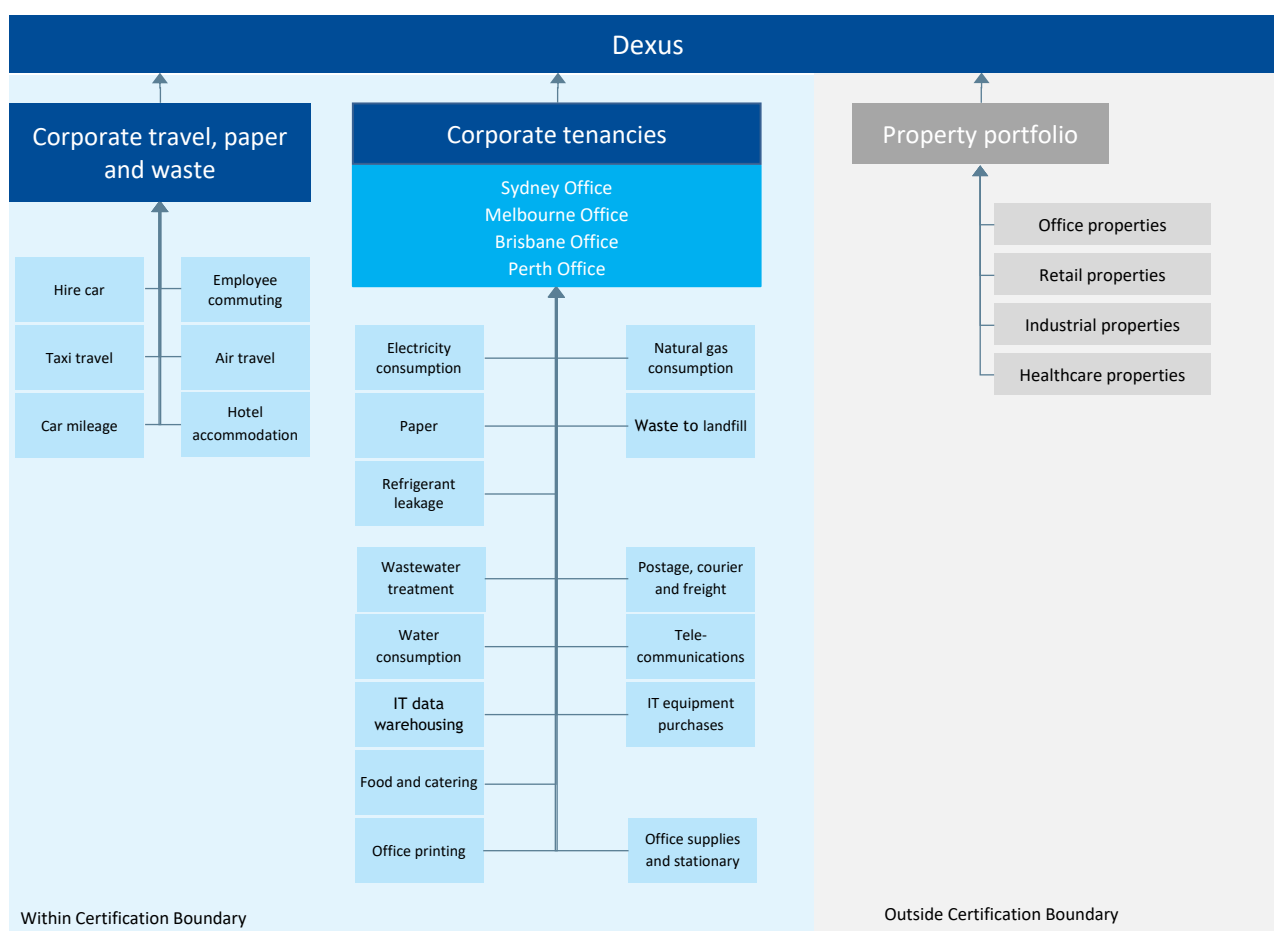


Figure 1: Diagram of the boundary of the subject of certification

2. Emissions reduction measures

2A. Emissions over time

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

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

- In 2013 Dexus expanded the boundary to include our Melbourne Office for the first time and, due to relocation of the Sydney Office, Dexus reported part-year emissions across two New South Wales tenancies.
- In 2014 Dexus has expanded the inventory to include Scope 3 emissions associated with employee commuting for all national employees. Dexus surveyed staff to identify the distances and modes of transport taken to commute to and from their workplace. The results were extrapolated across Dexus's full time-equivalent employees and emissions for each mode of transport were calculated.
- In 2015 Dexus expanded the boundary to include our newly opened Brisbane Office and, due to relocation of the Melbourne Office, Dexus reported part-year emissions across two Victorian tenancies.
- In 2019 (current year) Dexus expanded the boundary to include its Perth Office

Dexus sets its current base year in 2015 to reflect these changes and allow for meaningful comparison of emissions from base year, on a like-for-like basis. We therefore reviewed our reported Scope 3 sources and expanded the source boundary from 2015 to include:

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

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

Table 3. Emissions since base year (t CO₂-e)						
	Base Year: FY15	Year 1: FY16	Year 2: FY17	Year 3: FY18	Current year Year 4: FY19	Change % FY19 vs Base Year
Scope 1	1	1	1	1	0	-87%
Scope 2	269	248	264	311	375	40%
Scope 3	2,330	2,312	2,246	2,264	2,789	20%
Total (net tCO₂-e)	2,599	2,561	2,511	2,575	3,164	22%

2B. Emissions reduction strategy

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

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

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

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

Further, in FY19 Dexus enhanced its net zero emissions ambition by certifying its emissions reduction target with the Science Based Targets initiative (SBTi). This certified that Dexus's scope 1 and scope 2 targets are aligned with a 1.5°C trajectory, representing their highest level of ambition.

2C. Emissions reduction actions

Over the last year, Dexus has measured a 1.5% increase in emissions intensity per employee. During that time, Dexus experienced growth in the Group's full-time equivalent staff of 21.1%, which is similar to the 22.9% increase in net emissions. The emissions source contributing the largest increase within the current reporting period related to IT equipment expenses. This was due to new employees requiring IT equipment and the reporting period coinciding with a periodic upgrade. To minimise the impact of e-waste generated during this upgrade, MRI e-waste solutions' recycling services were engaged (see Table 4 overleaf for details).

In comparison with Dexus's FY15 baseline, FY19 emissions increased by 565 t CO₂e, yet represent a 21.3% reduction in emissions intensity per employee. This reduction in intensity equates to 858 tonnes CO₂-e of avoided emissions in FY19, and contributes to the cumulative 2,789 tonnes CO₂-e of avoided emissions between FY15 and FY19.

In FY19 Dexus completed the following emissions reductions projects:

Table 4. Emissions reduction measures implemented in the current reporting period					
Year completed	Emission source	Reduction measure and calculation method	Scope	Status	Reduction tCO ₂ -e
2019	Electricity	Voluntary emission-free GreenPower purchase	2	Implemented	4.1
2019	Paper	Purchase of NCOS certified carbon neutral paper	3	Implemented	5.9
2019	N/A	Certification of emissions reduction target with the Science Based Targets initiative (SBTi)	N/A	Implemented	N/A

Table 4. Emissions reduction measures implemented in the current reporting period					
2019	Electricity	Dexus agreed terms for a supply-linked renewable Energy Supply Agreement (ESA) to purchase off-site renewable energy to power base building services for more than 40 buildings in its New South Wales property portfolio.	2	Implemented Commences January 2020	N/A
2019	N/A	Each of Dexus' offices achieved a minimum 5 Star Green Star performance rating.	N/A	Implemented	N/A
2019	N/A	MRI e-cycle solutions were engaged to collect and recycle Dexus and its staff's electronics throughout FY19. 6.9 tonnes of e-waste was collected with an average material recovery rate of 90%.	N/A	Implemented	N/A
Total emission reductions implemented in this reporting period					10

3. Emissions summary

The table below lists Dexu's FY19 gross and net greenhouse gas emissions for corporate activities as per the stated boundary.

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

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

Table 5. Emissions Summary		
Scope	Emission source	t CO ₂ -e
1	Refrigerant leakage - tenancy	0.1
3	Refrigerant leakage - % of base building	15.9
2	Purchased electricity – tenancy (gross)	379.4
3	Purchased electricity - transmission and distribution losses (tenancy)	45.9
3	Purchased electricity – % of base building	322.8
3	Purchased electricity – % of base building transmission and distribution losses	38.8
3	Purchased natural gas – % of base building (gross)	16.2
3	Purchased natural gas – % of base building transmission and distribution losses	3.8
3	Transport Fuel – Air Travel	1,027.9
3	Transport Fuel – Taxi	42.4
3	Transport Fuel – Car Mileage	7.1
3	Transport Fuel – Hire Car	18.0
3	Transport fuel – Employee Commuting	528.0
3	Office paper use	5.9
3	Office waste to landfill	13.1
3	Waste recycling	3.3
3	Telecommunications	33.1
3	Water (including wastewater)	2.9
3	IT Equipment	357.3
3	Stationery	11.2
3	Data Centre	32.9
3	Postage	47.4
3	Couriers	10.4
3	Printing	2.4
3	Domestic Hotel Accommodation	71.7
3	International Hotel Accommodation	15.2
3	Food and catering	121.2
Total Gross Emissions		3,174.3
GreenPower or retired LGCs		-4.1
NCOS certified carbon neutral paper		-5.9
Total Net Emissions		3,164.3

4. Carbon offsets

4A. Offsets summary

Table 3. Offsets Summary						
Projects supported by offset purchase	Eligible offset units	Registry	Cancellation date	Serial numbers (including hyperlink to registry transaction record)	Vintage	Quantity
Rimba Raya Biodiversity Reserve Project	VCUs	APX	4 July 2019	6287-294248915-294249039-VCU-016-MER-ID-14-674-01012014-30062014-1	2014	125
Wind Grouped project by Hero Future Energies Private Limited	VCUs	APX	4 July 2019	5991-270795912-270797304-VCU-029-APX-IN-1-1582-29032016-31122016-0	2016	1,393
				6042-276562447-276562653-VCU-029-APX-IN-1-1582-29032016-31122016-0		207
Bundled Solar Power Project by Solararise India Projects PVT. LTD.	VCUs	APX	4 July 2019	6216-286509686-286510572-VCU-034-APX-IN-1-1762-23062016-31122016-0	2016	887
				6220-286573496-286574208-VCU-034-APX-IN-1-1762-23062016-31122016-0		713
Improved Kitchen Regimes Bugesera, Rwanda	Gold Standard VERs	Gold Standard	4 July 2019	GS1-1-RW-GS3451-16-2015-6082-233-332	2015	100
Australian Yarra Biodiversity Project	Gold Standard VERs	Gold Standard	12 August 2019	GS1-1-AU-GS3039-21-2018-7308-1755-2054	2018	300
Total offsets cancelled						3,725

4B. Offsets purchasing and retirement strategy

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

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

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

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

Certificates are purchased and retired immediately

4C. Offset projects (Co-benefits)

Table 7 below describes the projects that Dexus has chosen to support in FY19.


Table 7. Carbon abatement projects	
<p>Project: Rimba Raya Biodiversity Reserve Project, Central Kalimantan, Indonesia</p> <p>Description: 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.</p> <p>Co-benefits</p> <ul style="list-style-type: none"> ▪ Protect native forests that previously have been subjected to agricultural clearing ▪ Act as a physical buffer zone to the adjacent national park ▪ Help preserve habitat for endemic and endangered species including the Bornean orangutan <p>FY19 offsets retired: 125</p>	

Table 7. Carbon abatement projects

Project: Bundled Wind Power Project, Madhya Pradesh & Gujarat, India

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

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.

Co-benefits

- The project activity will bring development and employment opportunities into the local area
- The project will assist in reducing voltage problems for the local villages
- Increase recognition to the local area and to India in contributing to international efforts in increasing renewable energy

FY19 offsets retired: 1600



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

Description: 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.

Co-benefits

- Generation of employment opportunities during the construction and operation of the project
- Helps reduce the demand - supply gap in the region
- Demonstrates solar PV technology in the region

FY19 offsets retired: 1600



Project: Improved Kitchen Regimes: Bugesera, Rwanda


Description: 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.

Co-Benefits:

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

FY19 offsets retired: 100



Table 7. Carbon abatement projects	
<p>Project: Yarra Yarra Biodiversity Corridor (Western Australia)</p> <p>Description: 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.</p> <p>The project involves 20 to 40 species to maximise biodiversity, with plans to extend the corridor to 10,000 square kilometres.</p> <p>Co-benefits</p> <ul style="list-style-type: none"> ▪ Protect native flora that previously has been subjected to agricultural clearing ▪ Help preserve habitat for fauna such as Malleefowl, Carnaby's Black-Cockatoo, and Western Spiny-tailed Skinks <p>FY19 offsets retired: 300</p>	

5. Use of trademark

This section is a register of use of the trademark during the year.

Table 8. Trade mark register	
Where used	Logo type
<p>2019 Dexus Performance Pack, page 56:</p> <p>https://www.dexus.com/-/media/project/dexus/dexuscom/3-discover-dexus/corporate-responsibility-and-sustainability/1-performance-packs_pdf/2019-dexus-sustainability-performance-pack.pdf</p>	Certified organisation